

RBI GRADE B FINANCE CURRENT AFFAIRS QUIZ: AUGUST & SEPTEMBER 2019

Q.1 What is the rank of India in Global Democracy index 2019 ?

- a) 40
- b) 41**
- c) 73
- d) 91

Explanation:

- India has been ranked **41st** in the Global Democracy index 2019 with a score of **7.23**.
- India has been termed as **“Flawed Democracy”** in the index. The index has always classified India as Flawed Democracy since the beginning i.e. 2006.
- A Flawed Democracy is a country where elections are fair and free. Other than this, basic civil liberties are also honored in such countries but these countries have some issues like media freedom infringement.
- India has performed **worst in political culture**, out of all the five parameters.

Q.2 Who releases the Global Democracy Index?

- a) Economist Intelligence Unit (EIU) by The Economist**
- b) World Bank
- c) Democracy International
- d) International Federation of Red Cross and Red Crescent Societies

Explanation:

- The Economist Intelligence Unit (EIU) is **the research and analysis division** of a British multinational media company **"The Economist Group"**.
- EIU is headquartered in **London, UK**.
- The EIU is the world leader in global business intelligence and produce high quality research and data.
- First Global Democracy Index was released in the year **2006**.

Q.3 Who has been appointed as MD and CFO of World Bank?

- a) Anshula Kant**
- b) Amitabh Kant
- c) Raghuram Rajan
- d) Arundhati Bhattacharya

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Explanation:

- She will be the 1st women Chief Financial Officer(CFO) of the World Bank Group
- She is presently the managing director of SBI (state bank of India)
- She has more than 35 years of expertise in banking, finance and technology
- She is an Economic Honours graduate from Lady Shri Ram College for Women and post-graduate from Delhi school of Economics

Q.4 Under which Act SEBI has acquired the power to invest regulatory data leaks and unauthorised access of data?

- a) RBI Act, 1934
- b) Income Tax Act,1961
- c) **SEBI Act,1992**
- d) Banking Regulation Act, 1949

Explanation:

- As per the **Finance Bill**, a new section- **15HAA** has been added in the **SEBI Act**.
- 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
- It is not yet clear whether 'regulatory data' and 'database' as mentioned in the bill refers only to SEBI data or even those maintained by depositories, exchanges and clearing corporations,"

Q.5 What is the maximum limit for the subscription of the Sovereign Gold Bond Scheme for individuals and HUFs?

- a) **4 kg**
- b) 8 kg
- c) 20 kg
- d) 1 kg

Explanation:

- The **minimum investment limit** of subscription is **one gram** and the **maximum limit is 4 kg for individuals, HUFs and 20 kg for trusts.**

Q.6 Who is the chairman of the committee set up by RBI to review the regulatory guidelines and supervisory framework of Core Investment Companies (CIC)?

- a) Rakesh Mohan
- b) **Tapan Ray**

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- c) Nandan Nilekani
- d) U.K.Sinha

Explanation:

Terms of Reference of the committee:

- To **examine the current regulatory framework** for CIC and **suggest changes** therein.
- 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
- For enhancing off-sight and on-site **supervision** over CIC
- The committee shall submit the report by **October 31, 2019**

Core Investment Companies (CIC):

- CIC is a **Non-Banking Financial Company (NBFC)** that is indulged in the business of acquiring shares and securities
- The CIC holds **not less than 90%** of its net assets in the **form of investment**
- **The investment is made in equity shares, preference shares, debentures, bonds, debt or loans in group companies**
- The investments in the **equity shares** in group companies are **not less than 60 per cent** of its net assets

Q.7 Zero Budget Natural Farming is based on which method?

- a) Using a limited amount of chemical fertilizer
- b) Use of only nitrogen fertilizer
- c) **No use of chemical fertilizer**
- d) High production cost based farming

Explanation:

- **“Zero budget”** stands for no production cost in farming and **“Natural Farming”** stands for doing farming without any aided chemical fertilizer or external seed and only using natural resources
- **Aim** to pull farmers out of the debt trap, cutting production cost and make small scale farming a viable option
- ZBNF involves **no use of chemical** fertilizers and assures zero credit for agriculture
- This type of farming was successfully initiated in **Karnataka** and was replicated as a role model in other states
- It cut down the farming expenditure and ends farmer’s reliance on loans

Q.8 Which of the following is not allowed to benefits of alternate composition scheme?

- a) Service providers of turnover up to Rs 50 lakh
- b) Ice-cream manufacturers
- c) E-commerce players
- d) **Traders of turnover up to Rs 1.5 crore**

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Explanation:

- **Manufacturers or traders** with a taxable business turnover of up to Rs 1.5 crore are eligible for the scheme. The turnover limit is Rs 75 Lakh for the North-Eastern States
- For the **service provider**, the taxable business turnover is up to Rs 50 Lakh
- Under this scheme, the person can pay tax **every quarter** at a flat percentage of turnover, instead of paying tax at a normal rate **every month**
- The composition scheme applies tax rates at 1% (0.5% CGST and 0.5% SGST) on turnover for manufacturers and traders, 5 % on restaurants (not serving alcohol) and 6% for other service providers
- The scheme **resists** e-commerce players, businesses with tobacco and pan masala, inter-state supplies and ice-cream manufacturers to opt for the scheme

Q.9 What is the definition of a micro enterprise as per MSME act ?

- a) Investment in plant and machinery is less than 10 lacs
- b) Turnover is less than 5 crore**
- c) Has less than 10 full-time employees
- d) Total investment in fixed assets of business is less than 25 lacs

Explanation:

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

Q.10 What is "Priority Sector Lending" target for Small Payment banks?

- a) 40 per cent of Adjusted Net Bank Credit
- b) 50 per cent of Adjusted Net Bank Credit
- c) 25 per cent of Adjusted Net Bank Credit
- d) 75 per cent of Adjusted Net Bank Credit**

Explanation:

Categories	Target
Total Priority Sector	75 per cent of Adjusted Net Bank Credit
Agriculture	18 per cent of ANBC. Within the 18 per cent target for agriculture, a target of 8 percent of ANBC is prescribed for Small and Marginal Farmers.
Micro Enterprises	7.5 per cent of ANBC
Advances to Weaker	10 percent of ANBC

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Sections

Q.11 What is the age-limit to be eligible as a director of a PSU bank ?

- a) 35 to 67 years
- b) 24 to 70 years
- c) 30 to 67 years
- d) 27 to 65 years

Explanation:

- The Committee shall determine the 'fit and proper' status of the proposed candidates based on the broad criteria mentioned hereunder:
 - **Age** – The candidate's age should be between 35 to 67 years as on the cut-off date fixed for submission of nominations for election.
 - **Educational qualification** – The candidate should at least be a graduate.
 - **Experience and field of expertise** – The candidate shall have special knowledge or practical experience in respect of one or more

Q.12 What is the maximum tenure of a PSU bank director ?

- a) 5 years
- b) 6 years
- c) 9 years
- d) 10 years



Explanation:

- 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.

Q.13 Which among the following report is published by the International Monetary Fund (IMF)?

- a) World Development Report
- b) **World Economic Outlook Report**
- c) Ease of doing business
- d) World Economic Situation and Prospects Report

Explanation:

Current scenario

- The IMF's **World Economic Outlook** July update has also cut India's growth forecast in **2020-21 to 7.2%**
 - **World Development Report:** International Bank for Reconstruction and Development (IBRD)

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- **Ease of doing business – World Bank**
- **World Economic Situation and Prospects Report** : United Nations Department of Economic and Social Affairs (UN/DESA), the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions (Africa, Europe, Latin America and the Caribbean, Asia and the Pacific, and Western Asia).

Q.14 The Income Tax Day is celebrated in India on?

- a) 21st July
- b) 23rd August
- c) **24th July**
- d) 25th July

Explanation:

- Income Tax was **first introduced** on 24th July 1860 in India **by Sir James Wilson**.
- It was to compensate for the losses incurred by the British regime during the **first war of independence i.e. Revolt of 1857** against British Rule.
- From that day **24th July** is observed as the Income Tax Day every year.

Q.15 RBI's medium-term strategy framework UTKARSH 2022 has a duration of?

- a) 2020-2023
- b) 2019-2024
- c) 2020-2022
- d) **2019-2022**



Explanation:

- 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.
- The vision document is a **3-year roadmap** to guide the RBI during the medium-term period **(2019-22)**.

Q.16 Who has released Working on a warmer Planet Report 2019 ?

- a) **International Labour Organization (ILO)**
- b) International Monetary Fund
- c) World Bank
- d) International Bank for Reconstruction and Development (IBRD)

Explanation:

- Working on a warmer Planet Report 2019 has been released by the **International Labour Organization (ILO)**.
- The report highlights the impact of heat stress on labour productivity and decent work.

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- By the year 2030, it is projected that there will be a **loss equivalent to more than two per cent of total working hours worldwide every year**. This loss will be due to either too much heat or slower pace of workers.
- The report founded that **India will be the most affected** country due to global warming with **agriculture and construction sectors** being most affected sectors.
- The report further stated that **India is estimated to lose 5.8 per cent of working hours in 2030** due to global warming.

Q.17 Which statement is correct about the legality of cryptocurrency in India?

- a) It is considered as a legal tender money
- b) It is accepted in financial transactions and banks
- c) Both a & b
- d) **No statement is correct**

Explanation:

- **Current context:** Government's inter-ministerial committee on virtual currencies has proposed banning of private cryptocurrencies in India
- The committee was **headed by** finance secretary **Subhash Chandra Garg**, MEITY secretary Ajay Prakash Sawhney, SEBI chairman Ajay Tyagi and RBI deputy governor B.P. Kanungo as its members
- The committee proposed a **draft bill "Banning of Cryptocurrency & Regulation of Official Digital Currency Bill, 2019"**
- The group has proposed that the government may establish a **standing committee** to revisit the issues addressed in the report

Q.18 The government has announced revamping of Indian Development Assistance Scheme (IDEAS) in the Budget 2019, choose the correct statement about the scheme?

- a) The scheme provides concessional line of credit to developing countries
- b) The first extension to the scheme was made in 2011-12
- c) The scheme is implemented under the Ministry of commerce and Industry
- d) The LOC is operated through Export Import Bank of India (Exim Bank)
- e) **Both a and d are correct**

Explanation:

- **Developing countries** are provided with Concessional **Line of Credits (LoCs)** through **Exim Bank or any other suitable lending agency** for support of such projects as recommended by MEA in those countries
- The Government of India has been extending Lines of Credit to African and other developing countries under this Scheme **since 2005-06**. The **first extension** to the scheme was granted in **2009-2010**. **Second extension** to the Scheme was given for another five years i.e. **from 2015-16 to 2019-20**
- The scheme is implemented through the Department of Economic Affairs (DEA) in the **Ministry of Finance**

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- The LoC will be operated through **Export Import Bank of India** or any other willing bank/ lending agency decided by the Finance Minister
- The IDEA Scheme initially known as the **India Development Initiative** was announced by the Finance Minister in the **Union Budget for 2003-04**, as an initiative to provide grants or project assistance to developing countries in the Africa, South Asia and other parts of the developing world and with a view to promote **strategic economic interests abroad**

Q.19 Budget 2019 allowed one woman in every SHG to take loan under the MUDRA scheme upto an amount of_____?

- a) Rs. 5 lakh
- b) Rs. 1 lakh**
- c) Rs. 50,000
- d) Rs. 2 lakh

Explanation: The finance minister has announced that **one woman in every SHG** will also be made eligible for a loan up to **Rs.1 lakh under the MUDRA scheme**

- Also, **every verified woman SHG** member having a Jan Dhan account, an overdraft of **Rs.5,000** will be allowed

Q.20 The government has proposed in the Budget 2019 to continue Stand-Up India Scheme for the period of?

- a) 2019-2022
- b) 2020-2022
- c) 2020-2025**
- d) 2019-2025

Explanation: The finance Minister proposed to further extend the 'Stand up India' scheme, **launched in 2016**, to **support entrepreneurship** among women and marginalized segment (SC/ST) of the society

- She also announced that the **Banks will provide financial assistance** for demand based businesses

Q.21 Which statement is correct regarding new commercial arm for space, as proposed in the Budget 2019?

- a) It is launched under the Ministry of commerce and industries
- b) The commercial arm is named as New Space ISRO Limited
- c) It will be the second commercial arm of ISRO**
- d) It will include commercialisation of launch vehicle only

Explanation:

- **New Space India Limited (NSIL)**, the commercial arm of Indian Space Research Organisation (ISRO), was announced to be set up in Budget 2019
- It is launched under the **Department of Science**

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- The commercial arm is named as **New Space India Limited (NSIL)**
- It is the second commercial arm of ISRO, **first is Antrix Limited**
- Commercialization **include** launch vehicles, transfer to technologies and marketing of space products etc.

Q.22 Which of the following entities are eligible to issue Differential Voting Rights shares ?

- a) **Tech company making intensive in the use of technology**
- b) Public sector banks
- c) Infrastructure companies
- d) Oil refining companies

Explanation: A company having superior voting rights shares (SR shares) would be permitted to do an initial public offering (IPO) of only ordinary shares subject to fulfillment of eligibility requirements of the SEBI(Issue of Capital and Disclosure Requirements) Regulations, 2018 and the following conditions :

1. The issuer company is a **tech company** (as per the definition in Innovators Growth Platform) i.e. intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition.
2. The SR shareholder **should be a part of the promoter group whose collective net worth does not exceed Rs 500 Crores.**
3. The SR shares have been issued **only to the promoters/ founders** who hold an executive position in the company.

Q.23 In Gold Monetisation Scheme, Gold is valued at _____ for Gold /USD rate with the Rupee-US Dollar reference rate announced by RBI on that day. The prevalent custom duty for import of gold will be added to the above value to arrive at the final value of gold.

- a) **London AM fixing**
- b) London PM fixing
- c) Daily RBI gold rate
- d) World Gold Council daily rate

Explanation:

- The London Gold Fix involves gold dealers from London's five biggest bullion banks establishing a common transaction price for a large pool of purchase and sale orders. They do this twice each business day - first at 10:30am (the Morning Fix) and then again at 3pm (the Afternoon Fix).
- The participating bullion banks will be acting both on their own behalf and for those customers of theirs who have issued limit orders for them to trade at the London Gold Fix price. No-one knows what the Gold Fix will be before it is declared.
- The Gold Fix establishes the price at which the gross amount of gold on buy orders matches the gross amount of gold on sell orders - across all the participating banks.

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Q.24 What is the last date to obtain Legal Entity Identifier for entities with networth above Rs.10000 million?

- a) **31 December 2019**
- b) 31 March 2020
- c) 31 July 2020
- d) 30 April 2020

Explanation: Legal Entity Identifier

- Legal Entity Identifier (LEI), proposed by the G20, LEI is a unique, electronic, 20-digit standard identifier used to identify the legal entities that participate in financial transactions around the world.
- Just like a passport or a car registration number, the LEI represents a common and recognisable code which can be used to connect to key reference information that enables clear and unique identification of legal entities participating in global financial transactions.

Timelines for Implementation

Phase	Net Worth of Entities	Current Deadline	Extended Deadline
Phase I	above Rs.10000 million	April 30, 2019	December 31, 2019
Phase II	between Rs.2000 million and Rs 10000 million	August 31, 2019	December 31, 2019
Phase III	up to Rs.2000 million	March 31, 2020	March 31, 2020

Q.25 The sum of all the exposure values of a bank to a single counter-party must not be higher than _____ of the bank's available eligible capital base at all times.

- a) 10 per cent
- b) 15 per cent
- c) **20 per cent**
- d) 25 per cent

Explanation: Limits

- The sum of all the exposure values of a bank to a single counter-party must not be higher than 20 per cent of the bank's available eligible capital base at all times.
- In exceptional cases, board of banks may allow an additional 5 per cent exposure of the bank's available eligible capital base.
- In case of groups of connected counter-parties, the sum of all the exposure values of a bank to a group of connected counter-parties must not be higher than 25 per cent of the bank's available eligible capital base at all times, the revised LEF said.
- Under the LE Framework, an exposure to a counter-party will constitute both on and off-balance sheet exposures include.

Q.26 As per Moody's rating, the current local and foreign currency issuer rating for the Indian Economy is?

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- a) Baa1
- b) Baa2
- c) **Baa3**
- d) Baa4

Explanation: Moody's rating agency upgraded local and foreign currency issuer rating to Baa2 from Baa3 for Indian Economy.

Q.27 The government has instituted the Jal Shakti Mantralaya with the target to provide piped water supply to all rural households by ___?

- a) 2022
- b) 2023
- c) **2024**
- d) 2025

Explanation: The Jal Shakti Mantralaya has been constituted by integrating the erstwhile Ministry of water resources, river development and Ganga rejuvenation with the ministry of drinking water and sanitation. The Government will provide piped water supply to all rural households by 2024 and provided approx. Rs 10,000 crore for rural drinking water for 2019-20 for the Jal Shakti Mantralaya.

Q.28 Mukhyamantri Krishi Aashirwad Yojana is an ambitious scheme of which state government?

- a) Kerala
- b) Punjab
- c) **Jharkhand**
- d) Odisha



Explanation:

- The scheme was first announced on **21st December 2018** for doubling farmer's income in the **upcoming 4 years (2022)** and is officially launched on 10th August 2019.
- The **objective of MMKAY** is to serve to improve the financial situation of farmers and provides them with investment support for the Kharif season to double their income by 2022.
- Under the scheme, **Rs 5000 Per Acre/year (maximum up to 5 Acres)** would be given to Jharkhand's state farmers for their Kharif crops.
- This Financial fund will be given for the **following purpose**- Purchase of Fertilizers, Hiring of Farm Equipment, Purchase of Seed, Labour and land preparation and Any other Agriculture related work.
- The beneficiaries would get financial assistance through the **Direct Benefit Transfer (DBT)** mode.

Q.29 Bank credit to registered NBFCs for on-lending will be eligible for classification as priority sector subject to conditions. For the 'term lending' component of 'Agriculture' the limit is Rs.10 lakh per borrower and for HFC(Housing Finance Companies)it is _____ per borrower.

- a) Rs.10 lakh
- b) Rs.15 lakh
- c) **Rs.20lakh**

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d) Rs.25 lakh

Explanation: Bank credit to non-banking financial companies (NBFCs) for on-lending to the agriculture, micro and small enterprises (MSE) and housing categories under priority sector lending (PSL) will be allowed up to a limit of 5 per cent of the individual bank's total PSL on an ongoing basis.

Limits:

- **Agriculture:** On-lending by NBFCs for 'Term lending' component under Agriculture will be allowed up to Rs.10 lakh per borrower.
- **Micro & Small enterprises:** On-lending by NBFC will be allowed up to Rs. 20 lakh per borrower.
- **Housing:** Enhancement of the existing limits for on-lending by HFCs from Rs. 10 lakh per borrower to Rs. 20 lakh per borrower.

Q.30 The minimum credit rating required to issue "Commercial Paper" is?

- a) A-1
- b) A-2**
- c) AAA
- d) AAAA

Explanation: Rating requirement for issuance of CP

- All eligible participants shall obtain the credit rating for issuance of Commercial Paper either from CRISIL, ICRA, CARE or the FITCH or such other credit rating agency (CRA) as may be specified by the Reserve Bank of India.
- The **minimum credit rating shall be A-2** [As per rating symbol and definition prescribed by Securities and Exchange Board of India (SEBI)].
- The issuers shall ensure at the time of issuance of CP that the rating so obtained is current and has not fallen due for review.

Q.31 Which of the following is not allowed to benefits of alternate composition scheme?

- a) Service providers of turnover up to Rs 50 lakh
- b) Ice-cream manufacturers
- c) E-commerce players
- d) Traders of turnover up to Rs 1.5 crore**

Explanation:

- **Manufacturers or traders** with a taxable business turnover of up to Rs 1.5 crore are eligible for the scheme. The turnover limit is Rs 75 Lakh for the North-Eastern States.
- For the **service provider**, the taxable business turnover is up to Rs 50 Lakh.
- Under this scheme, the person can pay tax **every quarter** at a flat percentage of turnover, instead of paying tax at a normal rate **every month**.
- The composition scheme applies tax rates at 1% (0.5% CGST and 0.5% SGST) on turnover for manufacturers and traders, 5 % on restaurants (not serving alcohol) and 6% for other service providers.

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- The scheme **resists** e-commerce players, businesses with tobacco and pan masala, inter-state supplies and ice-cream manufacturers to opt for the scheme.

Q.32 The Reserve Bank of India (RBI) has made it mandatory for banks to link all floating personal or retail loans to external benchmark from _____?

- 1 October 2019**
- 31 September 2019
- 31 December 2019
- 1 December 2019

Explanation:

- All new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro and Small Enterprises extended by banks from October 01, 2019 shall be benchmarked to one of the following:
 - Reserve Bank of India policy repo rate
 - Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd (FBIL)
 - Government of India 6-Months Treasury Bill yield published by the FBIL
 - Any other benchmark market interest rate published by the FBIL.
- Banks are free to offer such external benchmark linked loans to other types of borrowers as well.
- In order to ensure transparency, standardisation, and ease of understanding of loan products by borrowers, a bank must adopt a uniform external benchmark within a loan category; in other words, the adoption of multiple benchmarks by the same bank is not allowed within a loan category.

Q.33 RBI has mandated the commercial banks to benchmarked All new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro and Small Enterprises to one of the following?

- Reserve Bank of India policy repo rate
- Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd (FBIL)
- Government of India 6-Months Treasury Bill yield published by the FBIL
- Any other benchmark market interest rate published by the FBIL
- All of the above**

Explanation:

- All new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro and Small Enterprises extended by banks from October 01, 2019 shall be benchmarked to one of the following:
 - Reserve Bank of India policy repo rate
 - Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd (FBIL)
 - Government of India 6-Months Treasury Bill yield published by the FBIL
 - Any other benchmark market interest rate published by the FBIL.

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- b) Banks are free to offer such external benchmark linked loans to other types of borrowers as well.
- c) In order to ensure transparency, standardisation, and ease of understanding of loan products by borrowers, a bank must adopt a uniform external benchmark within a loan category; in other words, the adoption of multiple benchmarks by the same bank is not allowed within a loan category.

Q.34 Recently, The Reserve Bank of India had constituted a Task Force on Development of Secondary Market for Corporate Loans. Who is the chairman of this task force?

- a) **Shri T. N. Manoharan**
- b) Shri Bimal Jalan
- c) Shri Amitabh Kant
- d) Shri Nandan Nilekani

Explanation:

- A task force set up by India's central bank recommended a slew of measures for developing a secondary market for corporate loans, including easing of regulations to allow foreign portfolio investors (FPIs) to directly purchase distressed loans from banks.
- The Task Force appointed under T N Manoharan, chairman Canara has suggested that a self-regulatory body (SRB) of market participants be set up to develop appropriate benchmark rates for secondary market purchase and sale of corporate loans. The SRB is expected to also finalise detailed modalities and formulate guidelines.

Q.35 'Partial Credit Guarantee offered by Government of India (GoI) to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from financially sound Non-Banking Financial Companies. Government will provide one-time six months' partial credit guarantee to public sector banks for first loss of up to _____.

- a) **10 %**
- b) 12%
- c) 15%
- d) 25%

Explanation:

- In pursuance of the announcement made in the Union Budget 2019-20 presented by the Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman, the Government has issued a scheme regarding partial credit guarantee on 10.8.2019. The Scheme would enable the public sector banks (PSBs) to purchase pooled assets of financially sound NBFCs amounting to Rs. one lakh crore.
- "For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rupees One lakh crore during the current financial year, Government will provide one time six months' partial credit guarantee to Public Sector Banks for first loss of up to 10%."

Q.36 Under 'Partial Credit Guarantee offered by Government of India (GoI), The purchasing bank can invoke the GoI guarantee if the interest and/or instalment of principal remains overdue for a period of more than _____?

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- a) 90 days
- b) 100 days
- c) 150 days
- d) **180 days**

Explanation:

- In pursuance of the announcement made in the Union Budget 2019-20 presented by the Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman, the Government has issued a scheme regarding partial credit guarantee on 10.8.2019. The Scheme would enable the public sector banks (PSBs) to purchase pooled assets of financially sound NBFCs amounting to Rs. one lakh crore.
- “For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rupees One lakh crore during the current financial year, Government will provide one time six months’ partial credit guarantee to Public Sector Banks for first loss of up to 10%.”

Q.37 As per RBI’s minimum holding period requirement, the minimum number of instalments to be paid before securitisation is _____ monthly installments.

- a) **6**
- b) 12
- c) 18
- d) 24

Explanation:

- In respect of loans of original maturity above 5 years, the minimum number of instalments to be paid before securitisation is now six monthly instalments (12 earlier) or two quarterly instalments (four).
- Minimum Retention Requirement (MRR) for such securitisation/assignment transactions shall be 20% of the book value of the loans being securitised/20% of the cash flows from the assets assigned.

Q.38 As per RBI’s minimum holding period requirement, Minimum Retention Requirement (MRR) for such securitisation/assignment transactions is _____ of the book value of the loans being securitised.

- a) 10%
- b) 15%
- c) **20%**
- d) 25%

Explanation:

- In respect of loans of original maturity above 5 years, the minimum number of instalments to be paid before securitisation is now six monthly instalments (12 earlier) or two quarterly instalments (four).
- Minimum Retention Requirement (MRR) for such securitisation/assignment transactions shall be 20% of the book value of the loans being securitised/20% of the cash flows from the assets assigned.

Q.39 Cash withdrawal limit at POS using debit card/credit cards is Rs.1000/- per day in Tier I and II centres and _____ per day in Tier III to VI centres.

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- a) Rs.1,500/-
- b) Rs.2,000/-**
- c) Rs.2,500/-
- d) Rs.2,750/-

Explanation: Classification of centres(tier-wise) Population(as per 2001 Census)

- Tier 1 - 1,00,000 and above
- Tier 2- 50,000 to 99,999
- Tier 3- 20,000 to 49,999
- Tier 4- 10,000 to 19,999
- Tier 5- 5,000 to 9,999
- Tier 6- Less than 5000

Q.40 Under 'Partial Credit Guarantee offered by Government of India (GoI) to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from Non-Banking Financial Companies (NBFCs), One-time guarantee provided by the GoI on the pooled assets will be valid for _____ from the date of purchase.

- a) 12 months
- b) 18 months
- c) 24 months**
- d) 36 months

Explanation:

- The assets shall be purchased by banks at fair value.
- Assets to be assigned by NBFCs/HFCs must be **rated by Credit Rating Agencies (CRAs)** accredited by Reserve Bank of India (RBI).
- One-time guarantee provided by the GoI on the pooled assets will be **valid for 24 months** from the date of purchase and **can be invoked on the occurrence of default as outlined under heading 'D' below.**
- The guarantee shall cease earlier if the purchasing bank sells the pooled assets to the originating NBFC/HFC or any other entity, before the validity of the guarantee period.

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