

GK DIGEST APRIL 2024

BANKING & FINANCIAL AWARENESS

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Contents

ICICI Securities Delists its Share and Merges with ICICI Bank ..2
 Details2
 RBI: Reserve assets surge by USD34.8 billion, net claims of NRI declined by USD12.2 billion.....2
 About2
 Fincare merges with AU Small Finance Bank2
 Key Points.....2
 SEBI launches SCORES 2.0 to Strengthen Complaint Redressal System.....3
 Key Highlights.....3
 Canara Bank launches loans for healthcare, savings accounts for women3
 Key facts3
 Reserve Bank of India’s (RBI) 1st Bi-monthly Monetary Policy for the Financial Year 2024-253
 Details3
 PhonePe & Star Health Insurance Partners to Offer ‘Star Comprehensive Insurance Policy’3
 About4
 RBI Delays Currency Derivative Regulations to Curb Speculative Trading to May 3, 2024.....4
 key Points.....4
 American Express Launches New Metal Corporate Platinum Card.....4
 Key Highlights.....4
 SEBI gets ISO/IEC 27001:2022 Certification for Information Security Management Systems.....4
 key Facts.....4
 SIDBI & Onionlife Partners to Provide Micro-Loans to Gig Workers.....4
 Details4
 SBI and Standard Chartered Execute First Credit Default Swap Trade under New RBI Rules5
 About5
 General Insurance industry grows 12.78% in FY24: GIC Data..5
 Key Points.....5

HDFC becomes first private bank to open branch in Lakshadweep 5
 Key Highlights 5
 Karnataka Bank has entered into partnership with FISDOM... 5
 Key Facts 5
 ICICI Lombard Collaborates with Policybazaar for Insurance Product Distribution 5
 Details 5
 CAMS Receives RBI’s Nod to Operate as an Online Payment Aggregator 6
 About 6
 RBI has granted in-principle approval to Revolut for Prepaid Payment Instruments licence 6
 Key Points 6
 PayU partners with PayPal to enhance cross border payments for Indian merchants 6
 Key Highlights 6
 RBI directs payment aggregators to undertake due diligence of merchants on boarded 6
 Key Facts 6
 RBI Directs all REs to Provide KFS to Borrowers w.e.f 1st October 2024 6
 Details 7
 Bank of Baroda World App has been banned by RBI..... 7
 About 7
 Airtel Payments Bank unveils NCMC Debit and Pre-Paid Cards in Collaboration with NPCI..... 7
 Key Points 7
 AU Small Finance Bank launches array of products including Rupay credit card..... 7
 Key Highlights 7
 NABARD released its Climate Strategy 2030 document..... 8
 Key facts..... 8
 BharatPe One has been launched by BharatPe 8
 Details 8
 RBI has released Master Direction to the Asset Reconstruction Companies..... 8
 About 8

IndusInd Bank Becomes 1st Bank to Successfully Execute RBI’s Programmable CBDC Pilot8
 Details 8
 RBI sets eligibility rules for SFBs seeking universal banking licence 8
 Key Points..... 8
 FEMA regulations for direct listing on international exchanges have been released by RBI 9
 Key Highlights..... 9
 NABARD-RBI Innovation Hub Collaboration 9
 Key facts 9
 Issues of Commercial Paper (CP) by NBFCs reached a four-year peak..... 9
 Details 9
 Axis Bank became 4th largest lender by market cap in India .. 9
 About 9
 RBI Kept FPI Investment Limit in G-Sec Unchanged at 6% of Outstanding Stock For FY25 10
 Key Points..... 10
 Draft framework for electronic trading platforms has been issued by RBI 10
 Key Highlights..... 10
 New limit on bond investment by SEBI 10
 Key facts 10
Banking Awareness Question Bank: April 2024 11

BANKING & FINANCIAL AWARENESS GK DIGEST: APRIL 2024

ICICI SECURITIES DELISTS ITS SHARE AND MERGES WITH ICICI BANK

Current Context: ICICI Securities has indeed delisted its shares and merged with ICICI Bank on 28th March 2024.

DETAILS

- **ICICI Securities** secured the necessary **votes to delist its stock, despite opposition from some retail investors.**
- **About 71.9% of the brokerage’s minority shareholders voted in favor of the delisting and merger with ICICI Bank,** exceeding the regulatory requirement of a two-thirds majority.
- ICICI Bank, which **holds roughly a 75% stake in ICICI Securities, said its shareholder outreach was important to explain the proposal and maximize participation.**

RBI: RESERVE ASSETS SURGE BY USD34.8 BILLION, NET CLAIMS OF NRI DECLINED BY USD12.2 BILLION

Current Context: On April 1, 2024, the Reserve Bank of India (RBI) released the latest figures for India’s International Investment Position (IIP) as of December 2023.

ABOUT

- The report **showed a significant rise in reserve assets by USD 34.8 billion during the third quarter of 2023-24, which constitutes over 85% of the increase in foreign assets** held by Indian residents.
- This decline is **primarily attributed to a substantial surge in Indian residents’ overseas financial assets, amounting to USD 40.7 billion,** outpacing the increase in foreign-owned assets within India, which stood at USD 28.5 billion.

FINCARE MERGES WITH AU SMALL FINANCE BANK

Current Context: AU Small Finance Bank (AU SFB), the largest Small Finance Bank (SFB) in India, has announced the merger with Fincare Small Finance Bank (Fincare SFB) effective from April 1, 2024.

KEY POINTS

- The merger aims **to establish a robust pan-India retail banking franchise by leveraging complementary geographic footprints and product offerings.**
- The consolidation strengthens the customer base and **enhances the distribution network, focusing on seamless integration and exceptional customer service post-merger.**

- The focus is to ensure a smooth and seamless integration within the next 9-12 months and deliver exceptional banking services and value to the customers.

SEBI LAUNCHES SCORES 2.0 TO STRENGTHEN COMPLAINT REDRESSAL SYSTEM

Current Context: The Securities and Exchange Board of India (SEBI) launched a new version of its complaint redressal system called SCORES 2.0 on 1st April 2024.

KEY HIGHLIGHTS

- This new system aims to enhance the efficiency in handling investor complaints in the securities market.
- Reduced and uniform timelines for the redressal of investor complaints across the securities market, i.e., 21 calendar days from the date of receipt of the complaint.
- Integration with the KYC Registration Agency database for easy registration of investors onto SCORES.
- This initiative is expected to significantly improve the investor experience and the overall functioning of the securities market.

CANARA BANK LAUNCHES LOANS FOR HEALTHCARE, SAVINGS ACCOUNTS FOR WOMEN

Current Context: On April 3, 2024, Canara Bank launched a healthcare-focused loan product called Canara Heal and a customized savings account for women named Canara Angel.

KEY FACTS

- Canara Heal is designed to meet the shortfall in hospitalization expenditure while settling through TPA healthcare insurance claims of self and/or dependents.
- The loan for meeting hospital expenses is available at 11.55% per annum on a floating basis and 12.30% at a fixed interest rate basis.
- In addition, Canara Bank has also introduced a user-friendly payment interface 'Canara UPI 123Pay ASI' and 'Canara HRMS Mobile App' for the employees of the Bank.

RESERVE BANK OF INDIA'S (RBI) 1ST BI-MONTHLY MONETARY POLICY FOR THE FINANCIAL YEAR 2024-25

Current Context: The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) met and released the 1st Bi-monthly Monetary Policy of Financial Year 2024-25 (FY25) on April 5, 2024.

DETAILS

- GDP Growth:** The RBI's Monetary Policy Committee (MPC) has projected India's real Gross Domestic Product (GDP) growth at 7% for FY25. The quarterly breakdown is as follows:
 - Q1 (April-June): 7.1%
 - Q2 (July-September): 6.9%
 - Q3 (October-December): 7%
 - Q4 (January-March): 7%
- Policy Rates:** The MPC kept the policy rates unchanged. Here are the details:
 - Policy Repo Rate: 6.50%
 - Fixed Reverse Repo Rate: 3.35%
 - Standing Deposit Facility (SDF) Rate: 6.25%
 - Marginal Standing Facility (MSF) Rate: 6.75%
 - Bank Rate: 6.75%
 - Cash Reserve Ratio (CRR): 4.50%
 - Statutory Liquidity Ratio (SLR): 18%
- Inflation:** The Consumer Price Index (CPI) inflation or retail inflation is projected at 4.5% for FY25. The quarterly breakdown is as follows:
 - Q1: 4.9%
 - Q2: 3.8%
 - Q3: 4.6%
 - Q4: 4.5%
- Forex Reserves:** India's Foreign Exchange (Forex) Reserves hit a new high for the third consecutive week, reaching USD 645.58 billion by the end of the week on March 29, 2024.
- The stance of the policy is to focus on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth.

PHONEPE & STAR HEALTH INSURANCE PARTNERS TO OFFER 'STAR COMPREHENSIVE INSURANCE POLICY'

Current Context: On April 3, 2024, PhonePe, a leading fintech company in India, announced a strategic partnership with Star Health and Allied Insurance Company Ltd, India's largest retail health insurance company.

ABOUT

- This collaboration **aims to provide customers with a Comprehensive Health Insurance policy from Star Health Insurance, with coverage extending up to Rs 1 crore.**
- The policy **offers benefits like coverage for ambulance expenses, outpatient consultations, dental and ophthalmic treatments, maternity expenses, organ donor expenses, newborn baby coverage, mental well-being coverage,** and more.
- It **offers wellness programs with premium discounts, annual health check-ups, and automatic restoration** of the sum insured, and cumulative bonuses.

RBI DELAYS CURRENCY DERIVATIVE REGULATIONS TO CURB SPECULATIVE TRADING TO MAY 3, 2024

Current Context: The Reserve Bank of India (RBI) has deferred the implementation of new rules for foreign exchange (FX) derivatives to May 3, 2024.

KEY POINTS

- The RBI had **aimed to tighten the norms around currency derivatives trading to curb speculative activities** in this market segment.
- It reiterated that **there is no alteration in the RBI's policy approach concerning ETCDs.**

AMERICAN EXPRESS LAUNCHES NEW METAL CORPORATE PLATINUM CARD

Current Context: American Express launched a new Metal Corporate Platinum Card on 4th April.

KEY HIGHLIGHTS

- **Elevated Business and Travel Experience:** The card is designed to elevate your business and travel experience.
- **Accelerated Rewards:** Cardholders can earn accelerated rewards on every spend.

- **Gift Vouchers:** You can earn a gift voucher worth ₹10,000 on spending ₹30,00,000 in a year on your Platinum Corporate Card.
- **Marriott Bonvoy Gold Elite Status:** Enjoy complimentary membership to Marriott Bonvoy Gold Elite Status, offering elevated experiences at 30 brands and nearly 8,700 properties globally.
- **MakeMyTrip Vouchers:** Unlock MakeMyTrip Vouchers worth ₹ 15,000 by booking international flights and hotels worth ₹2,00,000 with MMT Biz on a single day.

SEBI GETS ISO/IEC 27001:2022 CERTIFICATION FOR INFORMATION SECURITY MANAGEMENT SYSTEMS

Current Context: The Securities and Exchange Board of India (SEBI) has indeed obtained the ISO/IEC 27001:2022 certification for its Information Security Management Systems (ISMS) on 4th April 2024.

KEY FACTS

- This **certification underscores SEBI's dedication to fortifying its cybersecurity framework and ensuring the confidentiality, integrity, and availability of its data and operations.**
- This thorough assessment **ensures that SEBI's information technology systems meet stringent international standards.**
- **ISO/IEC 27001:2022** is globally recognized as a **benchmark for Information Security Management Systems (ISMS).**
- It **enables organizations to identify, prevent, and defend against potential security vulnerabilities.**

SIDBI & ONIONLIFE PARTNERS TO PROVIDE MICRO-LOANS TO GIG WORKERS

Current Context: The Small Industries Development Bank of India (SIDBI) has partnered with OnionLife Private Ltd to use its technology platform Karma Life for a pilot project to provide small enterprise loans to gig workers.

DETAILS

- This initiative is **aimed at increasing their access to formal institutional finance.**
- Karma Life will **enable gig workers to access micro loans through a mobile app, eliminating the need**

for extensive paperwork or physical documentation.

- This streamlined process is expected to **make it easier for gig workers to manage the liquidity needs of their enterprise activities.**
- With the gig economy rapidly growing in India, there is a pressing need to **provide affordable and accessible financial support to non-salaried gig workers who provide their services through gig platform aggregators for livelihood.**

SBI AND STANDARD CHARTERED EXECUTE FIRST CREDIT DEFAULT SWAP TRADE UNDER NEW RBI RULES

Current Context: The State Bank of India (SBI) and Standard Chartered Bank India carried out a Credit Default Swap (CDS) trade worth ₹25 crore on 4th April 2024.

ABOUT

- This marked the **first such transaction after the Reserve Bank of India (RBI) issued fresh guidelines for the instrument.**
- The **trade involved a 1-year rupee CDS featuring REC.**
- Credit default swaps are derivative instruments that **provide a form of insurance against the risk of default of the issuer of a bond.**

GENERAL INSURANCE INDUSTRY GROWS 12.78% IN FY24: GIC DATA

Current Context: The General Insurance industry in India has reported a growth of 12.78% in the Fiscal Year 2023-24 (FY24).

KEY POINTS

- The **growth was primarily driven by the health and motor insurance segments, although there was a marginal decrease in liability, crop insurance, and marine cargo.**
- The **slowdown in FY24 was largely due to the performance of crop insurance. Specialized insurer AIC reported a decline of 32% in growth due to the slowdown in agriculture insurance.**
- In **FY25, the industry is expected to report 15-17% growth led by the health and motor insurance sectors.**

- **Among public insurers, Oriental Insurance led with 17% growth, while Bajaj Allianz topped among private insurers with 33.49% growth.**

HDFC BECOMES FIRST PRIVATE BANK TO OPEN BRANCH IN LAKSHADWEEP

Current Context: HDFC Bank has indeed become the first private bank to open a branch in Lakshadweep on 10th April 2024.

KEY HIGHLIGHTS

- This move is **aimed at upgrading the banking infrastructure in the Union Territory by offering a wide range of services** with a focus on personal banking, and digital banking.
- This includes **customised digital solutions including QR-based transactions for retailers.**

KARNATAKA BANK HAS ENTERED INTO PARTNERSHIP WITH FISDOM

Current Context: On April 10, 2024, Karnataka Bank announced a partnership with FISDOM to offer a 3-in-1 account which includes savings, demat, and trading accounts.

KEY FACTS

- The partnership **aims to enhance the current value proposition by enabling customers to invest in stocks and mutual funds.**
- The 3-in-1 facility **allows customers to streamline their investment journey by consolidating their demat and trading accounts.**

ICICI LOMBARD COLLABORATES WITH POLICYBAZAAR FOR INSURANCE PRODUCT DISTRIBUTION

Current Context: ICICI Lombard and Policybazaar entered into a strategic partnership on 9th April 2024. This collaboration aims to provide accessible insurance solutions for Indian consumers.

DETAILS

- The partnership encompasses **access to nearly 10 million customers with a wide range of insurance products, including motor insurance, health insurance, travel insurance, home insurance, and business insurance.**

- The partnership entails **inclusion across multiple business lines of the Policybazaar platform, catering to retail audiences, corporates, and channel partners.**
- The partnership will **significantly enhance insurance distribution, ensuring comprehensive coverage reaches every corner of the nation through the convenience of a seamless digital platform.**
- Anand Singhi, Chief - Retail & Government Business of ICICI Lombard, mentioned that they aim to democratise insurance in India by **offering consumers an accessible and comprehensive platform to purchase insurance seamlessly.**

CAMS RECEIVES RBI'S NOD TO OPERATE AS AN ONLINE PAYMENT AGGREGATOR

Current Context: Computer Age Management Services (CAMS) has received authorization from the Reserve Bank of India (RBI) to operate as an online payment aggregator.

ABOUT

- CAMS's payment business unit, CAMSPay, **currently serves clients which include mutual funds, insurance companies, banks, and NBFCs.**
- Following this news, **shares of CAMS gained nearly 4 percent.**
- The stock was **trading at Rs 3,179.35.**

RBI HAS GRANTED IN-PRINCIPLE APPROVAL TO REVOLUT FOR PREPAID PAYMENT INSTRUMENTS LICENCE

Current Context: The Reserve Bank of India (RBI) has indeed granted in-principle approval to Revolut for a Prepaid Payment Instruments (PPI) licence on 12th April 2024.

KEY POINTS

- This builds upon the existing licences which Revolut India has successfully obtained from RBI to **operate as a Category-II Authorised Money Exchange Dealer (AD II)** and to provide multi-currency forex cards and cross-border remittance services.

PAYU PARTNERS WITH PAYPAL TO ENHANCE CROSS BORDER PAYMENTS FOR INDIAN MERCHANTS

Current Context: On Tuesday, April 9, 2024, PayU, a leading online payment solutions provider, announced its partnership with the US-based fintech company PayPal.

KEY HIGHLIGHTS

- The purpose of this partnership is **to enhance the cross-border payment experience for Indian merchants by integrating PayPal's ISU 2.0 API into PayU's services.**
- This integration will **provide customers with a variety of payment methods at checkout, including PayPal, PayPal Pay later, and various local Alternative Payment Methods (APMs) from customers outside India.**

RBI DIRECTS PAYMENT AGGREGATORS TO UNDERTAKE DUE DILIGENCE OF MERCHANTS ON BOARDED

Current Context: The Reserve Bank of India (RBI) has recently issued a directive to all payment aggregators to undertake due diligence of merchants on boarded as per RBI's norms. This is part of RBI's efforts to regulate the payment ecosystem.

KEY FACTS

- Upon migration, the **Payment Aggregator (PA) shall immediately undertake the additional due diligence of the merchant** as prescribed in the guidelines.
- **Non-bank payment aggregators have been asked to register themselves with the Financial Intelligence Unit-India (FIU-IND)** and provide the needed information as desired by the said unit.
- **As for the Payment Aggregators – physical Point of Sale (PA-P), the RBI has also announced that all the Non-banks providing these services shall now have a minimum network of Rs 15 crore at the time of authorisation.** Moreover, a minimum network of Rs 25 crore is required by March 31, 2028.

RBI DIRECTS ALL RES TO PROVIDE KFS TO BORROWERS W.E.F 1ST OCTOBER 2024

Current Context: The Reserve Bank of India (RBI) has indeed issued a directive to all Regulated Entities (REs) to provide a 'Key Fact Statement' (KFS) to borrowers.

DETAILS

- The KFS is a statement of **key facts about a loan agreement in simple and easy-to-understand language provided to the borrower in a standardized format.**
- It includes **critical information about the terms of the loan agreement, including the all-inclusive interest cost.**
- This measure is **aimed at enhancing transparency and reducing information asymmetry on financial products offered by different regulated entities, thereby empowering borrowers to make informed financial decisions.**

BANK OF BARODA WORLD APP HAS BEEN BANNED BY RBI

Current Context: In October 2023, the Reserve Bank of India (RBI) stopped Bank of Baroda from onboarding new customers on its mobile app 'BoB World'. This action was taken due to certain material supervisory concerns.

ABOUT

- In response to the RBI's directions, Bank of Baroda stated that it had already carried out corrective measures **to address the concerns of the central bank, and initiated further steps to plug any remaining gaps.**
- The Finance Ministry is reportedly proposing stricter measures **to protect citizens from cyber fraud, particularly after the Bank of Baroda World app scam.**
- **To address this growing threat, the Ministry of Home Affairs established the Indian Cyber Crime Coordination Centre (I4C).**

AIRTEL PAYMENTS BANK UNVEILS NCMC DEBIT AND PRE-PAID CARDS IN COLLABORATION WITH NPCI

Current Context: Airtel Payments Bank has indeed announced the launch of its NCMC (National Common Mobility Cards) enabled debit and pre-paid cards in association with the National Payments Corporation of India (NPCI) on 19th April 2024.

KEY POINTS

- The bank will offer **NCMC-enabled debit cards for savings account holders and NCMC-enabled prepaid cards for wallet users.**
- **Customers can use any of the cards to make payments at all merchant establishments, online (e-commerce), as well as offline NCMC transit transactions at metros, buses, parking, etc across the country.**
- The card also **facilitates the issuance of concession and monthly passes wherever supported by the transport operator.**
- **Customers can order Airtel Payments Bank's NCMC enabled Debit Card from the Airtel Thanks App, or acquire it by visiting the nearest banking points or from any of the designated points at the various metro stations.**

AU SMALL FINANCE BANK LAUNCHES ARRAY OF PRODUCTS INCLUDING RUPAY CREDIT CARD

Current Context: AU Small Finance Bank (AU SFB) has indeed launched an array of new products on 23rd April 2024.

KEY HIGHLIGHTS

- **AU SPONT Rupay Credit Card:** This card can be seamlessly linked to the user's preferred UPI-enabled application, facilitating convenient payments using the UPI Scan and Pay feature. It offers 1% cashback on all transaction types (excluding select categories) and COINS rewards for UPI transactions made with the AU 0101 application.
- **Secured Credit Card - NOMO (No Missing Out):** This is AU SFB's first secured credit card, backed by a Fixed Deposit (FD). It offers reward points on card usage along with additional benefits such as airport lounge access and fuel surcharge waivers.
- **AU 0101 Business App:** This app is designed to offer customized solutions for proprietorships and MSMEs.
- **ATM Insurance:** This is an industry-first innovation that allows customers to buy insurance through AU SFB's ATMs with their debit card.
- **WhatsApp Insurance:** This allows customers to get a policy instantly using the WhatsApp platform.

NABARD RELEASED ITS CLIMATE STRATEGY 2030 DOCUMENT

Current Context: The National Bank for Agriculture and Rural Development (NABARD) unveiled its Climate Strategy 2030 document on World Earth Day.

KEY FACTS

- This comprehensive strategy **aims to address India's escalating need for green financing.**
- Accelerating Green Lending across sectors
- Playing a broader Market-Making Role
- Internal Green Transformation of NABARD
- Strategic Resource Mobilization

BHARATPE ONE HAS BEEN LAUNCHED BY BHARATPE

Current Context: BharatPe, a leading name in the fintech industry in India, announced the launch of BharatPe One on April 23, 2024.

DETAILS

- This innovative product is **designed to streamline transactions for merchants, offering versatile payment acceptance options including dynamic and static QR code, tap-and-pay, and traditional card payment options**, across a wide range of debit and credit cards.
- The company **plans to launch the product in 100+ cities in the first phase and further scale it to 450+ cities for the next 6 months.**
- **Equipped with a high-definition touchscreen display, 4G and Wi-Fi connectivity**, and powered by the latest Android operating system, BharatPe One **delivers enhanced performance and security.**

RBI HAS RELEASED MASTER DIRECTION TO THE ASSET RECONSTRUCTION COMPANIES

Current Context: The Reserve Bank of India (RBI) has indeed released a Master Direction for Asset Reconstruction Companies (ARCs). This new direction is set to be effective from April 24, 2024.

ABOUT

- It covers various aspects such as registration, net owned fund, permissible business, asset reconstruction, securitisation, capital adequacy requirements, deployment of funds, asset classification, investments, income recognition, and more.

INDUSIND BANK BECOMES 1ST BANK TO SUCCESSFULLY EXECUTE RBI'S PROGRAMMABLE CBDC PILOT

Current Context: On 23rd April 2024, IndusInd Bank announced the successful execution of the Reserve Bank of India's (RBI) programmable Central Bank Digital Currency (CBDC) pilot, making it the first bank to do so.

DETAILS

- This marks a **significant milestone in the adoption of innovative financial solutions for the agriculture sector.**
- This collaborative effort **aims to promote Circularity Credits from recycling agricultural waste.**
- The bank is **committed to leveraging innovative solutions to empower communities and build a brighter future for all.**

RBI SETS ELIGIBILITY RULES FOR SFBS SEEKING UNIVERSAL BANKING LICENCE

Current Context: The Reserve Bank of India (RBI) has outlined the eligibility criteria for small finance banks (SFBS) aspiring to obtain a universal banking license.

KEY POINTS

- **Operational Track Record:** SFBS must have a five-year track record of satisfactory performance.
- **Net Worth:** They need to maintain a net worth of at least 10 billion rupees.
- **Capital Adequacy:** SFBS should meet the prescribed capital adequacy requirements.
- **Profitability:** Recent profitability is crucial, and they should demonstrate consistent profitability over the past two years.
- **Limited Non-Performing Assets:** SFBS must have limited non-performing assets.
- **Market Listing:** Their shares should be listed on a recognized stock exchange.

- **Existing Promoters:** Existing promoters can continue without new additions.
- **Shareholding Plans:** Approved shareholding plans will remain unchanged.
- **Diversified Loan Portfolios:** SFBs with diversified loan portfolios are favored.
- **Detailed Rationale:** Eligible SFBs must provide a detailed rationale for the transition.
- **Assessment Guidelines:** Their applications will be assessed based on specified guidelines, including those for on-tap licensing and shareholding directions.
- **Norms Upon Transition:** After transitioning, the banks will adhere to all relevant norms, including the structure of a non-operative financial holding company.

FEMA REGULATIONS FOR DIRECT LISTING ON INTERNATIONAL EXCHANGES HAVE BEEN RELEASED BY RBI

Current Context: The Reserve Bank of India (RBI) has recently introduced Foreign Exchange Management Act (FEMA) regulations to simplify the process of Indian companies directly listing on international stock exchanges.

KEY HIGHLIGHTS

- **Easier Access to Global Capital Markets:** By facilitating direct listings, Indian companies can tap into global capital markets more efficiently, allowing them to raise funds and expand their operations internationally.
- **Reduced Bureaucratic Hurdles:** The streamlined process will help reduce administrative complexities, making it easier for companies to navigate the listing process.
- **Enhanced Global Competitiveness:** Direct listings enable Indian firms to compete more effectively on a global scale. Access to international exchanges provides exposure to a broader investor base and potential growth opportunities.
- **Promotion of Innovation and Growth:** By encouraging direct listings, the RBI fosters innovation and growth within the Indian corporate sector.

NABARD-RBI INNOVATION HUB COLLABORATION

Current Context: On 27th April 2024, The National Bank for Agriculture and Rural Development (NABARD) partnered with the RBI Innovation Hub to revolutionize digital agricultural lending in India.

KEY FACTS

- Integrating **NABARD's e-KCC loan origination system portal with the Public Tech Platform for Frictionless Credit (PTPFC) will streamline the lending process** for Kisan Credit Card (KCC) loans.
- The initiative aims to **provide instant doorstep credit to India's 120 million farmers, fostering rural prosperity and frictionless finance.**

ISSUES OF COMMERCIAL PAPER (CP) BY NBFCS REACHED A FOUR-YEAR PEAK

Current Context: Commercial Paper (CP) issuances by Non-Banking Financial Companies (NBFCs) have surged to a four-and-a-half-year high from January to March 2024.

DETAILS

- Reserve Bank of India (RBI)'s **decision to increase risk weights on bank loans provided to higher-rated NBFCs.**
- **Improved investor confidence due to the healthy liquidity, stronger balance sheets, and stable asset quality of NBFCs.**
- While banks remain the dominant funding source for NBFCs (accounting for approximately 43% of funding), NBFCs are actively diversifying their resource profile.
- Consequently, the share of CPs is **expected to rise over the medium term, even though it currently stands at around 6%** of the overall funding mix.

AXIS BANK BECAME 4TH LARGEST LENDER BY MARKET CAP IN INDIA

Current Context: Axis Bank has recently overtaken Kotak Mahindra Bank to become the fourth-largest lender by market capitalization in India.

ABOUT

- This significant **development occurred after Kotak Mahindra Bank's shares experienced a 10% decline due to restrictions** imposed by the Reserve Bank of India (RBI).
- The RBI **banned Kotak from onboarding new customers through its online and mobile banking channels and also prohibited the issuance of fresh credit cards** by the bank.
- Axis Bank:
 - Shares were **trading 4% higher following better-than-expected Q4 results**.
 - **Market capitalization: ₹3.4 lakh crore.**
- Kotak Mahindra Bank:
 - **Shares dropped 10%** due to the RBI ban.
 - **Market capitalization: ₹3.3 lakh crore.**
- In the pecking order of Indian banks, **HDFC Bank remains the most valued at approximately ₹11.5 lakh crore**, followed by ICICI Bank at ₹7.76 lakh crore and SBI at ₹7 lakh crore.

RBI KEPT FPI INVESTMENT LIMIT IN G-SEC UNCHANGED AT 6% OF OUTSTANDING STOCK FOR FY25

Current Context: The Reserve Bank of India (RBI) announced on April 26, 2024, that the investment limit for Foreign Portfolio Investors (FPI) in government securities (G-Secs) will remain unchanged at 6% of the outstanding securities stocks for the financial year 2024-25.

KEY POINTS

- In addition, the **RBI also stated that the FPI limits for investment in state government securities and corporate bonds** will remain unchanged at 2% and 15%, respectively, of the outstanding securities stocks for FY25.
- The **allocation of incremental changes in the G-Sec limit (in absolute terms) over the two sub-categories – 'General' and 'Long-term' – will be retained at 50:50 for 2024-25.**
- Furthermore, the **aggregate limit of the notional amount of Credit Default Swaps sold by FPIs will be 5% of the outstanding stock** of corporate bonds.

DRAFT FRAMEWORK FOR ELECTRONIC TRADING PLATFORMS HAS BEEN ISSUED BY RBI

Current Context: The Reserve Bank of India (RBI) issued a draft framework for Electronic Trading Platforms (ETPs) on April 29, 2024.

KEY HIGHLIGHTS

- This framework is **aimed at entities operating ETPs for transactions in eligible instruments.**
- The key points include **maintaining a minimum net-worth of Rs 5 crore, being a company incorporated in India, and conforming to all applicable laws and regulations, including the Foreign Exchange Management Act, 1999, for any non-resident shareholding.**
- The entity is also required **to maintain robust technology infrastructure.**

NEW LIMIT ON BOND INVESTMENT BY SEBI

Current Context: The Securities and Exchange Board of India (SEBI) has recently made several changes to make the bond market more accessible:

KEY FACTS

- **Corporate Bond Market:** SEBI has decided to cut the face value of corporate debt securities to Rs 10,000 from Rs 1 lakh. This move is aimed at enhancing the participation of retail investors in the corporate bond market. The reduction in face value makes bond investments much more attractive and accessible to a wider range of retail investors.
- **Investment Rule for Passive Funds:** Traditionally, all mutual funds, including passive funds, were restricted from investing more than 25 per cent of their assets in companies belonging to the same group as the fund manager (called the sponsor group). This rule aimed to prevent conflicts of interest and ensure diversification within mutual funds.
- **Investment Limit for NRIs:** SEBI has allowed up to 100% higher participation by non-resident Indians (NRIs) in IFSC-based FPIs.
- These changes are **expected to increase accessibility, enable portfolio diversification, and potentially lead to a more vibrant and dynamic bond market in India.**

BANKING AWARENESS QUESTION BANK: APRIL 2024

Q.1 What was the net claims of non-residents on India by the end of December 2023?

- a) USD 12.2 billion
- b) USD 28.5 billion
- c) USD 370.4 billion
- d) USD 34.8 billion
- e) None of these

Answer (c): The net claims of non-residents in India declined by USD 12.2 billion during October-December 2023, culminating at USD 370.4 billion by the end of December 2023.

Q.2 What is the main aim of the merger between AU SFB and Fincare SFB?

- a) To establish a robust pan-India retail banking franchise
- b) To gain access to South India
- c) To enhance the distribution network
- d) All of the above
- e) None of these

Answer (d): The merger aims to establish a robust pan-India retail banking franchise by leveraging complementary geographic footprints and product offerings.

Q.3 What is the name of the new complaint redressal system launched by SEBI?

- a) SCORES 1.0
- b) SCORES 3.0
- c) SCORES 2.0
- d) SCORES 4.0
- e) None of these

Answer (c): The Securities and Exchange Board of India (SEBI) launched a new version of its complaint redressal system called SCORES 2.0 on 1st April 2024.

Q.4 What is the name of the healthcare-focused loan product launched by Canara Bank?

- a) Canara Angel
- b) Canara Heal
- c) Canara ReadyCash
- d) Canara MyMoney
- e) None of these

Answer (b): On April 3, 2024, Canara Bank launched a healthcare-focused loan product called Canara Heal and a customized savings account for women named Canara Angel.

Q.5 What is the Policy Repo Rate as per the 1st Bi-monthly Monetary Policy of FY25?

- a) 6.25%
- b) 6.50%
- c) 6.75%
- d) 7.00%
- e) None of these

Answer (b): 6.50% is the the Policy Repo Rate as per the 1st Bi-monthly Monetary Policy of FY25

Q.6 Who announced a strategic partnership with Star Health and Allied Insurance Company Ltd on April 3, 2024?

- a) Paytm
- b) Google Pay
- c) PhonePe
- d) Amazon Pay
- e) None of these

Answer (c): On April 3, 2024, PhonePe, a leading fintech company in India, announced a strategic partnership with Star Health and Allied Insurance Company Ltd, India's largest retail health insurance company.

Q.7 What was the reason for deferring the implementation of the new rules for foreign exchange (FX) derivatives?

- a) The rules were not ready.
- b) The market participants requested more time.
- c) The RBI decided to revise the rules.
- d) The RBI wanted to curb speculative activities.
- e) None of these

Answer (b): The implementation by a month was made in view of the feedback received from market participants and recent developments.

Q.8 When was the new Metal Corporate Platinum Card by American Express launched?

- a) 1st April
- b) 4th April
- c) 10th April
- d) 15th April
- e) None of these

Answer (b): American Express launched a new Metal Corporate Platinum Card on 4th April.

Q.9 What does the ISO/IEC 27001:2022 certification underscore about SEBI?

- a) SEBI's dedication to fortifying its cybersecurity framework
- b) SEBI's commitment to ensuring the confidentiality, integrity, and availability of its data and operations
- c) Both A and B
- d) Neither A nor B

Answer (c): This certification underscores SEBI's dedication to fortifying its cybersecurity framework and ensuring the confidentiality, integrity, and availability of its data and operations.

Q.10 Who has SIDBI partnered with for a pilot project to provide small enterprise loans to gig workers?

- a) OnionLife Private Ltd
- b) KarmaLife
- c) Gig Economy Ltd
- d) S Ramann
- e) None of these

Answer (a): The Small Industries Development Bank of India (SIDBI) has partnered with OnionLife Private Ltd to use its technology platform KarmaLife for a pilot project to provide small enterprise loans to gig workers.

Q.11 What was the significance of this Credit Default Swap (CDS) trade?

- a) It was the first such transaction after RBI issued fresh guidelines for the instrument.
- b) It marked the end of CDS trades in India.
- c) It was the largest CDS trade in history.
- d) It was the first CDS trade involving REC.
- e) None of these

Answer (a): This marked the first such transaction after the Reserve Bank of India (RBI) issued fresh guidelines for the instrument.

Q.12 What was the growth rate of the General Insurance industry in India in the Fiscal Year 2023-24 (FY24)?

- a) 10.78%
- b) 12.78%
- c) 14.78%

- d) 16.78%
- e) None of these

Answer (b): The General Insurance industry in India has reported a growth of 12.78% in the Fiscal Year 2023-24 (FY24).

Q.13 Where is the new HDFC Bank branch located in Lakshadweep?

- a) Minicoy Island
- b) Agatti Island
- c) Andrott Island
- d) Kavaratti Island
- e) None of these

Answer (d): The branch was opened at Kavaratti Island, which is a prominent tourist place.

Q.14 What type of account is Karnataka Bank offering in partnership with FISDOM?

- a) Savings account
- b) Demat account
- c) Trading account
- d) All of the above
- e) None of the above

Answer (d): On April 10, 2024, Karnataka Bank announced a partnership with FISDOM to offer a 3-in-1 account which includes savings, demat, and trading accounts.

Q.15 Who is the Chief - Retail & Government Business of ICICI Lombard?

- a) Sarbvir Singh
- b) Anand Singhi
- c) Ratan Tata
- d) Mukesh Ambani
- e) None of these

Answer (b): Anand Singhi, is the Chief - Retail & Government Business of ICICI Lombard.

Q.16 What is the name of CAMS's payment business unit?

- a) CAMSOnline
- b) CAMSNet
- c) CAMSPay
- d) CAMSBank
- e) None of these

Answer (c): CAMS's payment business unit, CAMSPay, currently serves clients which include mutual funds, insurance companies, banks, and NBFCs.

Q.17 What is the purpose of the partnership between PayU and PayPal?

- a) To enhance the cross-border payment experience for Indian merchants
- b) To launch a new digital wallet
- c) To create a new cryptocurrency
- d) To compete with other payment solutions providers
- e) None of these

Answer (a): The purpose of this partnership is to enhance the cross-border payment experience for Indian merchants by integrating PayPal's ISU 2.0 API into PayU's services.

Q.18 What is the minimum net worth required for non-bank Payment Aggregators – physical Point of Sale (PA-P) by March 31, 2028?

- a) Rs 15 crore
- b) Rs 20 crore
- c) Rs 10 crore
- d) Rs 25 crore
- e) None of these

Answer (d): As for the Payment Aggregators – physical Point of Sale (PA-P), the RBI has also announced that all the Non-banks providing these services shall now have a minimum networth of Rs 15 crore at the time of authorisation. Moreover, a minimum networth of Rs 25 crore is required by March 31, 2028.

Q.19 What is the purpose of the 'Key Fact Statement' (KFS) as per the directive issued by the Reserve Bank of India (RBI)?

- a) To provide a detailed financial statement to the borrower
- b) To enhance transparency and reduce information asymmetry on financial products
- c) To increase the interest rates on loans
- d) To exempt credit card receivables from provisions
- e) None of these

Answer (b): aimed at enhancing transparency and reducing information asymmetry on financial products offered by different regulated entities, thereby empowering borrowers to make informed financial decisions.

Q.20 What was the total amount involved in the cyber fraud cases reported by India's National Crime Records Bureau in 2023?

- a) Rs 7,488.63 crore (\$8.9 billion)
- b) Rs 5,000 crore (\$6.7 billion)
- c) Rs 1,000 crore (\$1.2 billion)
- d) Rs 10,000 crore (\$13.4 billion)
- e) None of these

Answer (a): The urgency for these actions is underscored by the fact that in 2023 alone, India's National Crime Records Bureau reported over 1.1 million cyber fraud cases amounting to a staggering Rs 7,488.63 crore (\$8.9 billion).

Q.21 What powers the new cards launched by Airtel Payments Bank?

- a) Visa
- b) RuPay
- c) Mastercard
- d) American Express
- e) None of these

Answer (b): These cards are powered by RuPay.

Q.22 What is the NOMO card?

- a) AU SFB's first unsecured credit card.
- b) A credit card that offers no reward points.
- c) A debit card that offers reward points.
- d) AU SFB's first secured credit card backed by a Fixed Deposit (FD).
- e) None of these

Answer (d) Secured Credit Card - NOMO (No Missing Out): This is AU SFB's first secured credit card, backed by a Fixed Deposit (FD).

Q.23 What is the purpose of NABARD's Climate Strategy 2030?

- a) To promote agricultural development
- b) To address India's need for green financing
- c) To reduce carbon emissions
- d) To promote renewable energy sources
- e) None of these

Answer (b): This comprehensive strategy aims to address India's escalating need for green financing.

Q.24 What is the name of the all-in-one payment product launched by BharatPe?

- a) BharatPe Plus
- b) BharatPe Pro
- c) BharatPe Max
- d) BharatPe One
- e) None of these

Answer (d): BharatPe, a leading name in the fintech industry in India, announced the launch of BharatPe One on April 23, 2024.

Q.25 What is the new minimum capital requirement for ARCs as per the new Master Direction?

- a) Rs 100 crore
- b) Rs 200 crore
- c) Rs 300 crore
- d) Rs 400 crore
- e) None of these

Answer (c): It has been raised to Rs 300 crore, compared to Rs 100 crore as on October 11, 2022.

Q.26 Who announced the successful execution of the Reserve Bank of India's (RBI) programmable Central Bank Digital Currency (CBDC) pilot on 23rd April 2024?

- a) Reserve Bank of India
- b) Circularity Innovation Hub India Private Limited
- c) Mr. Sumant Kathpalia
- d) IndusInd Bank
- e) None of these

Answer (d): On 23rd April 2024, IndusInd Bank announced the successful execution of the Reserve Bank of India's (RBI) programmable Central Bank Digital Currency (CBDC) pilot, making it the first bank to do so.

Q.27 What is the minimum net worth requirement for SFBs seeking a universal banking license?

- a) 5 billion rupees
- b) 10 billion rupees
- c) 15 billion rupees
- d) 20 billion rupees
- e) None of these

Answer (b): Net Worth: They need to maintain a net worth of at least 10 billion rupees.

Q.28 How do these FEMA regulations benefit Indian companies?

- a) By imposing stricter reporting requirements
- b) By encouraging indirect listings through intermediaries
- c) By limiting access to global capital markets
- d) By reducing administrative complexities
- e) None of these

Answer (d): The streamlined process will help reduce administrative complexities, making it easier for companies to navigate the listing process.

Q.29 What is the purpose of the partnership between NABARD and the RBI Innovation Hub?

- a) To enhance digital literacy among farmers
- b) To revolutionize digital agricultural lending
- c) To promote traditional lending practices
- d) To develop new crop varieties
- e) None of these

Answer (b): On 27th April 2024, The National Bank for Agriculture and Rural Development (NABARD) partnered with the RBI Innovation Hub to revolutionize digital agricultural lending in India.

Q.30 What percentage of funding for NBFCs comes from banks?

- a) Around 43%
- b) Approximately 20%
- c) Over 60%
- d) Less than 10%
- e) None of these

Answer (a): While banks remain the dominant funding source for NBFCs (accounting for approximately 43% of funding), NBFCs are actively diversifying their resource profile.

Q.31 Which bank overtook Kotak Mahindra Bank to become the fourth-largest lender by market capitalization in India?

- a) HDFC Bank
- b) Axis Bank
- c) ICICI Bank
- d) SBI
- e) None of these

Answer (b): Axis Bank has recently overtaken Kotak Mahindra Bank to become the fourth-largest lender by market capitalization in India.

Q.32 Which bank overtook Kotak Mahindra Bank to become the fourth-largest lender by market capitalization in India?

- a) 2%
- b) 6%
- c) 15%
- d) 5%
- e) None of these

Answer (b): The Reserve Bank of India (RBI) announced on April 26, 2024, that the investment limit for Foreign Portfolio Investors (FPI) in government securities (G-Secs) will remain unchanged at 6% of the outstanding securities stocks for the financial year 2024-25.

Q.33 What is the minimum net-worth that an entity operating ETPs must maintain according to the draft framework?

- a) Rs 5 crore
- b) Rs 7 crore
- c) Rs 10 crore
- d) Rs 50 crore
- e) None of these

Answer (a): The key points include maintaining a minimum net-worth of Rs 5 crore, being a company incorporated in India, and conforming to all applicable laws and regulations, including the Foreign Exchange Management Act, 1999, for any non-resident shareholding.

Q.34 What change has SEBI made to the face value of corporate debt securities?

- a) Increased it to Rs 1 lakh
- b) Decreased it to Rs 10,000
- c) No change
- d) Increased it to Rs 10,000
- e) None of these

Answer (b): Corporate Bond Market: SEBI has decided to cut the face value of corporate debt securities to Rs 10,000 from Rs 1 lakh. This move is aimed at enhancing the participation of retail investors in the corporate bond market. The reduction in face value makes bond investments much more attractive and accessible to a wider range of retail investors.