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BANKING AND FINANCIAL AWARENESS: JULY 2019

TAPAN RAY COMMITTEE SET UP BY RBI TO REVIEW CIC

- RBI has set up a committee to review the regulatory guidelines and supervisory framework of Core Investment Companies (CIC).
- Tapan Ray will be the chairman of the working group (of 6 members) who is presently Non-Executive Chairman of Central Bank of India and former Secretary of Ministry of Corporate Affairs.
- Suggest changes to the current approach of the Reserve Bank of India towards registration of CIC.
- To strengthen corporate governance and disclosure requirements for CIC.
- CIC is a Non-Banking Financial Company (NBFC) that is indulged in the business of acquiring shares and securities.
- The investment is made in equity shares, preference shares, debentures, bonds, debt or loans in group companies.

DD CHANNEL FOR START-UPS

- Finance Minister Nirmala Sitharaman proposes to start a DD channel exclusively for start-ups announcing the Union Budget 2019-20.
- The channel will serve as a platform to discuss issues affecting the growth, funding and tax paying and matchmaking with venture capitalists and investors.
- In 2016, the Department of Industrial Policy and Promotion (DIPP) has suggested setting up a channel dedicated to startups to the Ministry of Information and Broadcasting.

RBI CAN SUPERSEDE NBFC BOARD

- The government has decided to give the regulation of the NBFCs to the RBI by announcing it in the budget 2019.
- According to the Finance Bill, the RBI can supersede the NBFC Board for a maximum five year period, if the RBI finds that it is in the 'public interest' or to prevent the affairs of an NBFC whose conducts are detrimental to the interest of the depositors or creditors.
- For purchase of high-rated pooled assets of financially sound NBFCs, of not more than Rs 1 lakh crore, the government will provide one-time six months' partial credit guarantee to PSUs for first loss of up to 10%.
- Provided some tax incentives to the NBFCs by treating them on par with banks in relation to Debenture Redemption Reserve (DRR).

SEBI GETS POWER TO PROBE DATA LEAK

- Securities and Exchange Board of India (SEBI) has acquired new powers to act against information tampering, leak of data, destroying of regulatory data or unauthorised access to data.
- According to the bill, if a person tampers with information, destroys regulatory data, access data in an unauthorised manner then a penalty of up to Rs 10 crore or 3 times the unlawful gains, whichever is higher would be imposed on the entity.
- The step has been taken as SEBI was in the midst of probing sensitive data leak through social media platforms, Whatsapp and National Stock Exchange (NSE) case.
- SEBI was established in 1988 and got powers and mandate under the SEBI Act,1992.
- Its objective is to regulate the securities market and protect the securities investors.

'UTKARSH 2022': THREE YEAR ROADMAP OF RBI

- The RBI Board finalised a 3-year roadmap covering its mission and vision for regulation and supervision.
- The three-year medium-term strategy- named UTKARSH 2022 has been made for improving regulation, supervision of the central bank and avoid any crisis.
- Deputy Governor Viral Acharya anchored an internal committee which was formed to identify issues to be addressed in the next three years.
- All central banks across the world strengthen their regulatory and supervisory mechanism by formulating a long-term plan as well as a medium-term plan. RBI has also formulated a three-year plan on the same line.
- The RBI is India's central bank, established on April 1, 1935, under the Reserve Bank of India Act.

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BANK 44,016 FRAUDS IN LAST 11 YEARS

- Since 2008-2009, 2016-17 was the worst year with the highest amount of money involved in bank frauds.
- 2016-17 alone had 3927 frauds of amount Rs 25,883 crore.
- The frauds mentioned in the list are those involving Rs 1 lakh or more.
- The government has already made framework guidelines for frauds, allowing all bank accounts exceeding Rs50 crore be examined if classified as NPAs.

RBI TO REGULATE HOUSING BANKS

- The government proposed to return the regulation authority over the housing finance sector from National Housing Bank (NHB) to RBI.
- Investment of Rs. 100 lakh crore is proposed in infrastructure over the next five years.

MINIMUM PUBLIC HOLDING RAISED FOR LISTED FIRMS

- The Government will work with RBI/SEBI to enable Stock exchanges to allow AA rated bonds as collaterals in order to deepen corporate debt markets.
- Trading platforms for corporate bonds will be reviewed to make them more User-friendly.
- SEBI to consider raising the threshold from 25% to 35% for a minimum public shareholding in the listed companies.

RBI DATA ON AFFORDABLE HOUSING IN FOUR YEARS

- The house price-to-income ratio has increased in the last 4 years, as per the RBI's quarterly Residential Asset Price Monitoring Survey.
- The survey shows that the house price-to-income ratio has increased from 56.1 in the 2015 March quarter to 61.5 in of 2019 March quarter.
- A wide gap between home prices in the country and real income was found in the survey.
- Bhubaneswar with a price-to-income ratio of 54.3 was found to be the most affordable city for home buying in the 2019 March quarter.

RBI REVISED INSTRUCTIONS FOR BSBD ACCOUNTS

- As per the revised circular, Banks are advised to offer basic minimum facilities free of charge without any minimum balance requirement.
- There will be no limit on number and value of deposits made in a month.
- 4 minimum withdrawals in a month along with ATM withdrawals are allowed.
- No minimum balance would be required to avail such additional services.
- The BSBD account can be converted into a normal saving account only at the written request of the customer.
- The banks would be penalized under RBI Banking Regulation Act, 1949, if found for non-compliance of any instruction.
- RBI has mandated all banks to offer BSBD accounts to those looking to open a bank account.
- In a BSBD account, no minimum balance is required to be maintained.

RBI IMPOSED PENALTY ON SBI AND UBI

- RBI imposed a penalty of Rs 7 crore on SBI and Rs 10 lakh on Union Bank of India for violating norms issued by RBI.
- SBI was found to violate the code of conduct for opening and operating current accounts(CRILC), income recognition and asset classification (IRAC) norms, fraud risk management and its reporting.
- The Union Bank of India was fined for non-compliance on cyber security framework direction issued by RBI.
- After bank's reply, RBI concluded to impose a monetary penalty of Rs 7 crore.
- RBI has imposed penalty with powers vested under the provision of section 47A(1)(c) of the Banking Regulation Act,1949.

HDFC BANK, CSC LAUNCHES CREDIT CARD FOR VLES

- The credit card has been launched for small traders, village-level entrepreneurs (VLEs) and VLE- sourced customers.
- HDFC Bank and CSC have signed a pact in July 2018 in which the bank offered to provide products and services in remote locations to VLEs that are enrolled with CSCs.
- CSCs acts as delivery points of various government and public utility services across the country.
- There are about 3.6 lakh CSCs in the country with transacting the business of about Rs 70,000 crore.

BIMAL JALAN COMMITTEE REPORT ON RBI SURPLUS FUNDS

- The Bimal Jalan Committee on Economic Capital Framework met on 17th July 2019 for the final time to decide on transferring of surplus reserves to the government.
- It's a 6 member committee headed by Bimal Jalan (former RBI governor) and other members include Finance Secretary Subhash C Garg, RBI deputy governor Rakesh Mohan (vice-chairman of the panel), RBI deputy governor NS Vishwanathan, and RBI central board members Sudhir Mankad and Bharat Doshi.
- RBI had the total surplus cash reserve of Rs 9.43 lakh crore on 30th June 2018.
- According to the finance ministry, the buffer of 28 % of gross assets maintained by the RBI is well above the global norm of around 14 %.

SEBI OPPOSED TRANSFERRING SURPLUS MONEY TO CFI

- The Finance Minister proposed an amendment to the SEBI Act in the budget 2019-20 which will transfer 75% SEBI's surplus funds to the central government.
- SEBI chairman Ajay Tyagi has asked to review the proposal of transfer of surplus funds as it will compromise the autonomy of SEBI and its functioning.
- Two provisions as presented in the finance bill were opposed by SEBI- the First one is related to the transfer of surplus funds and second one seeking prior approval from finance ministry for raising expenses.

STANCHART TO BE 1ST FOREIGN BANK TO LAUNCH OPERATION AT GIFT CITY

- The bank has received in-principle regulatory approvals to set up its IFSC Banking Unit in GIFT city, Gujarat.
- The Gujarat International Finance Tec-City (GIFT City) is envisaged as a hub to bring offshore financial transactions.
- The GIFT city is working with organisations to help build a hub for aircraft leasing and financing within GIFT City.
- The banking business at GIFT IFSC has already seen a 167% jump in just 2 years.

SEBI NEW DISCLOSURE FRAMEWORK FOR ALL LISTED BANKS

- As per SEBI's new norm, if the additional provisioning of NPAs identified by RBI exceeds 10% of the reported profit before provisions and contingencies, then all the listed banks have to disclose to the stock exchanges divergences in the asset provisioning and classification.
- Earlier, the threshold for the NPAs provisioning was 15% of the reported profit.
- It also added that if the additional gross NPAs accessed by the RBI exceed 15% of the published incremental gross NPAs, then the disclosure will be mandatory.

CENTRE REJECTED SEBI'S PROPOSAL OF REVIEW

- The finance Bill, 2019 which will amend the SEBI Act has been passed by the Lok Sabha on 18th July 2019.
- The finance bill is a money bill, it means once passed by the Lok Sabha, it would become law unchanged even if the Rajya Sabha wants to amend it.
- SEBI chairman Ajay Tyagi has said it a premature step, as the issue is under discussion in the Financial Stability and Development Council.
- With the amendment, SEBI has to take the government's approval for expanding its organisational capacity, IT infrastructure and other soft and physical infrastructure.

WORLD BANK DECIDES NOT TO FUND AMRAVATI PROJECT

- The World Bank along with Asian Infrastructure Investment Bank (AIIB) was to provide a share of \$715 million of critical funding for infrastructure development of the City.
- The construction of Amravati city is the brainchild of former CM, N. Chandrababu Naidu and PM Modi laid the foundation for the project in 2015.
- The World Bank was considering the project under Amravati sustainable Infrastructure and Institutional Development Project and Amravati Sustainable Capital City Development Project.
- A.P. was split in 2014, and Hyderabad was shared as the capital by both states (Telangana and A.P.) for 10 years.

ADB'S INFLATION FORECAST FOR INDIA

- Asian Development Bank (ADB) has lowered the inflation forecast for India to 4.1% in FY 2020.
- ADB has supplemented Asian Development Outlook (ADO) 2019 which said that India will be the main driver to lower the inflation for the south Asian region.

- The inflation forecast for South Asia for 2019 was lowered from 4.7% to 4.5%, mainly due to lowered forecast for India.
- RBI has raised the retail inflation forecast marginally to 3-3.1% for the 1st half of fiscal in its last monetary policy review in June.

RBI LAUNCHED UTKARSH 2022

- RBI Governor Shaktikanta Das launched UTKARSH 2022, a medium-term strategy framework in line with the evolving macro-economic environment in the country.
- The framework's objective is to achieve excellence in the performance of RBI's mandates and improve regulation, supervision of the central bank and to avoid future crisis.
- A sub-committee of the central board will periodically monitor its implementation and progress.
- In April 2015, A formal strategic management framework was launched to re-articulate the core purpose, values and vision statement of the RBI.

VIRAL ACHARYA EXIT FROM RBI

- Acharya's three-year term at the RBI was to end on 23rd January 2020.
- He was a strong believer in the central bank's autonomy and the health of lenders.
- According to him, the government must adopt the recommendation of the 14th Finance Commission and the FRBM Review Committee (2016-17) to establish an independent "fiscal council" and fiscal deficit should be contained at 3 per cent of the GDP.

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IBBI NEW NORMS FOR RESOLUTION PROFESSIONALS

- Insolvency and Bankruptcy Board of India (IBBI) tighten norms for resolution professionals with a cap on their age and relative's involvement.

- Now, Resolution professionals cannot take up insolvency assignments once they attain the age of 70.
- From January 1 2020, insolvency professionals are eligible to take up assignments only if they have obtained an 'Authorisation for Assignment' from an Insolvency Professional Agency (IPA).

NCLT GAVE 2 MONTHS TO LEELAVENTURE

- The NCLT has asked the company to make additional disclosures to shareholders for proceeding with its sale to Brookfield for Rs 3,950 crore.
- The NCLT also warned JM Financial ARC (creditor with 26% shares) of adjudication proceedings against it for failing to comply with takeover norms.
- NCLT is a quasi-judicial body established on 1st June 2016 under the Companies Act, 2013 based on the recommendation of the Justice Eradi Committee to adjudicate issues relating to Indian Companies mainly for insolvency resolution process of companies.

SBI'S WAREHOUSE AGREEMENT WITH SLCM

- State Bank of India (SBI) has made an agreement with the New Delhi-based Agri services solutions firm Sohan Lal Commodity Management Pvt. Ltd. (SLCM).
- The agreement is made for upkeeping mortgaged commodities as SLCM provides modern and scientific collateral management, warehousing and commodity testing services.
- As per this, SLCM will now act as custodian of the SBI's Agri commodities that it has taken as security against loans.
- The SLCM will help in mitigating the risk of the bank by managing the quantity and quality of the collateral.

IBBI NORMS FOR INSOLVENCY RESOLUTION AND LIQUIDATION

- Now, the Committee of Creditors (CoC) while approving a resolution or deciding liquidation of the corporate debtor, may approve a plan for meeting the liquidation costs.
- The CoC may recommend the sale of the corporate debtor or sale of the business of the corporate debtor in the process of liquidation.
- The IBBI has also specified the maximum time of 90 days from the order of liquidation for completion of compromise/arrangement.
- If the corporate debtor does not have adequate liquid resources to complete liquidation, financial creditors, who are financial institutions, will have to contribute towards the liquidation cost.

SEBI EXPERT PANEL PROPOSES FRAMEWORK FOR PROXY ADVISORY FIRMS

- The recommendations of the panel were aimed at managing conflict of interest and ensuring independence to proxy advisory firms.
- A proxy advisory firm provides voting recommendations on resolutions of listed companies to their minority shareholders.
- The panel has suggested that SEBI should be the platform to handle disputes between proxy advisory firms and listed companies.

- The panel has said that the board of proxy advisors shall be independent of shareholders to avoid a serious conflict of interests.

RBI RELAXED ECB NORMS FOR CORPORATES AND NBFCs

- RBI has liberalised the External Commercial Borrowings (ECBs) both for corporates as well as non-banking finance companies (NBFCs) lenders for easing liquidity.
- ECBs having a minimum 7 years average maturity period can now be availed for repayment of rupee loans availed domestically for capital expenditure and for on-lending NBFCs for the same.
- As per RBI, ECBs with minimum 10 years average maturity period can be used for general corporate purposes, working capital purposes and borrowing by NBFCs.

BANKING AND FINANCIAL AWARENESS: AUGUST 2019

SEBI EXAMINING FEASIBILITY OF INTANGIBLES

- SEBI will examine the feasibility of allowing **derivative contracts based on intangibles** (like weather or freight) in Indian commodity segment.
- SEBI will also look into an **exchange-traded fund** (ETF is market security that tracks an index, bond, basket of assets or commodity, In this case, ETF is a commodity).
- After which SEBI will forward selected proposal to **Commodity Derivatives Advisory Committee (CDAC)** for final screening after which it will be submitted to SEBI board.

RBI 'FIT AND PROPER' CRITERIA FOR ELECTED DIRECTORS OF PSB

- **All the banks are required to constitute a Nomination and Remuneration Committee** consisting of a minimum of three non-executive directors, of which not less than one-half shall be independent directors.
- The committee should include **at least one member from the risk-management committee** of the board to establish 'fit & proper' status of applicants.
- The **Government of India nominee director and the nominee director on behalf of the RBI shall not be part of the committee.**
- An elected director **shall hold office for three years** and shall be eligible for re-election: **Provided that no such director shall hold office for a period exceeding six years, whether served continuously or intermittently.**

RBI SLAPPED 11 BANKS WITH RS 8.50 CRORE FINE

- The banks are fined for violating provisions of RBI norms on **"frauds classification and reporting by commercial banks and select Financial Institutions"**.
- The monetary penalty is **imposed on** the Oriental Bank of Commerce (**Rs 1.5 crore**), Indian Overseas Bank, Punjab & Sind Bank, United Bank of India and UCO Bank (**Rs 1 crore each**), Bank of Baroda, Federal Bank, Corporation Bank, Punjab National Bank, Jammu & Kashmir Bank and State Bank of India (**Rs 0.5 crore each**).

- The RBI observed that the banks didn't report fraud in the backdrop of **Central Bureau of Investigation (CBI) criminal proceedings** resulting in non-compliance with RBI's directions.

LIC LAUNCHED 'JEEVAN AMAR'

- The plan provides two death cover options, the first is the **level sum assured** insurance in which death benefit remains the same throughout the term of the policy.
- The second one is **increasing sum assured** in which the death benefit first increases after 5 years than after 10 years and then 15 years or till the end of the policy term.
- The plan offers policy term from **10 years to maximum 40 years**, with a maximum age of maturity at **80 years** and is available for the **18-65 age group**.

RBI'S MONETARY POLICY REVIEW

- RBI said in its '**Statement on Developmental and Regulatory Policies**' to cover all repetitive bill payments under the **Bharat Bill Payment System (BBPS)** that includes **5 segments**- electricity, telecom, gas, direct-to-home, and water bills.
- RBI has extended the working hour of retail payment system **National Electronic Funds Transfer (NEFT)**, which is used for fund transfer up to Rs 2 lakh, from 8 am to 7 pm to **24x7 round-the-clock fund transfers** to promote digital transactions.
- The MPC lowered its **growth forecast (GDP) to 6.9% now from 7%** of June policy owing to demand and investment slowdown.

RBI MADE JANA SMALL FINANCE BANK A SCHEDULED BANK

- RBI gave the **Bengaluru-headquartered** Jana Small Finance Bank Ltd, the status of a scheduled bank on 8th August 2019.
- The Jana Bank was established in 2009 as a financial services company and opened its banking operations in 2018.
- The government has put the bank on the list of banks included in the **second schedule of RBI Act 1934**.

COMPUTATION OF ADJUSTED NET BANK CREDIT

METHOD TO CALCULATE ADJUSTED NET BANK CREDIT:-

Bank Credit in India (As prescribed in item No.VI of Form 'A' (Special Return as on March 31st) under Section 42 (2) of the RBI Act, 1934.	I
Bills Rediscounted with RBI and other approved Financial Institutions	II
Net Bank Credit (NBC)	III (I - II)
Investments in Non-SLR categories under HTM category + other investments eligible to be treated as priority sector.	IV
Adjusted Net Bank Credit	III + IV

Read an in-depth article on [Adjusted Net Bank Credit here](#)

CLASSIFICATION OF MICRO, SMALL AND MEDIUM ENTERPRISES

Enterprises	Annual Turnover
Micro Enterprises	Does not exceed 5 crore rupees
Small Enterprises	More than 5 crore rupees but does not exceed 75 crore rupees
Medium Enterprises	More than 75 crore rupees but does not exceed 250 crore rupees

PRIORITY SECTOR LENDING

- A large portion of the population in India doesn't have access to funds. Therefore RBI has adopted Priority Sector Lending norms which relaxes the lending norms for poor and small businesses.

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PRIORITY SECTOR INCLUDES THE FOLLOWING CATEGORIES:

- 1) Agriculture
- 2) Micro, Small and Medium Enterprises
- 3) Export Credit
- 4) Education
- 5) Housing
- 6) Social Infrastructure
- 7) Renewable Energy
- 8) Others

Categories	Domestic scheduled commercial banks and Foreign banks with more than 20 branches in India
Total Priority Sector	40 per cent of Adjusted Net Bank Credit or Credit. Equivalent Amount of Off-Balance Sheet Exposure , whichever is higher.
Agriculture	18 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet

	Exposure, whichever is higher. Within the 18 percent target for agriculture, a target of 8 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher is prescribed for Small and Marginal Farmers.
Micro Enterprises	7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.
Advances to Weaker Sections	10 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher

FOREIGN BANKS WITH LESS THAN 20 BRANCHES

Total Priority Sector	40 per cent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, to be achieved in a phased manner by 2020.
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RBI PROPOSED EASING OF RULES FOR SANDBOX

- Sandbox is an infrastructure that helps **FinTech companies** live to test their products or solutions, before getting the necessary regulatory approvals for the actual launch.
- RBI has proposed to grant regulatory relaxation for board composition, financial soundness and track record, liquidity requirements and management experience in its final '**Enabling Framework for Regulatory Sandbox**'.
- RBI has said that as per the latest audited balance sheet, the entity should have a minimum net worth of **Rs 25 lakh**.

DEBT WAIVER FOR 'SMALL DISTRESSED BORROWERS'

- The Corporate affairs secretary **Injeti Srinivas** said that the waiver would be given as part of individual insolvency for small distressed borrowers from the **economically weaker section (EWS) only**.
- The proposed waiver would be offered as part of '**Fresh Start**' provisions under the IBC Code.
- IBC consists of various thresholds for 'Fresh Start', including that the gross annual income of the debtor does not exceed **Rs 60,000**.

GOVT REMOVED DRR FOR HFCS, NBFCS AND LISTED FIRMS

- The Government has removed the **Debenture Reserve Requirement (DRR)** for issuance of debentures by **HFCs, NBFCS and listed firms** to reduce the cost for raising capital.
- The finance ministry has removed the requirement for a **DRR of 25 per cent of the value of outstanding debentures** issued by NBFCS, listed firms and Housing Finance Companies (HFCs)
- For **unlisted companies**, the DRR requirement has been **reduced from 25% to 10%** of the outstanding debentures.

SEBI PUTS PENALTY ON VIOLATION OF DISCLOSURE NORMS

- SEBI has put a penalty of **Rs 20,000** per day on companies for violating certain provisions of **Issue of Capital and Disclosure (ICDR) Regulations**.

- In the case where **shareholders' approval** for making the bond issue is **not required**, the fine will be applied if the bond issue is delayed beyond **15 days** (from date of approval) after the board of directors have issued.
- In the case where **shareholders' approval** for making the bond issue is **required**, the fine will be applied if the bond issue is delayed beyond **2 months** from the date of the meeting of the board of directors.

FINMIN CONDUCTS "BOTTOM-UP CONSULTATIVE PROCESS" FOR PSBS

- Some of the **national priorities to which banks need to align include** Jal Shakti Mission, doubling farm income, housing for all, ease of living, corporate social responsibility, education loans, and financial inclusion.
- The **State-level Bankers' Committee** will discuss the issues received from the feedback and it will be followed by a **national-level interaction** in September.
- The exercise, termed as "**bottom-up consultative process**" for PSBs, will also provide a direction to the banks for the next five years.

CREDIT SUISSE REPORT

- **As per the Credit Suisse Report**, Growth in loans by non-banking finance companies (NBFCs) and private banks has slowed down due to a slump in economic growth, consumption demand, etc.
- A dip of **11% y-o-y** has been seen for NBFCs and **15% y-o-y dip** for **private banks** loan's growth.
- RBI to encourage banks to lend more in these sectors has recently reduced the risk weight on unsecured personal loans and individual vehicle loans from **125% to 100%**.

DIRECT TAX CODE (DTC) REPORT

- The Income Tax Act was enacted in **1961**, and the proposal for a new DTC is to modernise India's direct tax system.
- The task force was under **Arbind Modi initially** and was expected to submit its report by 31st May, which was later extended by then FM Arun Jaitely for 2 months.
- The Finance Ministry has appointed the **Akhilesh Ranjan** who is the member (Legislation) of the Central Board of Direct Taxes in **November 2018**, as the convenor of the task force.

CENTRAL VIGILANCE COMMISSION SET UP ABBF

- The ABBF has been formed in consultation with the RBI and is constituted to examine bank fraud of **over 50 crore rupees** and recommend action.
- Former Vigilance Commissioner **T M Bhasin** (also former CMD of Indian Bank) will be the head of ABBF, which will be a **four-member board**.
- The board's jurisdiction is confined to cases of an allegation of fraud involving **officers of General Manager Level and above in the PSBs**.
- ABBF is the reconstituted version of the previous panel of **the Advisory Board on Bank, Commercial and Financial Frauds**.

CBDT'S CLARIFICATION TO AVAIL TAX HOLIDAY

- The tax holiday for small startups provides a deduction for **100% of the income** of an eligible start-up **for 3 years** out of 7 years from the year of its incorporation.
- A start-up recognised by **DPIIT (Department for Promotion of Industry and Internal Trade)** has to fulfil the conditions specified in Section 80-IAC for claiming this deduction.
- The turnover limit for small start-ups to be eligible for deduction is to be determined by the provisions of **Section 80-IAC of the Act** and **not from the DPIIT notification**.

ENHANCED SURCHARGE WITHDRAWN BY THE GOVERNMENT

- To encourage investors in the capital market, the government has withdrawn surcharge **on tax payable on the transfer of certain assets**.
- Only the **Foreign Institutional Investors (FPI) derivatives** are treated as capital assets and gains from it are subjected to the special rate of tax as per the provision of **section 115AD of Act**.
- Thus the surcharge on tax payable at a special rate on long-term & short-term capital gains arising from the transfer of equity share shall be withdrawn for **both domestic as well as foreign investors**.

BANDHAN BANK TIE UP WITH STANDARD CHARTERED BANK

- **Zarin Daruwala, SCB India CEO** has said that under the partnership, they will issue credit cards to Bandhan Bank's customers.
- Bandhan Bank's growth of the **current account and savings account (CASA)** over the past 4 years is the deciding factor for the collaboration. CASA accounts for nearly **36% of Bandhan Bank's total deposit base** of about Rs43,000 crore.
- Standard Chartered Bank has been growing at **15-20% on a y-o-y basis** and has 100 branches in India.

RBI WILL TRANSFER RS 1.76 LAKH CRORE TO THE GOI

- RBI to transfer Rs1.76 Lakh crore to Government of India under '**Surplus Distribution Policy**' that include interim dividend of Rs28,000 crores paid on February 2019.
- Surplus distribution policy was recommended by the **Bimal Jalan committee** which was formed by RBI to review its economic capital framework and suggest the quantum of excess provision to be transferred to the Government of India.
- RBI board **accepted all recommendation of Bimal Jalan Committee**.

CABINET DECISION TO ATTRACT FDI

- The cabinet has relaxed the **requirement of 30%** by allowing it to be calculated over the first **five years** of operation.
- It has been decided that all procurements made from India by the **SBRT (single-brand retail trade) entities**, irrespective of whether the goods procured are sold in India or exported, that single brand shall be counted towards **local sourcing**.
- The cabinet has decided to **allow 100% FDI** under the automatic route in **contract manufacturing** in India which was only for the manufacturing sector earlier.

RBI DATA ON DEPOSIT INSURANCE

- RBI annual report data showed that Deposit insurance covers **92% of total accounts in India** but constitutes only **28% of total banking deposits**.
- The number of such accounts stood at **200 crores** at the end of March 2019, which is 92% of the total number of accounts, whereas the **international benchmark is 80%**.
- Thus at the end-March 2019, the **total insured deposit was of Rs 33.7 lakh crore** constituting 28% of assessable deposits of Rs 120 lakh crore, against the **international benchmark of 20% to 30%**.



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GOVT. ANNOUNCED MEGA MERGER OF 10 PSBS

- 1st merger will be among **Punjab Nation Bank, oriental bank of commerce and united bank of India**. This will amalgamate will be called Punjab Nation Bank and this merger will make PNB the 2nd largest PSB with a total business of Rs 18 lakh crore.
- 2nd merger will be between **Canara Bank and Syndicate bank**. It will be named Canara bank. This will make it 4th largest PSB with the net business of Rs 15.2 lakh crore.
- 3rd merger will be among **Union Bank, Andhra Bank and Corporate Bank**. This merger will be named Union bank. It will be 5th largest PSB with the net business of Rs 14.6 lakh crore.
- 4th merger will be between **Indian Bank and Allahabad Bank**. This merger will name Indian Bank and it will make it 7thlargest PSB with the net business of Rs 8.08 lakh crore.

BANKING AND FINANCIAL AWARENESS: SEPTEMBER 2019

FINTECH COMMITTEE FINAL REPORT

- The committee was constituted as per the announcement made by Arun Jaitley, then Finance Minister in his **Budget speech 2018-19**.
- The committee gave some recommendations on **Fintech space globally and in India**.
- It recommended a **Cash flow-based financing** for micro, small and medium enterprises (MSMEs) may be **considered by the RBI**.
- To set up an **Inter-Ministerial Steering Committee on fin-tech Applications** in Department of Economic Affairs (DEA), to carry on the tasks of implementing this report.

CAPITAL INFUSION BY GOVERNMENT IN IDBI BANK

- The infusion will be done through “**recap bonds**” i.e. there will no impact on the liquidity, as the bank will buy the recap bond from the government on the same day for the capital infused by the government into the bank.
- The IDBI bank has **reduced its net NPA** from peak of 18.8% in June 2018 to 8% in June 2019.
- **The government** continues to be a promoter and holds **46.46% stakes** of the IDBI Bank and **LIC** acquired **51% stakes**.
- With the infusion, the bank would be able to subsequently raise further capital on its own and has more probability to come out of the **RBI's Prompt Corrective Action (PCA) framework**.

RBI MANDATED TO LINK RETAIL LOANS TO EXTERNAL BENCHMARK

- The directive is applicable **to all Public Sector Banks** voluntarily, while the private banks are yet to.
- Recently, some state-run banks have introduced home and auto loans having repo-linked products but the RBI wants them to add loans to **micro, small and medium enterprises (MSMEs)** to an external benchmark.
- RBI has clarified that the final rate charged to the borrowers after the switchover to external benchmark **would be same** as the rate charged for a new loan of the same category at the time of origination of the loan.

ADB TO PROVIDE \$200 MILLION TO MAHARASHTRA

- The Asian Development Bank (ADB) has approved \$ 200 million to Maharashtra to **improve road safety** by upgrading rural roads to all-weather standards.
- A **technical assistance grant of \$1 million** for institutional strengthening of the MRRDA is to be given for enhancing its management performances.
- The state of Maharashtra accounts for **8% of the total road incidents** in India.
- The states' agriculture accounts for about **47% of employment** and contributes **11% to the state gross domestic product**.

WORLD BANK TO SANCTION RS 3,000 CRORE FOR FOOD PARKS

- According to the government of India, World Bank will provide funds of Rs 3000 crore to finance mini and mega food parks across the country, particularly in Northeast in order to boost the income of farmers.
- Union Minister Rameswar Teli informed that few formalities are only left for the first disbursement from the bank.
- The minister made the announcement at the 15th Indo-US Economic Summit. The summit was organised by the Indo-American Chamber of Commerce-North India Council (IACC-NIC).

IDBI TO LAUNCH CO-BRANDED CREDIT CARD WITH LIC

- IDBI Bank will launch a co-branded credit card with Life Insurance Corporation of India.
- The card will be launched in association with LIC's wholly-owned subsidiary, LIC Credit Cards Services (LIC CSL).
- This card will be marketed to customers, agents, and employees of the corporation and its subsidiary.
- At present, IDBI Bank has a credit card subscriber base of about 35,000.
- In January 2019, LIC has completed the acquisition of 51 per cent controlling stake in IDBI Bank for about Rs 21,600 crore.

INSURANCE COVER FOR BANKS RAISED UP TO 90 PERCENT FOR WORKING CAPITAL LOANS

- In order to enhance loan availability for exporters and ease the lending process, the Export Credit Guarantee Corporation of India (ECGC) has introduced a new Export Credit Insurance Scheme (ECIS) called 'NIRVIK'.
- At present, the Export Credit Guarantee Corporation of India (ECGC) provides credit guarantee of up to 60 percent loss. Under 'NIRVIK' scheme, the insurance cover guaranteed will cover up to 90 percent of the principal and interest. The insurance cover will include both pre and post-shipment credit.
- The scheme was announced by Defence Minister Nirmala Sitharaman and the details of the scheme were shared by Union Minister of Commerce and Industry and Railways, Piyush Goyal.

IPPB ROLLS OUT OF AADHAAR-ENABLED PAYMENT SERVICES (AEPS)

- The India Post Payments Bank (IPPB) has rolled out Aadhaar enabled payment system (AePS) services.
- The launch of AePS was announced by the Union Minister for Communications and IT Ravi Shankar Prasad on the occasion of first anniversary of IPPB.
- With the launch of AePS, IPPB has now become the single largest platform in the country for providing interoperable banking services to the customers of any bank.
- With the help of AePS services, any person with an Aadhaar-linked bank account will be able to perform basic banking services such as cash withdrawals and balance enquiry irrespective of the bank in which they hold their account with.
- A customer avail these Aadhaar enabled payment services by simply authenticate his/her identity with fingerprint scan and Aadhaar authentication to complete a transaction.

AADHAAR AUTHENTICATION MADE MANDATORY FOR NEW DEALERS BY GSTN

- The verification is mandated from January 2020 for checking malpractices in GST.
- The government has decided to do complete online refunding from 24th September 2019 from a single source, either by the Central GST or State GST.
- The next GST council meeting is scheduled to take place in Goa on 20th September 2019.

GOVT INCENTIVE TO BOOST EXPORTS AND HOUSING SECTOR

- The housing projects under the special window include **non-NPA (Non-Performing Assets) and non-NCLT (National Company Law Tribunal) projects**.
- **Merchandise Exports from India Scheme (MEIS)** for textiles will be replaced by the **scheme for Remission of Duties or Taxes on Export Product (RoDTEP)**.
- Textile and all other sectors will transit into RoDTEP from **January 1, 2020**, which currently enjoy incentives up to 2 per cent over MEIS.
- The **Export Credit Guarantee Corporation (ECGC)** scope will be expanded to **export credit insurance service (ECIS)**.

RBI ALLOWED PAYMENT BANKS TO APPLY FOR SMALL FINANCE BANKS

- The SFB licence to the payments banks will allow them to boost deposits and lend, that is currently **capped at Rs 1 lakh per customer**.
- The **minimum paid-up capital requirement for SFBs** is also revised by the RBI from **Rs 100 crore to now Rs 200 crore**.
- Promoter's shareholding should be a **maximum of 40% by the end of 5 years**, and within **10 years it should be down to 30%** and within **15 years it should be down to 15%** shareholding.

RBI SUGGEST FEDERAL BODY LIKE GST COUNCIL FOR FARMING SECTOR

- Banks should increase credit for consumption loans to farmers and other allied farm activities up to a sanctioned limit of Rs 1 lakh.
- The centre should complete updation and digitisation of land records in a time-bound manner.
- RBI had set up the '**Internal Working Group**' in February 2019 to understand the reasons for the regional disparity in agricultural credit and suggest measures.

GOVERNMENT SLASHED THE CORPORATE TAX RATES

- The tax rates are slashed by following an amendment in the **Income-tax Act 1961 and the Finance (No. 2) Act 2019**.
- The effective rate for **domestic companies** with inclusive surcharge and cess shall be **25.17%**.
- The effective rate for **new domestic companies** with inclusive surcharge and cess shall be **17.01%**.
- **Rs. 1.45 lakh crore** is the estimated total revenue foregone for the reduction in corporate tax rate and other relief.

SCOPE OF THE BHARAT BILL PAYMENT SYSTEM (BBPS) EXPANDED

- BBPS is an interoperable medium to **facilitate customers to pay bills** such as direct-to-home (DTH), telephone, water, gas and electricity **at a single location** either physical or electronic.
- After the expansion of the payment facility, municipal taxes, insurance premiums, school fees and other **recurring payments** can also be paid via BBPS.
- In the **Third Bi-monthly Monetary Policy Statement 2019-20** on 7th August, it was decided to expand the scope and coverage of BBPS.

GOVERNMENT AMENDED CSR SPENDING NORMS

- The government has amended the **corporate social responsibility (CSR)** spending norms to allow the corporates to spend on research and development (R&D) activities.
- The step has been taken to increase India's spending on research and development (R&D) activities which is presently **less than 1% of GDP for years**.
- The Companies Act requires firms with **1) net worth of Rs 500 crore 2) turnover of Rs 1,000 crore or net profit of Rs 5 crore or more to set aside 2% of their average net profit over the last 3 years towards 'approved' CSR activities**.

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SEBI TIGHTEN MUTUAL FUND NORMS

- SEBI has tightened the norms for mutual funds by making it mandatory to hold **at least 20% liquid assets in liquid schemes**.
- The **liquid assets include** cash, government securities, T-Bill and repo on Government securities.
- The parking of funds in **short term deposits of scheduled commercial banks** won't be charged **investment management and advisory fees** by the **asset management company (AMC)**.

- Investors will be charged with **levy exit load by Mutual fund** if they exit within seven days of investment, however, no levy exit load will be charged to an investor who made an investment in liquid funds before the prescribed date.

RBI HAS PLACED PMC BANK UNDER DIRECTIONS

- The Reserve Bank of India has placed the **Punjab and Maharashtra Cooperative (PMC) Bank Limited** under Directions.
- As per the Directions, the depositors of the **Mumbai based PMC Bank** are not allowed to withdraw amount **exceeding Rs 1,000** of the total balance in a savings account/current account or deposit account.
- The directions are to remain in force for **6 months** from the close of business of the bank.
- RBI has said that the direction is **not be construed as a cancellation** of a banking licence.

RBI MODIFIED DIRECTIONS TO PMC BANK

- Depositors can **withdraw a sum not exceeding 10,000 rupees** of the total balance from Savings account/current account/deposit account.
- More than **60% of the depositors will be able to withdraw their entire account balance**.
- The modifications of rules are done after police complaints were filed against the top officials of the PMC bank and **Housing Development and Infrastructure Limited (HDIL)** for allegedly looting 3,000 crore rupees of the depositors.

RBI PUT LAKSHMI VILAS BANK UNDER PCA NORMS

- Due to high bad loans and insufficient capital, RBI has put the **Tamil Nadu based Lakshmi Vilas Bank** under **prompt corrective action framework**.
- RBI has said that the marking of the bank under PCA aimed at not having an impact on the **normal day-to-day operations of the bank**.
- RBI helps the bank by taking a corrective course of action when the bank has a weak financial performance for a sustained period on parameters of **capital ratios, asset quality and profitability**.

BANKING AND FINANCIAL AWARENESS: OCTOBER 2019

UCO BANK LAUNCHES UCASH, DIGILOCKER AND AN APP

- UCO Bank launched three products- UCash, Digilocker and an App.
- All the three products were launched by the bank's managing director and CEO, A K Goel in Kolkata.
- UCash will enable customers to withdraw money from ATMs through mobile banking without using their debit cards.
- Digilocker has been launched with an aim to eliminate the use of physical documents. It will enable sharing of verified electronic documents.

- The third product, a new mobile app, is the integration of four existing apps of the bank - UCO Mbanking, UCO UPI, UCO Mpassbook and UCO Secure- in a single interface.
- UCO Bank also became the regional bank of east recently.

RBI REDUCES REPO RATE BY 25 BASIS POINTS IN 4TH BI-MONTHLY MONETARY POLICY

- The Reserve bank of India has once again reduced the repo rate consecutively for the fifth time in its fourth bi-monthly policy.
- With this cut, the new policy rates are-
 - **Repo Rate-** 5.15%
 - **Reverse Repo Rate-** 4.90%
 - **Bank Rate-** 5.40%
 - **Marginal Standing Facility (MSF)-** 5.40%
 - **Cash Reserve Ratio (CRR)-** 4%
 - **Statutory Liquidity Ratio (SLR)-** 18.75%
- RBI has also cut the GDP growth estimates for 2019-20 to 6.1% from 6.9% earlier.
- The next bi-monthly monetary policy review will be held from December 3-5, 2019.

AXIS BANK LAUNCHES SHORT-TERM ONLINE FIXED DEPOSITS

- Axis Bank has announced the launch of 'Express FD'.
- Express FD is a digital fixed deposit (FD) product that will allow a customer to open an FD account in three minutes through the digital mode without opening a savings account with the bank.
- Along with this Express, FD will also offer attractive interest rates, zero issuance fees and no penalty on pre-mature withdrawal of up to 25% of the amount.
- A customer can open an Express FD account by investing a minimum Rs 5,000 up to Rs 90,000, for the tenure of 6 to 12 months.
- Customers will be able to deposit funds in Express FD through net-banking, debit card or via UPI.
- Axis Bank is India's third-largest private sector bank.

SBI LAUNCHES DEBIT CARD WITH EMI FACILITY

- The State Bank of India launched 'Debit Card EMI facility' for its customers.
- Under this facility, the existing customers of the bank will be able to opt for EMI tenure of minimum six months to 18 months.
- The bank said that its customers could buy the products at 40,000 plus merchants and stores in over 1,500 cities having Pine Labs branded POS (point of sale) machines totalling more than 4.5 lakhs.
- Some of the benefits of this facility are- no processing fee, zero documentation, instant disbursement, no branch visit, and zero cost EMI on select brands.

ICICI BANK PARTNERS CSC E-GOVERNANCE SERVICES INDIA TO EXPAND RURAL REACH

- ICICI Bank has signed a pact with CSC e-Governance Services India with an aim to extend its banking and other services to the country's rural regions.
- As per the MoU, ICICI Bank will engage more than 3 lakh CSCs (common service centres) working at the last mile as banking correspondents.
- Under the partnership, people in rural areas will be able to deposit, withdraw and transfer money from their ICICI bank account, subscribe to term deposit plan, obtain small-value loans, pay bills and other services through CSCs.

BANK OF BARODA SIGNS MOU WITH INDIAN ARMY FOR CUSTOMIZED SERVICES

- Bank of Baroda (BoB) has signed a Memorandum of Understanding (MoU) with the Indian Army.
- According to the MoU, the bank will offer customized services along with a host of facilities to account holders (Indian Army).
- The MoU includes an overdraft facility up to three times of monthly net salary, handsome free personal accident insurance cover and free air accident insurance cover of Rs 15 lakh to Rs 50 lakh.
- These features will also be applicable for pensioners of Indian Army up to the age of 70 years.

SBI, BANK OF BARODA SQUEEZE MICRO-ATM TRANSACTIONS OF OTHER BANKS

- SBI and Bank of Baroda have limited the cash withdrawals of customers using micro-ATMs of other banks to just four times a month.
- BoB is allowing customers to do four transactions a day while SBI has limited it to just one.
- SBI account holders who are not part of the government's direct benefit transfer scheme are allowed to do five transactions a month.
- These limits by the banks will only apply in the case when the customer uses the micro-ATM terminal of another bank.

STATE BANK OF INDIA HAS LAUNCHED SBI CARD PAY

- It is a contactless mobile payment facility for credit cardholders.
- This feature is based on Host Card Emulation (HCE) technology which ensures faster and secure card payments through mobile phones.
- Per transaction limit using this facility is Rs.20000 and daily transaction limit is Rs.10000.

TEAM CASHLESS INDIA CAMPAIGN WAS LAUNCHED BY MASTERCARD

- It was launched by the Brand Ambassador of Mastercard-M.S. Dhoni.
- The main aim of this campaign is to bring more merchants and customers on board in order to boost digital payments in India.
- The major objective of this campaign is to equip 10 million merchants in India with digital payment acceptance capabilities by 2020.

RESERVE BANK OF INDIA HAS STOPPED PRINTING RS.2000 CURRENCY NOTES

- According to the reports, not a single Rs.2000 note has been printed in the Financial Year-2019-20.
- RBI has taken this step because the circulation of Rs.2000 notes will defeat the Government's motive as smuggling of high-denomination notes is easier.

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GUIDELINES ON 'ON TAP' AUTHORIZATION OF PAYMENT SYSTEM HAS BEEN ISSUED BY RESERVE BANK OF INDIA ON 15TH OCTOBER 2019

- Aim-To encourages innovation and competition among the entities namely-Bharat Bill payment operating unit, Trade receivable discounts system and White label ATMs.
- The guidelines state that the payment system operator should ensure interoperability among retail payment systems.

MEITY STARTUP HUB PORTAL HAS BEEN UNVEILED BY THE MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

- It is a platform which connects startup ecosystems.
- Ministry has launched this portal for facilitating their vision of promoting startups technology, innovation and creation of intellectual properties.

GOVERNMENT HAS LAUNCHED BHIM-2.0

- This new version is highly upgraded and supports three additional languages-Konkani, Haryanavi and Bhojpuri.
- It has also included Donation gateway.

- It has also increased the transaction limits for high-value transactions by increasing the existing cap of Rs.20000 and now up to Rs.1 lakh for verified merchants.

CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS (CBIC) HAS LAUNCHED A PROGRAMME TO STRENGTHEN 'MAKE IN INDIA'

- The programme has been launched under the Bond scheme of Customs Act, 1962.
- It aims to attract investment into India and Strengthen 'Make in India' through manufacturing and other operations.

RESERVE BANK OF INDIA HAS GIVEN THE FINAL NOD FOR THE SETTING UP OF KERALA BANK

- It will be the largest banking network in Kerala.
- Kerala Bank will be formed by amalgamating 13 District Co-operative Banks (DCBs) with Kerala State Co-operative Bank.
- As per the directions of RBI, State should submit the final compliance report by 31st March 2020.

STATE BANK OF INDIA HAS DECIDED TO CHARGE PROCESSING FEE ON HOME-LOANS, TOP-UP PLANS AND REAL-ESTATE COMPANY LOANS

- The processing fee will be around 0.4% ranging from Rs.10000 to Rs.30000 for individual borrowers.
- The processing charge for builders and real-estate companies will be Rs.5000.

GOVERNMENT E-MARKETPLACE (GEM) HAS SIGNED A MOU WITH UNION BANK OF INDIA FOR PROVIDING SERVICES RELATED TO TRANSFER OF FUNDS

- It will facilitate cashless and paperless payment on the portal.
- It will also promote transparency in the procurement of goods and services.

STATE BANK OF INDIA HAS REDUCED THE SAVINGS INTEREST RATES BY 25 BASIS POINTS

- It has now been reduced from 3.5% to 3.25% for deposits up to Rs.1lakh.
- SBI has taken this step to boost adequate liquidity in banking.
- The new rates will be effective from 10th October 2019.

CONFERENCE ON ONE NATION ONE TAG-FASTAG WAS HELD IN NEW DELHI

- Purpose-To rolls out the process for having a unified electronic system across the country.
- An MoU has been signed between Indian Highways Management Company Ltd. And Goods and Services tag Network (GSTN) for the integration of FASTag with GST e-way bill system.
- It was inaugurated by Union Minister of Roads and Transport-Nitin Gadkari.

INDIA'S RATINGS AND RESEARCH GROUP HAS LOWERED INDIA'S GDP FORECAST FOR FINANCIAL YEAR-2019-20 TO 6.1%

- GDP forecast was 6.9% in August 2019.
- The slowdown in rural and urban consumption demand growth has been cited as the key reason for this downward revision of GDP forecast.

UNION GOVERNMENT HAS APPROVED 5% ADDITIONAL DEARNESS ALLOWANCE FOR THE CENTRAL GOVERNMENT EMPLOYEES

- Currently, the dearness allowance is 12% of the basic pay which will be now increased to 17% of the basic pay.
- Similarly, it has also been increased by 5% for the Central Government pensioners.

GOVERNMENT OF INDIA HAS LAUNCHED NATIONAL E-ASSESSMENT SCHEME

- The purpose of this scheme is to make income tax assessment faster, smoother and hassle-free.
- It focuses on the elimination of any middle-men between the tax-payer and the Income-tax officer.
- The regional e-Assessment centres will be established in six cities-Chennai, Mumbai, Kolkata, Pune, Ahmedabad and Hyderabad.

THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) HAS BROUGHT A NEW RULE TO IMPACT FOREIGN FUNDS

- The new rule implies that only Foreign Portfolio Investors (FPIs) located at Financial Action Task Force (FATF) countries can deal in participatory notes to invest in Indian stock markets.
- Participatory notes are financial instruments which allow the investors to invest in Indian stock markets even if they are not registered with SEBI.
- This new rule is based on the H R Khan committee recommendation.
- Increased inflation, Trade war between India and China and rising prices of crude oil are some of the reasons behind the imposition of this rule.

ICICI BANK HAS CROSSED THE RS.3 TRILLION MARKET CAPITALIZATION FOR THE FIRST TIME.

- It has become country's 4th bank to achieve this milestone.
- Stock touched a fresh record of Rs.460 on BSE which is 2.3% higher than its previous scale.
- Before ICICI, only HDFC bank, SBI and Kotak Mahindra achieved this milestone.

RBI HAS ANNOUNCED A BAN ON BANKS IN ORDER TO DEPLOY DIRECT SELLING AGENTS TO SELL RETAIL LOANS.

- This ban aims to reduce data theft and operational risks.

COUNCIL MEETING OF NATIONAL INVESTMENT AND INFRASTRUCTURE FUND (NIIF) WAS CHAIRED BY THE UNION FINANCE MINISTER AT NEW DELHI.

- Government of India contributes 49% of the total commitment to the NIIF Scheme.
- Total proposed corpus for NIIF is Rs.40000crore.

9.89% STAKE OF THE TOTAL SHARE CAPITAL OF BANDHAN BANK HAS BEEN ACQUIRED BY HDFC.

- This merger is a part of stake dilution exercise in order to meet RBI's stipulation.
- 15.93crore share of the Bandhan Bank has been transferred to HDFC.

VREEDHI FINANCIAL SERVICES HAS RECEIVED A NON-BANKING FINANCE COMPANY LICENCE FROM RBI .

- Its major objective is to provide credit and services to micro-enterprises.
- This company is going to form a digital lending model in the next financial year.

UNION BANK OF INDIA (UBI) PARTNERED WITH SREI EQUIPMENT FINANCE LTD.

- This partnership aims to provide loans to micro, small and medium enterprises (MSMEs) and retail sectors.
- Srei Equipment Finance Ltd. is a non-banking financial company (NBFC).
- They have also organized 'Loan Utsav' across 20 cities in India.

GOVERNMENT OF INDIA HAS ANNOUNCED THE ELIGIBILITY FOR OVERSEAS CITIZENS OF INDIA TO APPLY FOR NATIONAL PENSION SYSTEM AT PAR WITH NRIS.

- OCIs can apply for the pension according to the Pension Fund Regulatory and Development Authority (PFDR) act 2013.
- They can join the National Pension system till the age of 65 years.

BANKING AND FINANCIAL AWARENESS: NOVEMBER 2019

EXIM BANK EXTENDED \$30 MILLION LINE OF CREDIT TO GHANA

- The Export-Import Bank (Exim) has provided a line of credit of \$30 million to Ghana for potable water project in the country.
- The bank has signed an agreement with Ghana for this line of credit (LoC) of about Rs 210 crore for financing rehabilitation and up-gradation of potable water system in Yendi, Ghana.
- This LoC is effective from October 11, 2019.
- Established in 1982, EXIM bank is headquartered at Mumbai.

RBI COMMITTEE RECOMMENDS STRICTER RULES FOR CORE INVESTMENT COMPANIES

- A committee of Reserve Bank of India (RBI) headed by Tapan Ray has recommended to tighten the corporate governance norms in Core Investment Companies (CICs).

- This committee was formed by RBI to Review Regulatory and Supervisory Framework for CICs in the month of July, 2019.
- The committee recommended that Capital contribution by a CIC in a step-down CIC, over and above 10 percent of its owned funds, should be deducted from its 'adjusted net worth'. Further, step-down CICs may not be permitted to invest in any other CIC, but allowed to invest freely in other group companies. Existing entities can be given a two-year glide path to comply with the rules.
- It also said that 1/3rd of the board should comprise of independent members if the chairperson of the CIC is a non-executive member, otherwise at least half of the board should comprise of independent members.

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UJJIVAN SMALL FINANCE BANK HAS LAUNCHED INSTANT DIGITAL SAVINGS AND INSTANT FIXED DEPOSIT ACCOUNT

- The Ujjivan Small Finance Bank has launched an instant Digital Savings Account along with Fixed Deposit and Privilege Savings Account.
- These facilities have been launched by the bank to offer banking and digital services to its customers.
- The newly launched Instant Savings Account will allow customers to open and operate a savings account through mobile phones or a computer instantly with the help of just two documents - Aadhaar Card and Pan Card. Other than this, customers will also be able to deposit a maximum amount of Rs. 1 Lakh in the account. Customers will also be able to make additional after ensuring KYC in Ujjivan SFB's respective branches.
- Instant FD account will also allow the customers to open FD up to a maximum of Rs. 1 Lakh without a Savings Account. Customers will also enjoy unlimited free transaction on Ujjivan SFB ATM and six free transactions on other bank ATMs every month with Digital Savings Account.

- The Privilege Savings Account will offer domestic airport lounge access, Platinum Debit card, home branch facility across 552 Ujjivan SFB branches with unlimited transaction on any ATM. Along with this, customers will get a higher accidental insurance cover of Rs. 2 Lakh. A customer will have to ensure a monthly salary credit of Rs. 30,000 or above or have to maintain a Monthly Average Balance of Rs. 25,000 or open a Fixed Deposit of Rs. 10 Lakh in order to maintain a Privilege Savings Account.

FITCH SOLUTIONS HAS RAISED INDIA'S FY20 FISCAL DEFICIT FORECAST TO 3.6% OF GDP

- Fitch Solutions has raised the fiscal deficit forecast of India to 3.6 per cent of the GDP for this fiscal year, from 3.4 per cent previously.
- Fitch has raised the forecast due to weak revenue collections resulting from sluggish economic growth and government's sweeping corporate tax rate cut.

ASIAN DEVELOPMENT BANK WILL PROVIDE \$451MN LOAN FOR CHENNAI-KANYAKUMARI INDUSTRIAL CORRIDOR

- The Asian Development Bank (ADB) will provide a loan of \$451mn to strengthen power connectivity along the Chennai-Kanyakumari Industrial Corridor.
- The total cost of this project is \$653.5 million and the total amount will be divided between ADB and Indian Government. So, \$451 million will be provided by ADB and rest \$202.5 million will be provided by the government of India.
- This project is estimated to be completed by the end of the year 2024.

INDIA'S ECONOMY TO GROW 6.6% IN 2020-24: OECD

- According to the Organisation for Economic Co-operation and Development (OECD), India's GDP grow 6.6% in 2020-24.
- This will be lower than the country's 2013-17 average of 7.4%.
- The organisation has also predicted a regional GDP growth of 5.7% over 2020-24 as compared to 6.7% in 2013-17.

GEM SIGNED MOU WITH INDIAN BANK AND CANARA BANK

- Government e-Marketplace (GeM) has signed MoU with Indian Bank and Canara Bank for payment-related services.
- Under this MoU, customers will get a paperless, cashless, and transparent payment system on the GeM portal.
- This MoU will also create an efficient procurement system for government entities.
- The MoU will also provide an opportunity both the banks to offer various services like advising of Performance Bank Guarantees (e-PBG), fund transfer through GeM Pool Accounts (GPA), Payment Gateway to the registered users on the portal and Earnest Money Deposit (EMD).

FINANCE MINISTER LAUNCHES IT INITIATIVES ICEDASH, ATITHI

- Finance Minister Nirmala Sitharaman has launched two new IT Initiatives - ICEDASH and ATITHI for improved monitoring and pace of customs clearance of imported goods and facilitating arriving international passengers.
- ICEDASH is an Ease of Doing Business monitoring dashboard of the Indian Customs which will help the public to see the daily Customs clearance times of import cargo at various ports and airports.
- ATITHI app will provide hassle-free and speedy clearance by Customs at the airports and will also enhance the experience of international tourists and other visitors at the airports.

THE WITHDRAWAL LIMIT OF PUNJAB AND MAHARASHTRA COOPERATIVE (PMC) BANK HAS BEEN INCREASED UPTO RS.50000 PER ACCOUNT BY RBI

- This announcement has been made by Central Bank after checking the liquidity position of the bank.
- This will allow the depositors to withdraw their entire account balance.

THE CENTRAL GOVERNMENT IS GOING TO INFUSE A FUND OF RS.10000CRORES FOR THE STALLED REAL ESTATE

- The aim is to boost the real estate sector which was struggling due to liquidity crisis.
- Apart from Government's fund, SBI and LIC will also contribute Rs.15000crore to boost the sector.

GOVERNMENT E MARKETPLACE (GEM) HAS SIGNED A MOU WITH CENTRAL BANK OF INDIA

- This will enable Central Bank to provide an array of services including the transfer of funds through GeM pool accounts to the users.
- This will promote paperless, contactless and cashless transactions.
- GeM has signed MoU with 18 public and private sector banks.

RBI HAS INCREASED THE HOUSEHOLD INCOME LIMITS FOR THE BORROWERS OF NON-BANKING FINANCIAL COMPANIES (NBFC) AND MICROFINANCE INSTITUTIONS (MFIS)

- It has been increased from Rs.1 lakh to Rs.1.25 lakh.
- This will strengthen the credit system in rural areas.
- For urban and semi-urban areas, the limit has been increased from Rs.1.6 lakh to Rs.2 lakh.

KARNATAKA GRAMIN BANK HAS LAUNCHED MOBILE ATMS IN KALABURAGI, KARNATAKA

- It aims to create awareness among farmers about the use of digital ATMs and also about bank schemes.
- The project has been assisted by NABARD.
- It will boost digitization in rural areas.

AMAZON HAS INTRODUCED 'PROJECT ZERO' IN INDIA

- The aim is to ensure that customers receive authentic goods.
- This will block the selling of counterfeit goods on the platform of Amazon.
- Project Zero is a combination of three powerful tools-Automated protection, self service and product serialization.

A GLOBAL PILOT DEMO OF BHIM-UPI QR BASED PAYMENT WAS PRESENTED AT THE SINGAPORE FINTECH FESTIVAL ON 13TH NOVEMBER, 2019

- It is an achievement of Fintech Cooperation between India and Singapore.
- Under this pilot run, the first transaction was demonstrated by the High Commissioner of India to Singapore-Jawed Ashraf.
- This project is being developed by the National payment corporation of India (NPCI) in collaboration with Singapore's Network for Electronic Transfer.

RBI HAS ENHANCED THE SCOPE OF SPECIAL NON-RESIDENT RUPEE (SNRR)

- Persons who are residing outside India will be allowed to open accounts for external commercial borrowing and trade credit in INR.
- Credit of amount payable to a non-resident nominee from the account of a deceased account holder to Non-resident external account will be also permitted through normal banking channels.

J& K GRAMIN BANK HAS GOT THE TOP POSITION IN TERMS OF ACHIEVEMENT OF RUPAY CARD TRANSACTION TARGETS (POS)

- Bank has secured 1st position among 56 RRBs across India.
- According to the survey of National Payment Corporation of India (NPCI), J& K Bank has achieved a 94.91% target for POS transaction for FY-2018-19.
- There are six regional offices and 217 branches of this bank throughout India.

GOVERNMENT OF INDIA IS GOING TO LAUNCH INDIA'S FIRST FIXED INCOME EXCHANGE TRADED FUND (ETF)

- It will comprise debt securities of large central public sector enterprises (PSUs).
- It will be launched by mid-December of 2019.
- The expected size of the project is Rs.15000crore to Rs.20000crore.
- It will help to improve liquidity in corporate bond market.

5TH INDIA-EUROPE 29 BUSINESS FORUM WAS HELD IN NEW DELHI FROM 20-21 NOVEMBER, 2019

- Industrial Body Confederation of India (CII) in collaboration with Union Ministry of External Affairs organized this forum.
- 400 delegates from 29 European countries participated in this forum.
- Smart cities, IT, Renewable energy and Artificial Intelligence were the main focus of the discussion in the forum.

IRCTC HAS SIGNED AN MOU WITH KARNATAKA STATE TOURISM DEVELOPMENT CORPORATION (KSTTDC)

- The MoU has been signed to run and operate the Golden Chariot train.
- Main aim of this MoU is to promote tourism in tourist destinations of Karnataka, Kerala, Puducherry and other South Indian states.

WORLD BANK HAS DEVELOPED A 300 MILLION USD PLAN FOR THE DEVELOPMENT OF LOGISTIC INFRASTRUCTURE IN KOLKATA

- It will focus on the construction of rail, road and industrial parks.
- The main aim of this plan is to improve employment opportunities.
- It will help to develop Kolkata as the hub of North-eastern region.

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ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB) HAS PROPOSED TO INVEST 100 MILLION USD IN INDIA FOR SOLAR AND WIND PROJECTS

- Head Quarter of this bank is in Beijing, China.

ADB, INDIA SIGN \$91 MILLION LOAN

- Government of India signed a \$ 91 million loan with the Asian Development Bank (ADB) for Comprehensive Water Management in Karnataka.
- The first project is helping the modernization of the Gondi irrigation system and the second Project to modernize Vijayanagara Channel.

SEBI ISSUED STRICTER DISCLOSURE NORMS FOR LISTED COMPANIES

- SEBI Chairman Ajay Tyagi announced the changes focuses on the need to build trust among whistle-blowers after a whistle-blower approached the US watchdog, Securities and Exchange Commission with a complaint against IT major Infosys instead of SEBI.
- Portfolio Managers (PM) Regulations, 2019 have been amended following which net worth requirement of portfolio managers has been enhanced from 2 crores to 5 crore rupees.

ASIAN DEVELOPMENT BANK HAS SIGNED A \$451MILLION LOAN AGREEMENT WITH GOVERNMENT OF INDIA

- The main objective of this agreement is to strengthen the power connectivity between southern and the northern parts of the Chennai-Kanyakumari Industrial Corridor (CKIC) in Tamil Nadu.
- It will develop CKIC as a manufacturing center.
- It will also help in the development of renewable energy based power generation through wind and solar resources.

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (IBBI) HAS AMENDED THE 2016 INSOLVENCY AND BANKRUPTCY CODE

- This amendment came into force from 29th November, 2019.
- This code envisages the Corporate insolvency resolution process for the insolvency and reorganization of the corporate debtors.

INSTITUTE OF FINANCIAL MANAGEMENT HAS BEEN ESTABLISHED BY INDIAN RAILWAYS IN HYDERABAD, TELANGANA

- This project has been developed by Rail Vikas Nigam Ltd. (RVNL) @ Rs.85crore.
- It has 10 different functional blocks and also a green building which is capable of generating 90% of its own power needs through solar installation.

A WEB PORTAL HAS BEEN INAUGURATED FOR THE EXCHANGE OF INFORMATION ON INFORMATION TECHNOLOGY BY THE CENTRAL BOARD OF DIRECT TAXES (CBDT)

- The portal will facilitate the access by public and financial institutions.
- It will provide link to import circulars and guidelines issued by the regulatory authorities in India as well as International bodies.

DEWAN HOUSING FINANCE CORPORATION LTD. (DHFL) HAS BEEN REFERRED AS THE FIRST FINANCIAL SERVICE FIRM TO BE TAKEN TO THE NATIONAL COMPANY OF LAW TRIBUNAL (NCLT)

- It has a debt of Rs.83873crore.
- Under section 227 of Insolvency and Bankruptcy Code 2016, RBI has filed an application of corporate insolvency resolution against DHFL.

THE NON-BANKING FINANCIAL COMPANY, ADITYA BIRLA FINANCE LTD. (ABFL) HAS BECOME THE 1ST COMPANY TO LIST ITS COMMERCIAL PAPERS ON STOCK EXCHANGE

- The date of listing the paper is 28th November 2019 and its maturity date is 7th February, 2020.
- The maturity period of commercial papers is from 7 days to 1 year from the date of issue.
- It provides effective information about corporate borrowing and liquidity position.

BANKING AND FINANCIAL AWARENESS: DECEMBER 2019

NOVEMBER GST REVENUE COLLECTION

- Rs 1,03,492 crore is the amount of gross GST revenue collected in the month of November, 2019.
- The total revenue earned by Central Government and the State Governments after regular settlement in the month of November, 2019 is Rs 44,742 crore for CGST and Rs 44,576 crore for the SGST.
- GST has witnessed a recovery growth of 6% in Nov 19 over Nov 18.

NCLT ADMITS BANKRUPTCY RESOLUTION FOR DHFL

- The Mumbai bench of National Company Law Tribunal (NCLT) has admitted an RBI petition seeking bankruptcy resolution for Dewan Housing Finance (DHFL) under the Insolvency and Bankruptcy Code (IBC), 2016.
- RBI filed a plea under Rule 5 (a)(i) and Section 227 of IBC for bankruptcy proceedings to resolve the credit and liquidity crisis of the company.
- Rule 5 (a) (i) of the Insolvency and Bankruptcy Rules, 2019 prescribes that Corporate Insolvency Resolution Process (CIRP) can be initiated against Financial Service Providers (FSP) committing default upon an application made by the Appropriate Regulator.

RBI 5TH BI-MONTHLY MONETARY POLICY

- The MPC voted unanimously to keep the policy rate unchanged at 5.15%.
- The MPC revised the CPI inflation projection upwards to 5.1-4.7 % for H2:2019-20 and 4.0-3.8 % for H1:2020-21.
- Real GDP growth for 2019-20 is revised downwards from 6.1 % in the October policy to 5.0 % - 4.9-5.5 % in H2 and 5.9-6.3 per cent for H1:2020-21.

RBI TO AMEND REGULATORY GUIDELINES FOR UCBS

- The Reserve Bank of India has announced that it is mulling to amend regulatory guidelines for primary Urban Co-operative Banks (UCBs).
- The guidelines would primarily relate to Exposure norms for single and group/interconnected borrower, promotion of financial inclusion and priority sector lending.
- RBI has also decided to bring UCBs with assets of 500 crore rupees and above under the Central Repository of Information on Large Credits - CRILC reporting framework to strengthen off-site supervision and early recognition of financial distress.

RBI TIGHTENS NORMS FOR ARCS

- The Reserve Bank of India (RBI) has to tighten norms for asset reconstruction companies (ARCs) to acquire financial assets.
- RBI has put restriction on the ARCs from buying financial assets from its sponsor firms and lenders (bank or financial institution) on a bilateral basis.
- Asset Reconstruction Company (India) (Arcil), which is sponsored by State Bank of India (SBI), ICICI Bank, Punjab National Bank (PNB) and IDBI Bank is likely to be affected the most.

AVAILABILITY OF NEFT ON A 24X7 BASIS

- All provisions of NEFT procedural guidelines will be applicable for NEFT 24x7 transactions as well.
- The existing discipline for crediting beneficiary's account or returning the transaction (within 2 hours of settlement of the respective batch) to originating bank will continue.
- NEFT transactions would be done through automated transactions initiated using 'Straight Through Processing (STP)' modes, after the usual banking hours of banks.

RBI IMPOSED MONETARY PENALTY ON ANDHRA BANK

- The Reserve Bank of India (RBI) has imposed a monetary penalty of Rs 25 lakh on Andhra Bank by an order dated 5th December 2019.
- Deficiencies in regulatory compliance of the bank were found in an examination of current accounts opened by two entities in Andhra Bank.
- RBI came to the conclusion of imposing a monetary penalty after considering the reply from the bank and personal hearing as to why penalty should not be imposed for non-compliance with the directions.

ICAR AND NABARD SIGNS AN MOU

- The Indian Council of Agricultural Research (ICAR) has signed an MoU with the National Board of Agriculture and Rural Development (NABARD) to make the action research and up-scaling of the various technologies and innovative farmer models easier.
- The MoU was signed in New Delhi between the Secretary (DARE) & Director General (ICAR) Dr. Trilochan Mohapatra and the Chairman of NABARD, Harsh Kumar Bhanwala.
- The MoU is basically aimed at taking up site-specific transfer of technologies under integrated farming system, sustainable agriculture, agro-forestry, animal sciences, etc., including post-harvest technologies.

RBI PROVIDES INTRADAY LIQUIDITY WINDOW FOR NEFT

- The Reserve Bank of India has announced to provide an intraday liquidity (IDL) window or facility for the National Electronic Funds Transfer (NEFT) transactions.
- This facility will help in the smooth operation of NEFT system on 24x7 basis.
- All the banks will be eligible for this facility. However, the time limit for such a facility will be set by the RBI from time to time.

- This liquidity adjustment facility will be beneficial for settlement purposes and will also reduce the pressure of the banks.

'BHARAT BOND ETF', INDIA'S FIRST CORPORATE BOND LAUNCHED

- Edelweiss Asset Management Company (AMC) has launched the 1st Corporate Bond Exchange Trade Fund (ETF) of India. It is called as the Bharat Bond ETF.
- Edelweiss AMC is a subsidiary of Edelweiss Capital Limited (ECL).
- Edelweiss said that it aims to raise an initial amount of Rs 3,000 crore through this bond from institutional players with a greenshoe option of Rs 2,000 crore in a maturity period of 3-year (2023).
- It also aims to raise amount of Rs 4,000 crore with a greenshoe option of Rs 6,000 crore in a maturity period of 10-year (2030).

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MASTERCARD SIGNS AN MOU WITH FEDERAL BANK FOR ADDITIONAL DIGITAL SECURITY CALLED 'MASTERCARD IDENTITY CHECK'

- American multinational financial services corporation Mastercard has tied-up with private sector Federal bank to provide an additional layer of security function for digital transactions done by cardholders of the bank. This facility is called 'Mastercard Identity Check'.
- This new security function will be provided by using EMV 3-D Secure (3DS). This security function will provide an easy and safe way to authenticate cardholders without using passwords.
- EMV 3-D Secure is a messaging protocol that will promote easy consumer authentication and will allow the consumers to authenticate themselves with their card issuer while making purchases without card or card-not-present (CNP) e-commerce purchases.

MOODY'S LOWERS INDIA'S GDP GROWTH FORECAST TO 5.6% FOR 2019

- American credit rating agency, Moody's Investors Service has lowered the Gross Domestic Product (GDP) growth forecast of India for the year 2019 to 5.6%.
- This is very less from the growth forecast of 7.4% in 2018.
- This forecast has been done in the Global Macro Outlook 2020-21 of Moody's.
- The major cause of lowering the growth forecast is the slow growth rate of employment.
- Moody's has also projected that India's GDP growth may improve later and become 6.6 % and 6.7 % in 2020 and 2021 respectively.

ADB LOWERS INDIA'S GDP GROWTH FORECAST FOR FY20

- Asian Development Bank (ADB) has lowered the Gross Domestic Product (GDP) growth forecast of India for the financial year 2019-20 to 5.1% from 6.5% projected earlier.
- ADB projected earlier in September 2019 that India's GDP growth will be 6.5% in 2019-20 and 7.2% in 2020-21.

MORE THAN 10 LAKH CRORE LOANS SANCTIONED UNDER MUDRA YOJANA

- The ministry of Labour and Employment released an information regarding loans sanctioned under MUDRA Yojana.
- According to the ministry, loans of an amount of Rs. 10.24 lakh crore have been sanctioned under the Pradhan Mantri MUDRA Yojana (PMMY) as on November 1, 2019.
- Also, these loans were sanctioned to 20.84 crore account holders.
- MUDRA Yojana was by the Prime Minister Narendra Modi on April 8, 2015.

NATIONAL SMALL INDUSTRIES CORPORATION (NSIC) SIGNS AN MOU WITH SAUDI ARAMCO

- National Small Industries Corporation (NSIC) has signed an MoU with Saudi Aramco (Asia) for the development of Micro, Small and Medium Enterprises (MSME) in India in the Oil & Gas Sector.
- The MoU will help the Indian MSMEs to make place as vendors in the Global space.
- NSIC is a Mini Ratna PSU that works under the Ministry of MSME.
- Saudi Aramco is a Saudi Arabian national petroleum and natural gas company.

NTPC SIGNS RS 5,000-CRORE TERM LOAN AGREEMENT WITH SBI

- National Thermal Power Corporation Limited has signed a term loan agreement for Rs. 5,000 crore with State Bank of India.
- This loan facility by SBI has been extended at an interest rate linked to 3-month MCLR (Marginal Cost of Funds based Lending Rate) of the bank.
- Additionally, the loan facility has a door-to-door tenure of 15 years.

EXIM BANK PROVIDES USD 500 MN CREDIT TO BANGLADESH

- Export-Import Bank of India (Exim Bank) has provided a Line of Credit of \$500 million (Rs 3561 crore) to Bangladesh for defence-related procurement.

- The agreement was signed with Bangladesh's Armed Forces Division.
- Under the loan agreement, financing of export of eligible goods and services from India would be allowed subject to the Foreign Trade Policy (FTP).

ADB AND INDIA SIGNED \$ 490 MILLION LOAN FOR MADHYA PRADESH

- The Asian Development Bank (ADB) and the Government of India have signed a loan of \$490 million for public-private partnership (PPP) project in order to upgrade about 1,600 km of state highways and major district roads (MDRs) from single-lane to two-lane in the state of Madhya Pradesh.
- In addition to this, an investment of \$286 million will also be mobilized through private sector participation under the partnership.
- The project will upgrade 750 km of state highways and 850 km of MDRs to two-lane widths.

HDFC BANK CROSSED \$100 BN MARKET CAPITALISATION

- HDFC Bank Ltd crossed \$100 billion market capitalization in intraday trading.
- With this, the bank became the third company in India to achieve this milestone.
- The bank now ranks 26th among most valued banks and financial companies around the world which have a market capitalization of more than \$100 billion.

SBI AND GERMAN BANK SIGN A LOAN AGREEMENT

- State Bank of India (SBI) and German development bank KfW have signed a loan agreement of USD 277 million in order to establish an energy-efficient housing programme in India.
- In addition to this, KfW will also provide a grant of 1.5 million euros (about Rs 12 crore) as a technical assistance package.

RBI WAIVES OFF NEFT, RTGS TRANSFER CHARGES FOR SAVINGS ACCOUNT HOLDERS

- The Reserve Bank of India has waived off the charges of NEFT and RTGS transactions for savings bank account holders.
- RBI instructed all the banks to not to charge any fee for all online payments done through RTGS and NEFT from savings bank account holders.
- It will be effective from January 1, 2020.

BANK OF BARODA JOINS HANDS WITH GUJARAT GOVT TO PROVIDE MSME LOANS

- Bank of Baroda has signed an MoU with the Gujarat government for providing loans to the Micro, Small and Medium Enterprises (MSME) sector.
- According to the agreement, the bank will provide loans to the MSME sector for Start-Ups, Greenfield Projects, Women Entrepreneurs and Entrepreneurs from backward areas of the state under the Gujarat Single Window Clearance Act 2017 & Ordinance No.1 of 2019 dated 24th October 2019.

RBI TO FOLLOW US-STYLE 'OPERATION TWIST' TO REDUCE LONG-TERM INTEREST RATES

- The Reserve Bank of India (RBI) will conduct simultaneous sale and purchase of government bonds under the Open Market Operations (OMO) mechanism to reduce long-term interest rate.
- The central bank has brought this concept on the basis of "Operation Twist" that was last adopted by the US (United States) Federal Reserve in 2013.
- Thus, RBI will buy bonds worth Rs 10,000 crore of 6.45% maturing in the year 2029 and issuing bonds worth Rs 10,000 crore maturing in the year 2020.

GEM INKS MOU WITH UCO BANK & BOM FOR PAYMENT-RELATED SERVICES

- Government e-Marketplace (GeM) has signed an MoU with Bank of Maharashtra (BoM) & UCO Bank to provide a paperless, cashless, and transparent payment system on its portal.
- GeM is a portal to facilitate online procurement of Goods & Services required by various government departments.

NDB COMMITS \$100 MILLION TO INDIA'S NIIF

- New Development Bank (NDB) will provide \$100 million to India's National Investment and Infrastructure Fund's (NIIF) Fund of Funds (FoF).
- NIIF FoF aims to raise about \$1 billion in order to invest in up to 10 private equity funds managed by fund managers in India.
- ADB has already granted Rs 667 crore to NIIF-FoF.

CABINET APPROVED ORDINANCE TO FURTHER AMEND IBC

- The ordinance has been approved to help remove certain ambiguities in **the Insolvency and Bankruptcy Code, 2016**.
- The amendment passed would **ring-fence successful bidders from criminal proceedings** against offences committed by previous promoters.
- The bill with a proposed amendment in IBC was introduced in the Lok Sabha earlier on 12th December but it was not passed by the Parliament as the winter session ended on 13th December.

CENSUS OF INDIA 2021

- The approval has been made for conducting the census 2021 at a cost of **Rs. 8,754.23 crore** and NPR at a cost of **Rs. 3,941.35 crore**.
- The Census of India will cover the **entire population in the country** while NPR will also cover all the population **except in the state of Assam**.
- The Indian Census is the **largest administrative and statistical exercise in the world**.

RBI INTRODUCED NEW PAYMENT INSTRUMENT

- **An annual limit of Rs 1.2 lakh** has also been fixed by the RBI, that can be recharged on these accounts.

- **The banks and existing non-bank PPI players** can issue the new payment instrument and would verify the credentials of customers.
- The verification process involves the **use of an OTP sent to the user's verified mobile number** and a digital **identification document** recognized by the **Department of Revenue**.

CBIC ISSUES SOP FOR GST NON-FILERS

- Central Board of Indirect Taxes and Customs (**CBIC**), **Ministry of Finance** has issued Standard Operation Procedure (SOP) to deal with **non-filers of GST returns**.
- 5 days later a notice will be issued in **Form GSTR 3A** asking the **GST payer to file the return or make payment within 15 days**.
- After 15 days, if the return is not filed, the proper officer may proceed to **assess the tax liability of the person to the best of his judgment** and would issue an order under **Rule 100 of the CGST Rules in Form GST ASMT-13**.

SEBI PENALISED RATING AGENCIES OVER LACK OF PROPER DUE DILIGENCE IN IL&FS

- The Securities and Exchange Board of India (SEBI) has penalised rating agencies for lack of proper due diligence while rating non-convertible debentures of Infrastructure Leasing and Financial Services Ltd (IL&FS).
- SEBI levied a penalty of Rs 25 lakh each on three rating agencies ICRA Ltd, India Ratings & Research and Credit Analysis and Research Limited (CARE) Ratings Ltd.
- The rating agencies were also found guilty for not noticing disparities in public disclosures made by IL&FS.

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RBI DIRECTION FOR LARGE CO-OP BANKS

- The Reserve Bank of India (RBI) has directed **(Urban) Co-operative Banks (UCBs)** to report all **exposures of Rs 5 crore and more to the CRISIL.**
- The Co-operative Banks (UCBs) having **total assets of Rs 500 crore and above as on 31st March of the previous financial year** shall report credit information, including classification of an account as **Special Mention Account (SMA)**, on all borrowers having aggregate exposures of Rs 5 crore.
- The RBI had announced to bring UCBs with assets of Rs 500 crore and above under the CRILC reporting framework in its **fifth Bi-monthly Monetary Policy Statement, 2019-20** announced on December 05, 2019.

20TH FINANCIAL STABILITY REPORT: RBI

- **Persistence of the risks** arising out of global or domestic economic uncertainties and geopolitical developments like a delay in the Brexit deal, trade tensions, whiff of an impending recession, oil-market disruptions and geopolitical risks.
- Scheduled commercial banks' (SCBs) gross non-performing assets (GNPA) **ratio remained unchanged at 9.3%** between March and September 2019 and predicted that **SCBs' GNPA ratio may increase from 9.3 % in September 2019 to 9.9 % by September 2020.**
- The size of the **inter-bank market continued to shrink** with inter-bank assets amounting to less than **4 % of the total banking sector assets** as at end-September 2019.

FINMIN ANNOUNCED NO MDR ON TRANSACTIONS THROUGH RUPAY AND UPI

- The step is taken to **promote digital payments** along with **indigenously developed digital payment medium** like RuPay and BHIM UPI over the payment gateway promoted by foreign companies.
- The **MDR** is the cost paid by a merchant to a bank for accepting payment from their customers via digital means.
- Now, **all companies with a turnover of Rs 50 crore or more** will be **mandated** to provide the facility of payment through RuPay Debit card and UPI QR code to their customers.

FINMIN LAUNCHED EBKRAY, A COMMON E-AUCTION PLATFORM

- The Union Finance Minister, Nirmala Sitharaman has launched **eBkray, a common e-auction platform** on 28th Dec 19, for online auction of assets attached by banks.
- The step has been taken for **transparent and clean online auction by banks** of an attached asset, for the improved realisation of value.
- **Public Sector Banks (PSBs)** have attached assets worth over **Rs. 2.3 lakh crore over the last three financial years.**

RBI BUYS RS 10,000 CRORE WORTH LONG-TERM GOVT SECURITIES IN 2ND SPECIAL OMO

- Last week, the RBI had announced to **purchase and sell simultaneously government securities under Open Market Operations (OMO)** for Rs 10,000 crore each.

- The RBI received Rs 25,698 crore worth of bids in the OMO purchase of 6.45 percent GS 2029, the 10- year benchmark security but accepted Rs 10,000 crore of bids.
- It accepted **only Rs 8,501 crore worth of bids for the three securities as against Rs 38,551 crore bids it received in for four securities** in the OMO sale auction.

CBIC PAID RS 1.12 LAKH CRORE AS IGST REFUND TO EXPORTERS

- The release also said that refunds of **only Rs 3,604 crore are pending with Customs** and about **3.4% of total exporters including “Star exporters”** have been identified as **Risky i.e. Red flagged**.
- **Risky exporters** are those who suspected to claim excessive **input tax credit (ITC)** based on fake invoices.
- **Star exporters** are certified by the government on the basis of export performance and extended certain benefits including customs clearance on self-certification basis and exemption from furnishing bank guarantee under certain schemes.

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