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BANKING & FINANCIAL AWARENESS DIGEST

MARCH 2024

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BANKING & FINANCIAL AWARENESS GK DIGEST: MARCH 2024

RBI APPROVES AU BANK'S ACQUISITION OF FINCARE SMALL FINANCE BANK FROM APRIL 1

Current Context: The Reserve Bank of India (RBI) has approved the merger of Fincare Small Finance Bank with AU Small Finance Bank.

DETAILS

- The effective **date of the amalgamation is set for April 1, 2024.**
- As per the **agreement between the two banks, shareholders of Fincare Small Finance Bank will receive 579 equity shares of AU Small Finance Bank for every 2,000 shares held.**

- Out of the **10 small finance banks that received a license in 2015 from RBI, AU and Capital Small Finance Bank** had no microfinance legacy.
- While **49% of Fincare's branches are based in south India, AU had merely 2%.**
- The **merged bank will have 2334 branches.**

DPIIT-WORLD BANK WORKSHOP ON LOGISTICS EFFICIENCY

Current Context: The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry in collaboration with the World Bank Group organized a National Workshop on Logistics Efficiency Enhancement on February 27, 2024, in New Delhi.

ABOUT

- Over 100 participants from various **Ministries/Departments of the Government of India, officials from States, Multilateral Institutions, and Industry Associations** participated in the event.
- The workshop was **divided into three sessions:**
 - **Session I** covered discussions on the approach and methodology adopted in the calculation of the Logistics Performance Index (LPI) by the World Bank.
 - **Session II** discussed the corridor approach including Bharatmala and Sagarmala Corridors which is enhancing logistics efficiency, bringing down logistics costs, and increasing first and last mile connectivity.
 - **Session III**, officials from States shared best practices, reforms, and digital initiatives undertaken to improve logistics efficiency.

RBI UPDATES BBPS FOR EFFICIENT BILL PAYMENTS AND ISSUES NEW SUPERVISORY RETURNS DIRECTIVE

Current Context: The Reserve Bank of India (RBI) has made two significant announcements recently:

KEY POINTS

- **Revision of the BBPS Framework:** RBI has put in place a revised regulatory framework for Bharat Bill Payment Systems (BBPS) based on a review of developments in the payments landscape. The new framework, applicable from April 1, 2024, seeks to streamline the process of bill payments, enable

greater participation, and enhance customer protection. The revised framework will apply to NPCI Bharat Bill Pay Limited (NBBL) and all Bharat Bill Payment Operating Units (BBPOUs). These directions spell out the roles and responsibilities of the system operator and system participants.

- **Master Direction for Filing of Supervisory Returns:** RBI has issued a Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024. This directive aims to standardize the filing of supervisory returns by banks and non-banking financial companies (NBFCs) to bring clarity, brevity, and harmonization to the instructions issued to various supervised entities for return submission. This is part of a series of steps initiated by RBI to reduce the burden of compliance on the regulated entities.

RBI BANS IIFL FINANCE FROM GIVING GOLD LOANS DUE TO SERIOUS DEVIATIONS

Current Context: On March 4, 2024, the Reserve Bank of India (RBI) directed IIFL Finance Ltd. to stop sanctioning or disbursing gold loans with immediate effect.

KEY HIGHLIGHTS

- This **decision was taken following an inspection of the company for the year ending March 31, 2023.**
- The **regulator observed certain material supervisory concerns in the gold loan portfolio of the company,** including serious deviations in assaying and certifying purity and net weight of the gold at the time of sanction of loans and at the time of auction upon default.
- These **violations significantly and adversely impact customers' interest.**
- The RBI's **move is expected to benefit other top gold financing companies in the country, such as Manappuram Finance and Muthoot Finance.**

RBI ISSUES DIRECTIONS TO CARD NETWORKS FOR ISSUANCE OF CREDIT CARD TO CUSTOMERS

Current Context: The Reserve Bank of India (RBI) has issued directives to card networks for the issuance of credit cards to customers.

KEY FACTS

- The directives **aim to ensure greater choice and flexibility for customers.**
- Here are the **key points:**
 - **Card issuers shall not enter into any arrangement or agreement with card networks** that restrain them from availing the services of other card networks.
 - **Card issuers shall provide an option to their eligible customers to choose from multiple card networks** at the time of issue.
 - **For existing cardholders,** this option may be provided at the time of the next renewal.
 - The **directive defines authorized card networks as American Express Banking Corp., Diners Club International Ltd., MasterCard Asia/Pacific Pte. Ltd., National Payments Corporation of India–Rupay, and Visa Worldwide Pte. Limited.**
 - **Both card issuers and networks must adhere to these requirements in existing agreements,** upon amendment or renewal, as well as in new agreements.
 - These directions do **not apply to credit card issuers with fewer than 10 lakh active cards.**
 - Issuers who **issue credit cards on their own authorized card network** are exempt from the circular's applicability.
 - The directive **regarding customer choice at the time of issuance will come into effect six months** from March 6, 2024.

INDIA AMENDS FDI NORMS IN SPACE SECTOR

Current Context: The Indian government has recently amended the Foreign Direct Investment (FDI) policy in the space sector on 6th March 2024.

DETAILS

- The amendment **aims to realize the vision of an Atmanirbhar Bharat as laid down by PM Shri Narendra Modi.**
- The space sector has been **liberalized for foreign direct investment in prescribed sub-sectors/activities.**
- The FDI policy reform will **enhance Ease of Doing Business in the country, leading to greater FDI inflows and thereby contributing to growth of investment, income, and employment.**

- The satellites sub-sector has been **divided into three different activities with defined limits for foreign investment in each such sector.**
- The **Indian Space Policy 2023** was notified as an overarching, composite, and dynamic framework to implement the vision for unlocking India's potential in the Space sector through enhanced private participation.
- The **Union Cabinet has eased the FDI policy on Space sector by prescribing liberalized FDI thresholds** for various sub-sectors/activities.

THE RBI'S UDGAM PLATFORM FOR UNCLAIMED DEPOSITS NOW HAS 30 BANKS REGISTERED

Current Context: As of March 4, 2024, there are 30 banks registered on the UDGAM portal. UDGAM, which stands for Unclaimed Deposits- Gateway to Access Information, is a centralized web portal developed by the Reserve Bank of India (RBI).

ABOUT

- It **helps customers search for their unclaimed deposits with banks and other financial institutions in India.**
- These **30 banks cover around 90% of unclaimed deposits (in value terms) in the Depositor Education and Awareness (DEA) Fund of RBI.**
- The **remaining banks are in the process of getting on-boarded.**
- Customers can **register on the UDGAM platform using their mobile number.**
- Once **registered, they can search for unclaimed deposits under their name and provide additional inputs such as PAN, voter ID, driving license, and passport number.**
- However, the **UDGAM portal only facilitates the search of unclaimed deposits/accounts across multiple banks at one place and provides information on claim/settlement process of each bank.**

VIKAS SPOORTY, A NEW LOAN SCHEME, HAS BEEN LAUNCHED BY KARNATAKA VIKAS GRAMEENA BANK

Current Context: The Karnataka Vikas Grameena Bank (KVGB) has indeed launched a new loan scheme called 'Vikas Spoorty' on 7th March 2024.

KEY POINTS

- This scheme is **designed to strengthen the rural credit delivery system and motivate the common man to take up income-generating activities on a small scale.**
- The '**Vikas Spoorty**' loan scheme offers **hassle-free credit without the need for collateral security or surety.**
- It is **aimed at meeting the genuine credit needs of small entrepreneurs.**
- The scheme links the **repayment of the loan to the small amounts contributed by the borrowers daily to their 'Daily Deposit' scheme of the bank (Pigmy account) at their doorsteps.**
- Under this scheme, **people may avail a minimum loan of ₹50,000 and a maximum of ₹2,00,000.**

BANK OF BARODA OFFERS LITE SAVINGS ACCOUNT WITH LIFETIME ZERO BALANCE FEATURE

Current Context: Bank of Baroda offers a product called the bob LITE Savings Account.

KEY HIGHLIGHTS

- Here are **some key features of this account:**
 - It's a **Lifetime Zero Balance Savings Account, which means there are no minimum balance requirements.**
 - Customers **get a free RuPay Platinum Debit Card if they maintain a Quarterly Average Balance (QAB) of Rs. 3000 for Metro/Urban branches, Rs. 2000 for Semi Urban branches, and Rs. 1000 for Rural branches.**
 - The account can be **opened by any resident individual, including minors above the age of 10 years.**
 - The bank also **offers attractive discounts and offers on Bank of Baroda Debit & Credit Cards.**

NPCI AND FONEPAY'S CROSS-BORDER PAYMENT AGREEMENT

Current Context: NPCI International Payments (NIPL), the international arm of National Payments Corporation of India

(NPCI), has entered into an agreement with Nepal-based payment network Fonepay Payment Service for cross-border UPI transactions between India and Nepal on 8th March 2024.

KEY FACTS

- This arrangement will **facilitate QR-code-based, person-to-merchant (P2M) UPI transactions between the two countries.**
- In the **first phase, Indian consumers will be able to make instant, secure, and convenient UPI payments** across various business stores in Nepal to merchants on the Fonepay Network.
- This **cross-border payment solution is expected to significantly improve economic ties, commerce, and tourism between the two nations, eventually promoting economic prosperity and progress.**
- The agreement comes after the Reserve Bank of India (RBI) and Nepal Rastra Bank (NRB) signed the **Terms of Reference on the integration of the UPI of India with the National Payments Interface (NPI) of Nepal for cross-border remittances.**

ADITYA BIRLA CAPITAL, ADITYA BIRLA FINANCE ANNOUNCE A SCHEME OF AMALGAMATION FOR LARGE NBFC

Current Context: Aditya Birla Capital Limited (ABCL) and Aditya Birla Finance (ABFL) have announced a Scheme of Amalgamation to create a large unified operating Non-Banking Financial Company (NBFC) on 11th March 2024.

DETAILS

- The merger is expected to result in a reduction of **legal entities and simplification of the group structure of Aditya Birla Capital.**
- This will create a **unified large entity with greater financial strength and flexibility, enabling direct access to capital.**
- The **proposed amalgamation is expected to enhance value for various stakeholders of the company.**
- The **merger is expected to consolidate the businesses and operational synergies, resulting in expansion and long-term sustainable growth.**
- Kumar Mangalam Birla, Chairman of the Aditya Birla Group, has stated that the merger will enable the

creation of a strong capital base for Aditya Birla Capital.

SEBI INTRODUCES SETTLEMENT SCHEME III ON ILLIQUID OPTION CASES

Current Context: The Securities and Exchange Board of India (SEBI) has introduced a third settlement scheme for entities involved in reversal trades in the stock options segment on BSE in 2014 and 2015.

ABOUT

- The **scheme commenced on March 11 and concluded on May 10.**
- After the expiry of the scheme period, **actions as per the relevant provisions of securities laws will be continued against the entities which do not avail this opportunity for settlement.**
- The scheme would **provide a settlement opportunity to all the entities that have executed reversal trades in the stock options between April 1, 2014, and September 30, 2015, against whom proceedings** have been initiated and are pending before any authority or forum.
- By availing the benefit of the scheme, the entities can **settle such proceedings and avoid further delay in the conclusion of the said proceedings and the associated long-drawn legal processes or expenses.**

SEBI ANNOUNCES INTRODUCTION OF OPTIONAL T+0 SETTLEMENT CYCLE TO BOOST MARKET LIQUIDITY

Current Context: The Securities and Exchange Board of India (SEBI) has announced that it will introduce an optional T+0 settlement cycle from March 28.

KEY POINTS

- This means that the **settlement of trades will happen on the same day.**
- In the **current T+1 process, investors selling their stocks receive money in their demat accounts on the next trading day.**
- With the **T+0 settlement, the money will be credited on the same day of sale.**
- SEBI has proposed that the **new settlement process will be implemented in two phases.**

- In the **first phase**, an optional **T+0 settlement cycle is proposed for trades until 1:30 pm, with the settlement of funds and securities to be completed on the same day by 4:30 pm.**
- In the **second phase**, an optional **immediate trade-by-trade settlement for funds and securities will be introduced, allowing trading until 3:30 pm.**
- After this phase is implemented, **Phase 1 (optional T+0 settlement) will be discontinued.**
- This change is expected to **increase liquidity in the market as it ensures faster access to cash, enabling more money to flow into the market.**

SEBI NOTIFIED THE REGULATIONS FOR SMALL AND MEDIUM REAL ESTATE INVESTMENT TRUSTS

Current Context: The Securities and Exchange Board of India (SEBI) has indeed issued regulations to amend the REIT Regulations 2014.

KEY HIGHLIGHTS

- These amendments establish guidelines for the creation of **Small and Medium Real Estate Investment Trusts (SM REITs).**
- The new regulations, known as the **SEBI (REIT) (Amendment) Regulations 2024**, will come into force on the date of their publication in the official gazette.
- Under these regulations, an **SM REIT will be permitted to gather funds starting from ₹50 crore by issuing units to a minimum of 200 investors.**
- These funds will be utilized for **acquiring and managing real estate assets or properties.**
- The amendments are expected to **open the doors to fractional ownership of rent-yielding real estate assets, including uber-luxury second homes across the country.**
- This is a **significant move to regulate the fractional ownership industry.**
- It's important to note that **at least 95% of the assets for SM REIT schemes must be fully developed and generating revenue, compared to the 80% requirement for larger REITs.**

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- This is a significant move to **regulate the fractional ownership industry.**
- It's important to note that **at least 95% of the assets for SM REIT schemes must be fully developed and generating revenue, compared to the 80% requirement for larger REITs.**
- These regulations are aimed at **expanding investment opportunities and regulating the real estate sector more effectively.**

RBI IMPOSES PENALTY ON BANK OF INDIA, BANDHAN BANK

Current Context: The Reserve Bank of India (RBI) has imposed penalties on both Bank of India and Bandhan Bank for non-compliance with certain regulatory norms.

DETAILS

- **Bank of India was fined ₹1.4 crore for violating the RBI's directions on interest rates, customer service, and provisions of Credit Information Companies Rules, 2006.**
- **Bandhan Bank was penalized ₹29.55 lakh for non-compliance with certain directions on 'Reserve Bank of India (Interest Rate on Deposits) Directions, 2016'.**

- The charge pertaining to opening of savings deposit account of an ineligible entity was sustained.
- These penalties were imposed after the RBI conducted a statutory inspection to evaluate the banks' financial positions.
- It's important to note that these penalties are for regulatory compliance issues and do not question the validity of any transactions or agreements with customers.
- The RBI aims to ensure that banks and financial institutions adhere to the necessary regulations to maintain transparency and protect the interests of customers.

BANK OF BARODA UNVEILS BOB EARTH GREEN TERM DEPOSIT SCHEME

Current Context: Bank of Baroda has indeed launched a special Fixed Deposit scheme called the bob Earth Green Term Deposit Scheme on 11th March 2024.

ABOUT

- Here are some key details about this scheme:
 - The scheme offers **depositors attractive interest rates on various tenors.**
 - It **allows depositors to contribute to India's green economy.**
 - The funds raised through this **scheme will be used to finance eligible environment-friendly projects and sectors.**
 - This initiative **fosters India's transition to a green and sustainable economy.**
 - The **scheme is open to the General Public, Resident Indians, NRIs, and High Net worth Individual (HNI) investors.**

SBI PARTNERED WITH ONE97 COMMUNICATIONS FOR UPI TRANSACTIONS

Current Context: The State Bank of India (SBI) has entered into a strategic partnership with One97 Communications, the parent company of Paytm, for its UPI payments on 14th March 2024.

KEY POINTS

- This partnership comes as a significant move to ensure uninterrupted payment services for Paytm users.
- The National Payments Corporation of India (NPCI) has approved One97 Communications Limited to continue Unified Payments Interface (UPI) transactions through four banks - State Bank of India (SBI), Axis Bank, HDFC Bank, and YES Bank.
- This decision comes as a relief for Paytm users, as the Reserve Bank of India's (RBI) deadline of March 15 was looming, barring Paytm Payments Bank Ltd (PPBL) from accepting deposits, credit transactions, or top-ups in customer accounts.
- Under the new arrangement, NPCI has approved One97 Communications to participate in UPI as a Third-Party Application Provider (TPAP) under a multi-bank model.
- The four designated banks will act as Payment System Provider (PSP) banks to One97 Communications, ensuring continuity in UPI transactions for Paytm users.
- Additionally, YES Bank will serve as the merchant acquiring bank for existing and new UPI merchants for One97 Communications.
- This partnership is expected to ensure a seamless transition and minimize disruptions, thereby maintaining the trust and confidence of Paytm customers.

INTEREST RATES ON SMALL SAVINGS SCHEMES REMAIN UNCHANGED FOR Q1FY25

Current Context: The interest rates on various small savings schemes for the first quarter of the next fiscal, beginning April 1, 2024, have been left unchanged by the government.

KEY HIGHLIGHTS

- Here are the interest rates for some of the popular schemes:
 - **Public Provident Fund (PPF):** 7.1%
 - **Savings Deposits:** 4%
 - **Kisan Vikas Patra:** 7.5% (Investments will mature in 115 months)
 - **National Savings Certificate (NSC):** 7.7%
 - **Monthly Income Scheme:** 7.4%
 - **Sukanya Samriddhi Account:** 8.2%
 - **Senior Citizens Saving Scheme:** 8.2%

- These rates offer a range of options for investors seeking returns on their savings during this period.

DECADE-LONG DECLINE IN SCBS' OWNERSHIP OF GOVERNMENT SECURITIES

Current Context: The share of Scheduled Commercial Banks (SCBs) in the ownership of Central and State government securities has indeed decreased significantly over the last decade up to FY23.

KEY FACTS

- According to a report by Bank of Baroda's economic research department, the share of SCBs has declined from 45.1% in FY13 to 35.7% in FY23.
- However, as of September 2023, it stands at 36.6%.
- Interestingly, there has been a significant improvement in the share of insurance companies and 'others' (primarily driven by pension funds).
- The share of insurance companies jumped to 26.3% in FY23 from 20.7% in FY13, and that of 'others' was up at 14.6% in FY23 from 9.6% in FY13.
- The share of the Reserve Bank of India (RBI) has declined from 13.3% in FY13 to 9.7% in FY23 (9% as of FYTD24), and that of Foreign Portfolio Investors (FPIs) has come down from 1.3% to 0.9% (1.1% in FYTD24).

ADB AND MOF INK \$181M DEAL FOR AHMEDABAD URBAN MOBILITY

Current Context: The Government of India and the Asian Development Bank (ADB) signed a \$181 million loan agreement on March 13, 2024.

DETAILS

- This agreement aims to build quality infrastructure and services to improve urban livability and mobility in the peri-urban areas of Ahmedabad city in Gujarat.
- The project will construct 166 km of water distribution network, 126 km of climate-resilient stormwater drainage, 300 km of sewerage systems, and four sewage treatment plants.
- It will also support 10 junction improvements along the existing Sardar Patel Ring Road to improve

connectivity of peri-urban areas to Ahmedabad city.

- The project will benefit urban poor, women, and migrant workers through improved urban services and urban governance.
- It will also help strengthen the capacity of the Ahmedabad Urban Development Authority and urban local bodies in technology-based urban planning, including climate change and disaster-resilient infrastructure that promote environmental and social safeguards, gender equality, and social inclusion.

RBI RECONSTITUTES COMMITTEE OF ADVISORS OF THE ABHYUDAYA COOPERATIVE BANK

Current context: The Reserve Bank of India (RBI) has reconstituted the Committee of Advisors of the Abhyudaya Cooperative Bank.

ABOUT

- This decision was made following the resignation of Shri Mahendra Chhajed from the Committee for personal reasons, effective from March 4, 2024.
- The reconstituted Committee of Advisors now includes:
 - Shri Devendra Kumar, former Chief General Manager, SBI.
 - Shri Venkatesh Hegde, former General Manager, SBI.
 - Shri Suhas Gokhale, former MD, COSMOS Co-operative Bank Limited.
 - This committee is expected to assist the Administrator, Shri Satya Prakash Pathak, in managing the affairs of the bank.
 - The RBI had superseded the board of Abhyudaya Cooperative Bank due to concerns about "poor governance" and appointed an administrator to manage the affairs of the lender.
 - The bank was allowed to continue its normal banking activities.

BANK OF JAPAN HAS ENDED EIGHT YEARS OF NEGATIVE INTEREST RATES

Current Context: The Bank of Japan (BOJ) has indeed ended its negative interest rate policy. This is a significant shift in

Japan's monetary policy, marking the first time in 17 years that the BOJ has raised its key interest rates.

ABOUT

- The decision to **end the negative interest rate regime was put forward by Governor Kazuo Ueda.**
- The BOJ's key interest rate has been increased, and **this move is seen as a reaction to changes in the Japanese economy.**
- Economists and experts predict that the next **policy rate hike is likely to occur in the second half of 2025, depending largely on economic and financial markets in Japan and abroad.**
- The negative interest rate policy was initially **adopted to encourage bank lending, spur demand, and nurture inflation.**
- Now, with **strong wage gains bringing the BOJ's inflation goal into sight, the policy's mission is nearing an end.**
- The BOJ's lending rate for **overnight borrowing by banks was raised to a range of 0 to 0.1% from minus 0.1%.**

IRDAI ANNOUNCES NORMS TO BOOST GOVERNANCE

Current Context: The Insurance Regulatory & Development Authority of India (IRDAI) has announced a set of new regulations to enhance the regulatory framework for the insurance industry on 19th March 2024.

KEY POINTS

- These regulations focus on **safeguarding policyholders' interests, rural and social sector responsibilities, electronic insurance marketplace, foreign reinsurance branches, and aspects of registration, actuarial, finance, investment, and corporate governance.**
- The regulator has approved **insurance products regulations to promote "good governance in product design and pricing, including strengthening of the principles governing guaranteed surrender value and special surrender value along with disclosures thereof".**

RBI ISSUES OMNIBUS FRAMEWORK FOR RECOGNIZING SROS FOR REGULATED ENTITIES

Current Context: On March 21, 2024, the Reserve Bank of India (RBI) issued an Omnibus Framework for recognizing Self-Regulatory Organizations (SROs) for its regulated entities.

KEY HIGHLIGHTS

- The **Omnibus Framework contains broad parameters such as objectives, responsibilities, eligibility criteria, governance standards, application process, and other basic conditions for granting recognition.**
- These **parameters will be common for any SRO proposed to be recognized by the RBI.**
- Other **sector-specific guidelines like the number of SROs, membership, etc., will be issued separately** by the respective departments of the RBI wherever a sectoral SRO is intended to be set up.
- The **SROs will be expected to operate with credibility, objectivity, and responsibility under the oversight of the regulator, with the objective to improve regulatory compliance.**
- They are **expected to adhere to a set of overarching objectives for the betterment of the sector they represent, foster advancement, and address critical industry concerns** within the broader financial system.
- The **primary responsibility** of the SRO towards its members would **be to promote best business practices.**
- The **SROs would be a not-for-profit company** registered under Section 8 of the Companies Act, 2013.

DBS BANK INDIA ANNOUNCED USD 250 MILLION LENDING SUPPORT FOR STARTUPS & NEW ECONOMY CO.

Current Context: DBS Bank India has announced a lending commitment of USD 250 million for new-age startups.

KEY FACTS

- This initiative is **part of the bank's focus on fostering innovation and entrepreneurship within the country's thriving startup ecosystem.**
- The Indian **startup sector, a foundational pillar of the country's development goals, has seen significant expansion over the years with over 90,000 startups and more than 100 unicorns** as of 2024.

- Despite their **growing resilience, access to capital for these companies in the current dynamic environment presents an ongoing challenge.**
- **Recognising the disruptive power of the startup segment, particularly those harnessing emerging technologies, DBS Bank India has earmarked lending support of USD 250 million, focusing on enterprises that are set to redefine industry standards with innovative solutions.**
- **Rajat Verma, Managing Director & Head, Institutional Banking Group, DBS Bank India said, “We are inspired by the ability of new-age entrepreneurs to harness innovation to solve real-world challenges and hope to play a constructive role in their growth.**

RRBS RECEIVE RS 6212.03 CRORE FROM GOVERNMENT UNDER RECAPITALIZATION SCHEME

Current Context: As of March 6, the Indian government had allocated Rs 6212.03 crore to Regional Rural Banks (RRBs) as part of the recapitalization initiative.

ABOUT

- This scheme **aims to support RRBs in maintaining the minimum prescribed capital-to-risk (Weighted) assets ratio of 9 percent.**
- The performance of RRBs **has improved significantly, with a consolidated CRAR (Capital to Risk-weighted Assets Ratio) at an all-time high of 13.83 per cent as of December 31, 2023.**
- Indian RRBs **have shown the highest ever consolidated net profit of Rs 4,974 crores in FY22-23 and a net profit of Rs 5,236 crore up to the 3rd quarter of FY 2023-24.**
- This comes against a **backdrop of a 3-year board-approved viability plan (VP) in the financial year 2022-23, with a well-defined implementation mechanism aimed at achieving sustainable viability.**
- RRBs are vital for **banking and financial services to rural communities, agriculture activities and small businesses.**
- There are **43 RRBs sponsored by 12 scheduled commercial banks in India.**

RBI ISSUES ADVISORY ON BANKS' INVESTMENTS IN ALTERNATIVE INVESTMENT FUNDS

Current Context: The Reserve Bank of India (RBI) has indeed issued an advisory on banks' investments in Alternative Investment Funds (AIFs) on 27th March 2024.

DETAILS

- Here are the key **points from the advisory:**
 - The advisory is **applicable to all commercial banks, including Small Finance Banks, Local Area Banks, and Regional Rural Banks, all Primary (Urban) Co-operative Banks/State Co-operative Banks/ Central Co-operative Banks, all All-India Financial Institutions, and all Non-Banking Financial Companies (including Housing Finance Companies).**
 - Banks need to **only set aside provisions to the extent of their investment in the AIF scheme which is further invested by the AIF in the debtor company, and not on the lender's entire investment in the AIF scheme.**
 - **Downstream investments shall exclude investments in equity shares of the debtor company of the RE, but shall include all other investments, including investment in hybrid instruments.**
 - The **advisory is aimed at ensuring uniformity in implementation among the regulated entities and to address the concerns flagged in various representations received from stakeholders.**

PAYU INTRODUCES INDUSTRY-FIRST DOWNPAYMENT EMI SOLUTION FOR ONLINE RETAIL

Current Context: PayU, one of India's leading digital financial services providers, has introduced a first-of-its-kind Downpayment EMI solution for online retail.

KEY POINTS

- This solution enables **customers to make a partial payment upfront, while the remaining amount can be converted into easy EMIs.**
- This makes **high-ticket purchases more affordable and accessible.**
- **PayU merchant partners can now offer their customers the flexibility to decide the downpayment amount with Credit Card EMI, and**

even combine UPI with Credit Card EMIs for greater affordability and convenience.

- This **no-code solution offers No Cost EMI with pre-decided downpayment options and control over subvention, helping merchants increase revenues and empower customers to save on EMI interests** while fulfilling their aspirations.
- Manas Mishra, **Chief Product Officer - PayU, said at the launch, "With our first-of-its-kind Downpayment EMI solution, we have replicated the flexibility & convenience of downpayment options available in offline EMIs to disrupt the online payments space.**

NTPC SIGNS PACT WITH JAPANESE AGENCY FOR USD 200 MILLION LOAN

Current Context: The state-owned power giant, NTPC, has indeed signed a pact with a Japanese agency for sourcing foreign currency loans of USD 200 million. This amount is equivalent to JPY 30 billion or around Rs 1,650 crore.

KEY HIGHLIGHTS

- The **Japan Bank for International Cooperation (JBIC), a government policy-based financial institution, will provide 60% of the facility amount.**
- The **balance amount will be provided by other commercial banks under JBIC guarantee.**
- The **agreements have been signed for a JPY 15 billion loan each for NTPC Ltd and NTPC Renewables Energy Ltd (NREL).**
- NTPC shall **utilize the loan proceeds for funding part of its capex requirements for Flue Gas Desulphurization (FGD) which substantially reduces the SOx emission in the flue gases of thermal power stations** and is a positive step towards environmental sustainability.
- The **loan proceeds shall also be utilized by NREL for funding its capex for renewable energy projects which would facilitate its mission for providing reliable, affordable, and sustainable energy.**

A PENALTY OF RS 564.44 CRORE HAS BEEN IMPOSED ON BANK OF INDIA

Current Context: The Bank of India has recently been imposed with a penalty of ₹564.44 crore by the Income Tax Department's Assessment Unit for the assessment year 2018-19.

KEY FACTS

- The penalty **was a result of various disallowances made.**
- The bank **received the order under Section 270A of the Income Tax Act, 1961.**
- The **bank believes that it has adequate factual and legal grounds to reasonably substantiate its position** in the matter and expects the entire demand to subside.
- The bank has **assured that there will be no impact on its financial, operations, or other activities due to this penalty.**
- The bank's shares **closed at Rs 137, up 3.79 per cent over the previous close on the BSE.**

BANK OF BARODA WINS CO-BRANDING RIGHTS FOR THREE DELHI METRO STATIONS

Current Context: Bank of Baroda, one of India's leading public sector banks, has indeed won the exclusive co-branding rights for three Metro Stations in Delhi on 26th March 2024.

DETAILS

- **The stations are:**
 - Inderlok
 - South Extension
 - Rajouri Garden
- The Delhi Metro Rail Corporation (DMRC) **awarded the naming rights to the bank for a period of 10 years, starting from 2024.**
- In addition to the exclusive **co-branding rights, the bank will also get a dedicated space for branding, display of products, and installation of an ATM/Digital Banking Unit (DBU)/kiosk to serve customers.**
- This **collaboration with Delhi Metro, which is India's largest and busiest metro rail system with a daily ridership of more than 60 lakh, is expected to enhance the bank's brand visibility and recall, and deepen its engagement with citizens of the National Capital Region (NCR).**

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.

ABOUT

- Here are **some key points:**
- **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.
- Last year, **ICICI Bank announced it would buy the remaining stake in a share-swap deal.**
- The **implied offer price was about 726 rupees as of the close before the delisting.**
- However, **some funds and retail investors criticized the deal for being undervalued.**
- Following the merger, **ICICI Securities has become a wholly-owned subsidiary of ICICI Bank.**

BANKING AWARENESS QUESTION BANK: MARCH 2024

Q.1 When is the effective date of the amalgamation of Fincare Small Finance Bank with AU Small Finance Bank?

- a) March 1, 2024
- b) April 1, 2024
- c) May 1, 2024
- d) June 1, 2024
- e) None of these

Answer (b): The Reserve Bank of India (RBI) has approved the merger of Fincare Small Finance Bank with AU Small Finance Bank. The effective date of the amalgamation is set for April 1, 2024.

Q.2 Who organized the National Workshop on Logistics Efficiency Enhancement?

- a) Ministry of Commerce and Industry
- b) World Bank Group
- c) Department for Promotion of Industry and Internal Trade (DPIIT)
- d) Both A and C
- e) None if these

Answer (d): The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry in collaboration with the World Bank Group organized a National Workshop on Logistics Efficiency Enhancement on February 27, 2024, in New Delhi.

Q.3 Who are the revised Bharat Bill Payment Systems (BBPS) framework applicable to?

- a) Only NPCI Bharat Bill Pay Limited (NBBL)
- b) Only Bharat Bill Payment Operating Units (BBPOUs)
- c) Both NPCI Bharat Bill Pay Limited (NBBL) and Bharat Bill Payment Operating Units (BBPOUs)
- d) All of the above
- e) None of the above

Answer (c): The revised framework will apply to NPCI Bharat Bill Pay Limited (NBBL) and all Bharat Bill Payment Operating Units (BBPOUs).

Q.4 What were the serious deviations observed by the RBI in the gold loan portfolio of IIFL Finance Ltd.?

- a) Deviations in assaying and certifying purity and net weight of the gold at the time of sanction of loans and at the time of auction upon default.
- b) Deviations in the interest rates charged on the gold loans.
- c) Deviations in the repayment schedule of the gold loans.
- d) Deviations in the customer service provided to the gold loan customers
- e) None of these

Answer (a): The regulator observed certain material supervisory concerns in the gold loan portfolio of the company, including serious deviations in assaying and certifying purity and net weight of the gold at the time of sanction of loans and at the time of auction upon default.

Q.5 What is the main aim of the directives issued by the Reserve Bank of India (RBI) to card networks?

- a) To increase the number of credit cards in circulation
- b) To limit the number of credit cards a customer can have
- c) To promote the use of a specific card network
- d) To ensure greater choice and flexibility for customers
- e) None of these

Answer (d): The directives aim to ensure greater choice and flexibility for customers.

Q.6 Under the amended FDI policy, what percentage of FDI is allowed in the space sector?

- a) 49%
- b) 74%
- c) 100%
- d) 0%
- e) None of these

Answer (c): Under the amended FDI policy, 100% FDI is allowed in the space sector.

Q.7 What does UDGAM stand for?

- a) Unclaimed Deposits- Gateway to Access Money
- b) Unclaimed Deposits- Gateway to Access Markets
- c) Unclaimed Deposits- Gateway to Access information
- d) Unclaimed Deposits- Gateway to Access Management
- e) None of these

Answer (c): UDGAM, stands for Unclaimed Deposits- Gateway to Access InforMation, is a centralized web portal developed by the Reserve Bank of India (RBI).

Q.8 What is the maximum loan amount that can be availed under the 'Vikas Spoority' scheme?

- a) ₹1,00,000
- b) ₹4,00,000
- c) ₹3,00,000
- d) ₹2,00,000
- e) None of these

Answer (d): Under this scheme, people may avail a minimum loan of ₹50,000 and a maximum of ₹2,00,000.

Q.9 Who can open the bob LITE Savings Account?

- a) Only adults
- b) Only minors
- c) Any resident individual, including minors above the age of 10 years
- d) Non-resident individuals
- e) None of these

Answer (c): The account can be opened by any resident individual, including minors above the age of 10 years.

Q.10 Who has NPCI International Payments (NIPL) entered into an agreement with for cross-border UPI transactions between India and Nepal?

- a) Paytm Payment Service
- b) Fonepay Payment Service
- c) Google Pay Service
- d) PhonePe Payment Service
- e) None of these

Answer (b): NPCI International Payments (NIPL), the international arm of National Payments Corporation of India (NPCI), has entered into an agreement with Nepal-based payment network Fonepay Payment Service for cross-border UPI transactions between India and Nepal on 8th March 2024.

Q.11 What is the main purpose of the proposed amalgamation of Aditya Birla Capital Limited (ABCL) and Aditya Birla Finance (ABFL)?

- a) To non-comply with the Scale based Regulations of the Reserve Bank of India (RBI)
- b) To increase the number of legal entities
- c) To transition from an operating company to a holding company
- d) To create a large unified operating Non-Banking Financial Company (NBFC)
- e) None of these

Answer (d): Aditya Birla Capital will transition from a holding company to an operating NBFC. This will create a unified large entity with greater financial strength and flexibility, enabling direct access to capital.

Q.12 Who introduced the third settlement scheme for entities involved in reversal trades in the stock options segment on BSE in 2014 and 2015?

- a) The Reserve Bank of India (RBI)
- b) The Securities and Exchange Board of India (SEBI)
- c) The Ministry of Finance, India
- d) The Bombay Stock Exchange (BSE)
- e) None of these

Answer (b): The Securities and Exchange Board of India (SEBI) has introduced a third settlement scheme for entities involved in reversal trades in the stock options segment on BSE in 2014 and 2015.

Q.13 hat is the current process before the introduction of the T+0 settlement cycle?

- a) Investors receive money in their demat accounts on the same day of sale.
- b) Investors receive money in their demat accounts two days after the sale.
- c) Investors receive money in their demat accounts on the next trading day after the sale.
- d) Investors receive money in their demat accounts one week after the sale.
- e) None of these

Answer (c): In the current T+1 process, investors selling their stocks receive money in their demat accounts on the next trading day.

Q.14 What is the minimum number of investors to whom an small and medium real estate investment trusts (SM REIT) can issue units?

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

Answer (d): Under these regulations, an SM REIT will be permitted to gather funds starting from ₹50 crore by issuing units to a minimum of 200 investors.

Q.15 Which bank was fined by the RBI for violating directions on interest rates, customer service, and provisions of Credit Information Companies Rules, 2006?

- a) Bandhan Bank
- b) Bank of India
- c) State Bank of India
- d) HDFC Bank
- e) None of these

Answer (b): Bank of India was fined ₹1.4 crore for violating the RBI's directions on interest rates, customer service, and provisions of Credit Information Companies Rules, 2006.

Q.16 What is the purpose of the funds raised through the BOB Earth Green Term Deposit Scheme?

- a) To finance eligible environment-friendly projects and sectors
- b) To finance infrastructure projects
- c) To finance the bank's operations
- d) To finance housing loans
- e) None of these

Answer (a): The funds raised through this scheme will be used to finance eligible environment-friendly projects and sectors.

Q.17 Who has the State Bank of India (SBI) entered into a strategic partnership with for UPI payments?

- a) One97 Communications
- b) HDFC Bank
- c) Axis Bank
- d) YES Bank
- e) None of these

Answer (a): The State Bank of India (SBI) has entered into a strategic partnership with One97 Communications, the parent company of Paytm, for its UPI payments on 14th March 2024.

Q.18 As of FY23, which group had the largest increase in share of ownership of Central and State government securities compared to FY13?

- a) Insurance companies
- b) Reserve Bank of India (RBI)
- c) Foreign Portfolio Investors (FPIs)
- d) 'Others' (primarily driven by pension funds)
- e) None of these

Answer (a): The share of insurance companies jumped to 26.3% in FY23 from 20.7% in FY13, and that of 'others' was up at 14.6% in FY23 from 9.6% in FY13.

Q.19 Who signed a \$181 million loan agreement on March 13, 2024?

- a) The Government of India and the World Bank
- b) The Government of India and the Asian Development Bank (ADB)
- c) The Government of India and the International Monetary Fund (IMF)
- d) The Government of India and the United Nations Development Programme (UNDP)
- e) None of these

Answer (b): The Government of India and the Asian Development Bank (ADB) signed a \$181 million loan agreement on March 13, 2024.

Q.20 Why did the RBI supersede the board of the Abhyudaya Cooperative Bank?

- a) Due to financial fraud

- b) Due to poor governance
- c) Due to bankruptcy
- d) Due to a change in management
- e) None of these

Answer (b): The RBI had superseded the board of Abhyudaya Cooperative Bank due to concerns about “poor governance” and appointed an administrator to manage the affairs of the lender.

Q.21 What was the purpose of the negative interest rate policy initially adopted by the Bank of Japan?

- a) To discourage bank lending and reduce inflation
- b) To encourage bank lending, spur demand, and nurture inflation
- c) To stabilize the Japanese Yen against foreign currencies
- d) To increase the national debt
- e) None of these

Answer (b): The negative interest rate policy was initially adopted to encourage bank lending, spur demand, and nurture inflation.

Q.22 What has the regulator approved to promote good governance in product design and pricing?

- a) New premium calculation methods
- b) Insurance products regulations
- c) New claim settlement procedures
- d) New policy issuance procedures
- e) None of these

Answer (b) The regulator has approved insurance products regulations to promote "good governance in product design and pricing, including strengthening of the principles governing guaranteed surrender value and special surrender value along with disclosures thereof".

Q.23 The Omnibus Framework issued by the RBI contains broad parameters for what?

- a) Recognizing Self-Regulatory Organizations (SROs)
- b) Regulating the financial market
- c) Issuing new currency notes
- d) Implementing monetary policy
- e) None of these

Answer (a): On March 21, 2024, the Reserve Bank of India (RBI) issued an Omnibus Framework for recognizing Self-Regulatory Organizations (SROs) for its regulated entities.

Q.24 What is the lending commitment of DBS Bank India for new-age startups?

- a) USD 100 million
- b) USD 250 million
- c) USD 500 million
- d) USD 750 million
- e) None of these

Answer (b): DBS Bank India has announced a lending commitment of USD 250 million for new-age startups.

Q.25 What is the minimum prescribed capital-to-risk (Weighted) assets ratio that Regional Rural Banks (RRBs) are expected to maintain?

- a) 7 percent
- b) 8 percent
- c) 9 percent
- d) 10 percent
- e) None of these

Answer (c): This scheme aims to support RRBs in maintaining the minimum prescribed capital-to-risk (Weighted) assets ratio of 9 percent.

Q.26 What does the term ‘downstream investments’ exclude according to the advisory?

- a) Investments in equity shares of the debtor company of the RE
- b) Investments in hybrid instruments
- c) The lender’s entire investment in the AIF scheme
- d) The extent of their investment in the AIF scheme which is further invested by the AIF in the debtor company
- e) None of these

Answer (a): Downstream investments shall exclude investments in equity shares of the debtor company of the RE, but shall include all other investments, including investment in hybrid instruments.

Q.27 What does the Downpayment EMI solution allow customers to do?

- a) Make a full payment upfront
- b) Make a partial payment upfront and convert the remaining amount into EMIs
- c) Make a full payment in EMIs
- d) Make a partial payment in EMIs
- e) None of these

Answer (b): This solution enables customers to make a partial payment upfront, while the remaining amount can be converted into easy EMIs.

Q.28 Who is providing the foreign currency loans to NTPC?

- a) The World Bank
- b) The International Monetary Fund (IMF)
- c) The Japan Bank for International Cooperation (JBIC)
- d) The Asian Development Bank (ADB)
- e) None of these

Answer (c): The Japan Bank for International Cooperation (JBIC), a government policy-based financial institution, will provide 60% of the facility amount.

Q.29 What is the penalty amount imposed on the Bank of India by the Income Tax Department's Assessment Unit for the assessment year 2018-19?

- a) ₹500 crore
- b) ₹564.44 crore
- c) ₹600 crore
- d) ₹700 crore
- e) None of these

Answer (b): The Bank of India has recently been imposed with a penalty of ₹564.44 crore by the Income Tax Department's Assessment Unit for the assessment year 2018-19.

Q.30 Which bank won the exclusive co-branding rights for three Metro Stations in Delhi on 26th March 2024?

- a) State Bank of India
- b) Bank of Baroda
- c) HDFC Bank
- d) ICICI Bank
- e) None of these

Answer (b): Bank of Baroda, one of India's leading public sector banks, has indeed won the exclusive co-branding rights for three Metro Stations in Delhi on 26th March 2024.

Q.31 What percentage of ICICI Securities' minority shareholders voted in favor of the delisting and merger with ICICI Bank?

- a) 61.9%
- b) 71.9%
- c) 81.9%
- d) 91.9%

- e) None of these

Answer (b): 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.