IMPORTANT QUESTIONS FOR BANKING INTERVIEWS

Q:Present Bank Rate is.........

A: 7.75%

Q: Present REPO Rate is........

A:6.75%

Q: Present REVERSE REPO Rate is..........

A:5.75%

Q: Present MSF Rate is.............

A:7.75%

Q:Present CRR is......

A: 4%

Q:Present SLR IS........

A: 21.5%.

Q: GDP For 2014-15 is ....

A: 7.3%

Q: IIP For May 15 is ....

A: 2.7%

Q:CPI For June15 is....................

A:5.4%

Q: WPI For June 15 is....................

A: Minus 2.40%

Q: Trade deficit For June 15 is ....

A: $ 10.83 Bn.

Q: Define Inflation.

A:The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling. Central banks attempt to stop severe inflation, along with severe deflation.

Q: Define Deflation.

A: When the overall price level decreases so that inflation rate becomes negative, it is called deflation. It is the opposite of the often-encountered inflation.

Q:Define Stagflation.

A:an inflationary period accompanied by rising unemployment and lack of growth in consumer demand and business activity.

Q:Define Reflation.

A:Reflation is the act of stimulating the economy by increasing the money supply or by reducing taxes, seeking to bring the economy (specifically price level) back up to the long-term trend, following a dip in the business cycle.

Q:Define Agflation.

A:rising food prices caused by increased demand for agricultural commodities.

Q:Define Disinflation.

A:Disinflation is a decrease in the rate of inflation – a slowdown in the rate of increase of the general price level of goods and services in a nation's gross domestic product over time. It is the opposite of reflation.

Q:Define Hyperdeflation.

A: An extremely large and relatively quick level of deflation in an economy. Hyperdeflation occurs when the general price level of goods or services in an economy falls drastically in a short period of time, causing the real value of a currency to actually increase in that time.

Q: What is objective of SIDBI?

A:SIDBI was established on April 2, 1990. The Charter establishing it, The Small Industries Development Bank of India Act, 1989 envisaged SIDBI to be "the principal financial institution for the promotion, financing and development of industry in the small scale sector and to co-ordinate the functions of the institutions engaged in the promotion and financing or developing industry in the small scale sector and for matters connected therewith or incidental thereto.

Q: Where its HQ is located?

A:Lucknow.

Q:Tell something about SEBI?

A:- Established on April 12, 1992 in accordance with the provisions of the SEBI Act, 1992.

Chairman - Shri U K Sinha

Head Office - Mumbai

Q:Tell something about IRDA?

A:Establishment - Following the recommendations of Malhotra Committee report, in 1999, IRDA was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April 2000.

Chairman - T S Vijayan

Head Office - Hyderabad, Andhra Pradesh

Key Objectives - Promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

Q:Tell something about IDBI?

A:Chairman & Managing Director - M. S. Raghavan

Establishment - Established as a Public Financial Instutution under RBI in 1964. It was seperated from RBI in 1976 and became full fledged Development Bank. In 2004, It was converted into Commercial bank which has a Govt share holding of 52.7% at present. It is now a Public Sector Commercial Bank.

Head Office - Mumbai.

Q:Tell something aboutSIDBI?

A:Establishment - Established on April 2, 1990

Chairman - Dr. Kshatrapati Shivaji

Head Office - Lucknow.

Q:Tell something about NABARD?

A:Establishment - Established on July 12, 1982 with the paid up capital of Rs. 100 Crore have 50:50 contribution of GOI and RBI.

Govt Stake at Present - 99%

RBI Stake at Present - 1% (RBI divested its 71.5% stake to the GOI in NABARD)

Chairman - Harsh Kumar Bhanwala

Head Office - Mumbai

Established according to the recommendation of - Shivaraman Committee

Key Points -

Provides refinance facilities to various such financial institutions which provide loans to promote productive activities in rural areas.

To meet its own loan requirements, NABARD obtains funds from GOI, World Bank and other agencies.

It also mobilises resources by issuing bonds and debentures guaranteed by the GOI.

It also utilises the funds of National Rural Credit Fund.

It also provides loans to Commercial banks and RRBs for refinance purpose so that these banks may continue their various activities including granting finances for small irrigation, IRDP, dairy development, mechanisation of farms, etc.

The organisation whose functions has been taken over by NABARD from RBI are -

Agricultural Re-finance and Development Corporation

National Agricultural Credit Fund (long term operation)

National Agricultural Credit Fund (stabilisation).

Q:Tell something aboutECGC?

A:Provides a range of credit risk insurance covers to exporters against loss in export of goods and services

Offers Export Credit Insurance covers to banks and financial institutions to enable exporters to obtain better facilities from them

Provides Overseas Investment Insurance to Indian companies investing in joint ventures abroad in the form of equity or loan.

Q:Tell something about BCSBI?

A:The Banking Codes and Standards Board of India is not a Department of the RBI. Reserve Bank has agreed to lend it financial support for a limited period. It is an independent banking industry watch dog to ensure that the consumer of banking services get what they are promised by the banks.

The Banking Codes and Standards Board of India has been registered as a separate society under the Societies Registration Act, 1860. Therefore, it would function as an independent and autonomous body.

Dr. Y.V. Reddy, Governor, Reserve Bank of India, in his Monetary Policy Statement (April 2005) announced setting up of the banking Codes and standards Board of India in order to ensure that comprehensive code of conduct for fair treatment of customers was evolved and adhered to.

The Registered office of the society shall be situated in the State of Maharashtra at Reserve Bank of India, C- 8/9, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

Chairman - Shri A C Mahajan

Q:What is Bank Guarantee?

A:Bank Guarantee is an instrument issued by the Bank in which the Bank agrees to stand guarantee against the non-performance of some action/performance of a party. The quantum of guarantee is called the 'guarantee amount'. The guarantee is issued upon receipt of a request from 'applicant' for some purpose/transaction in favour of a 'Beneficiary'. The 'issuing bank' will pay the guarantee amount to the 'beneficiary' of the guarantee upon receipt of the 'claim' from the beneficiary. This results in 'invocation' of the Guarantee. IDBI Bank issues the entire range of Bank Guarantees, namely,

Bid Bond Guarantee

Advance payment Guarantee

Guaranty for warranty obligation

Payment Guarantee/Loan Guarantee

Performance Guarantee

Deferred payment Guarantee

Shipping Guarantee

Trade Credit Guarantee

Standby LC

Bank issues Guarantee favouring beneficiaries abroad either directly or through our correspondent banks across the continents. Similarly, IDBI Bank also issues guarantees favouring resident beneficiaries on behalf of our overseas branches / correspondents.

Q:What is A letter of credit?

A: letter of credit is a document from a bank guaranteeing that a seller will receive payment in full as long as certain delivery conditions have been met. In the event that the buyer is unable to make payment on the purchase, the bank will cover the outstanding amount.

Q:What is NON-FUND BASED LIMIT?

A:There are various types of non-fund based limits

Bank Guarantee

Letters of Credit(Inland or foreign)

Letters of Comfort for availing the Buyers Credit.

Q: What is Buyer's credit ?

A:Buyer's credit is a short term credit available to an importer (buyer) from overseas lenders such as banks and other financial institution for goods they are importing. The overseas banks usually lend the importer (buyer) based on the letter of comfort (a bank guarantee) issued by the importer's bank.

Q:What is Supplier’s Credit?

A:Supplier’s credit is defined as a financial credit facility that is extended to a local Buyer by the Foreign Seller/ BANK/ Financial institutions, preferably of Seller’s Country. The local bank will issue Usance Bills under the LC for the Importer and in return the Foreign bank will discount this LC.

Q:What is Garnishee Order ?

A: When a Court directs a bank to attach the funds to the credit of customer's account under provisions of Section 60 of the Code of Civil Procedure, 1908.

Q:What is General Lien ?

A: A right of the creditors to retain possession of all goods given in security to him by the debtor for any outstanding debt.

Q:What is Holder?

A : Holder means any person entitled in his own name to the possession of the cheque, bill of exchange or promissory note and who is entitled to receive or recover the amount due on it from the parties. For example, if I give a cheque to my friend to withdraw money from my bank,he becomes holder of that cheque. Even if he loses the cheque, he continues to be holder. Finder cannot become the holder.

Q:What is Holder in due course ?

A: A person who receives a Negotiable Instrument for value, before it was due and in good faith, without notice of any defect in it, he is called holder in due course as per Negotiable Instrument Act. In the earlier example if my friend lends some money to me on the basis of the cheque, which I have given to him for encashment, he becomes holder-in-due course.

Q:What is Hypothecation ?

A: Charge against property for an amount of debt where neither ownership nor possession is passed to the creditor. In pledge, possession of property is passed on to the lender but in hypothecation, the property remains with the borrower in trust for the lender.

Q:What is Credit Appraisal?

A:Credit appraisal means an investigation/assessment done by the bank prior before providing any loans & advances/project finance. This involves following viability checks:

commercial,

financial &

technical.

Q:What is Commercial Viability?

A: The ability of a business, product, or service to compete effectively and to make a profit.

Q:What is Financial Viability?

A: The ability to generate sufficient income to meet operating payments, debt commitments and, where applicable, to allow for growth, while maintaining service levels. In banks, this is measured in terms of DSCR & Debt Equity Ratio for term loans and Current Ratio for WC Loans.

Q:What is Technical Viability?

A: This report analyses the locational advantage of project, production process and technology to be employed, availability of market to sell its products, availability & suitability of raw material, cost of equipment and its availability. Further it analyses availability of other facilities such as fuel, water, electricity, transportation etc. and whether these are available at reasonable prices. It also discusses availability of skilled, unskilled and supervisory staff besides managerial staff.

Q:What is most important factor in case of individual loans?

A: The credit worthiness of applicant is foremost factor. The factors such as:

» Age

» Income

» Number of dependents

» Nature of employment

» Continuity of employment

» Repayment capacity

» Previous loans, etc. are taken into account while appraising the credit worthiness of a person.

Q What are 3 'C' ?

A: while considering credit proposals Following 3 'C' are given importance: ,

» Character

» Capacity

» Collateral.

Q: What is broad classification of loans in banks?

A:Loans can be classified as fund based & non-fund based:

» FUND BASED

Working Capital Loans such as Cash Credit Limits or Overdraft Limits.

Term Loans for acquiring fixed assets.

» NON-FUND BASED

Letter of Credit:

Bank Guarantee:

Q: Discuss CREDIT APPRAISAL PROCESS IN BANKS (STEP-WISE) ?

A: Steps are:

Receipt of application from applicant on bank's prescribed form

Receipt of supporting documents such as 3 years' balance sheet, projected balance sheet, KYC documents, MOA, AOA in case of companies or Partnership Deed in case of a partnership firm & photocopies of title deeds of properties to be mortgaged etc.

Spot verification visit by bank officers or its authorised vendors

To check RBI defaulters list, wilful defaulters list, CIBIL data, ECGC caution list, etc. to check past record of the borrower

Obtaining non-encumbrance certificate from bank's approved advocate

Valuation report of the properties from empanelled valuer/engineers

Preparation of financial data based on CMA and carry out risk rating as per bank prevailing model

Proposal preparation: this contains detailed information about borrower, its rating analysis of financial data, computation of PBF, terms and conditions of sanction and past conduct of account. This is prepared by one officer lower than sanctioning authority and such officer is called recommending authority. If there are more than one such officer then all of them have to sign.

Sanction/approval of limits/loan by competent sanctioning authority. In banks, various officers as per their rank are vested with loaning powers.

Documentation: This involves execution of appropriate agreements by borrower/guarantor.

Disbursement of term loan is done in phased manner as per progress of project. In case of WCL, limit is fixed in an operative account such as cash credit or overdraft and operations are allowed as per available drawing power. The drawing power is computed based on value of security available at a given point of time.

Q: What is Objective of Payments Banks?

A:Objective of payments banks is to increase financial inclusion by providing small savings accounts, payment/remittance services to migrant labour, low income households, small businesses, other unorganised sector entities and other users by enabling high volume-low value transactions in deposits and payments/remittance services in a secured technology-driven environment.

Q: Who can promote Payment Bank?

A:Those who can promote a payments banks can be a non-bank PPIs, NBFCs, corporate's, mobile telephone companies, super market chains, real sector cooperatives companies and public sector entities. Even banks can take equity in Payments Banks.

Q: Can Payment Bank accept deposits?

A: Payments Banks can accept demand deposits (only current account and savings accounts). They would initially be restricted to holding a maximum balance of Rs 100,000 per customer. Based on performance, the RBI could enhance this limit.

Q: What other services Payment Bank can offer?

A: The banks can offer payments and remittance services, issuance of prepaid payment instruments, internet banking, functioning as business correspondent for other banks.

Q: CAN Payment Banks can set up subsidiaries?

A: Payments Banks cannot set up subsidiaries to undertake NBFC business.

Q: How people will be able to differentiate it from other banks?

A:The Payments Banks would be required to use the word 'Payments' in its name to differentiate it from other banks.

Q: Whether credit lending is allowed for Payments Banks?

A: No credit lending is allowed for Payments Banks.

Q: Can they invest in Govt securities?

A: The float funds can be parked only in less than one year G-Secs.

Q: List companies got permission to start payment Banks from RBI?

A:11 Companies are as under:

Aditya Birla Nuvo Limited

Airtel M Commerce Services Limited

Cholamandalam Distribution Services Limited

Department of Posts

Fino PayTech Limited

National Securities Depository Limited

Reliance Industries Limited

Shri Dilip Shantilal Shanghvi

Shri Vijay Shekhar Sharma

Tech Mahindra Limited

Vodafone m-pesa Limited.

Q:Who is eligible for Internet Banking in Bank?

A:It is available to all Savings and Current account holders. In all cases, the customer/mandate holder should have the authority to operate the account with full permission.

Q:What are the benefits of using Internet Banking?

A: Internet Banking provides you a host of benefits like:

View your Banking, Investments, Credit Card and Loan account details online

Download bank account statements.

View and book Fixed Deposit.

Make online payments for utility bills and insurance premiums.

Make payments at merchant websites for their products and services using Direct Debit service.

Transfer money to your own accounts and to other third party bank accounts.

Track status of issued cheques and of cheques that are in clearing.

Issue stop payment instructions on issued cheques.

Request for Cheque Book, Demand Draft and more.

Update your profile and contact details.

Q:What are the different type of modes available to access Internet Banking?

A:One can opt for one of the following modes to access internet banking:

Inquiry Only (View only) - In this mode, one get access to check your account details & view you statements

Fund Transfer with Net Secure - one get the facility to transact online & transfer funds.

Q. What is Mobile Banking?

A:Mobile banking (also known as M-Banking, SMS Banking etc.) is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile /cell phone.

Q.Who Can avail Mobile Banking Services?

A: Mobile Banking Services are available to all the Retail customers of Bank.

Q:. Why One should apply for Mobile Banking Services?

A:Mobile Banking facilitates the customers for availment of banking services round the clock with the help of mobile telecommunication devices. Customers can access bank accounts i.e. can check account balance, transfer funds, make bill payments etc through their mobile handset.

Q. Are there any pre requisites for availing PNB Mobile Banking Services?

A:One need to have account with the Bank, a valid mobile connection and handset supporting the services.

Q:. Do I need to register with particular Service Provider to use Mobile Banking Services?

A:No, the Mobile Banking Services are accessible through presently available Service Providers.

Q. How One can register for Mobile Banking Services?

A:One can register for the Mobile Banking Services by submitting request on the required application form at any Bank branch.

Q. What are the variants offered in mobile banking?

A:Currently mobile banking is offered in 4 variants:

Þ Application based

Þ Browser based

Þ Manual SMS

Þ USSD-(Unstructured Supplementary Services Data)

Q. What are the services offered through Mobile Banking Services?

A:SMS Mode:

i. View account balance

ii. Account Statement Request

iii. Online Mini Statement

iv. Self transfer of funds

v. Online stop cheque

vi. Cheque Book Request

vii. Cheque Status inquiry

viii. Changing SMS Password

ix. Message to Relationship Manager

Browser based and Application based:

i. Account Details

ii. Account Statement

iii. Bill Payments

iv. Offline Request (FD Opening, NEFT, RTGS)

v. Activity Inquiry

vi. View Balance

vii. Online Mini Statement

viii. Changing Login and Transaction Password

ix. Online stop cheque

x. Cheque Status inquiry

xi. Self transfer of funds

xii. Third Party Fund Transfers

xiii. IMPS(Immediate Payment Service)

USSD- (Unstructured Supplementary Services Data)

i. View Balance

ii. Account Details

iii. Nominee Details

iv. Online Mini Statement

v. Self transfer of funds

vi. Third Party Transfer of funds

vii. Cheque Status inquiry

viii. Changing Login and Transaction Password

Q.. What is the definition of MSME?

A:The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;

A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore;

A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore. In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722(E) dated October 5, 2006 .

Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;

A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore;

A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

Q.. What is meant by Priority Sector Lending?

A:Priority sector lending include only those sectors, as part of the priority sector that impact large sections of the population, the weaker sections and the sectors which are employment-intensive such as agriculture, and Micro and Small enterprises.

Q.. Are there any targets prescribed for lending by banks to MSMEs?

A:As per extant policy, certain targets have been prescribed for banks for lending to the Micro and Small enterprise (MSE) sector. In terms of the recommendations of the Prime Minister's Task Force on MSMEs banks have been advised to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises, a 10 per cent annual growth in the number of micro enterprise accounts and 60% of total lending to MSE sector as on preceding March 31st to Micro enterprises.

In order to ensure that sufficient credit is available to micro enterprises within the MSE sector, banks should ensure that:

40 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises having investment in plant and machinery up to Rs. 10 lakh and micro (service) enterprises having investment in equipment up to Rs. 4 lakh ;

20 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises with investment in plant and machinery above Rs. 10 lakh and up to Rs. 25 lakh, and micro (service) enterprises with investment in equipment above Rs. 4 lakh and up to Rs. 10 lakh. Thus, 60 per cent of MSE advances should go to the micro enterprises.

Q.. Is there any provision for grant of composite loans by banks?

A:A composite loan limit of Rs.1crore can be sanctioned by banks to enable the MSME entrepreneurs to avail of their working capital and term loan requirement through Single Window.

Q.. What is Cluster financing?

A: Cluster based approach to lending is intended to provide a full-service approach to cater to the diverse needs of the MSE sector which may be achieved through extending banking services to recognized MSE clusters. A cluster based approach may be more beneficial (a)in dealing with well-defined and recognized groups (b) availability of appropriate information for risk assessment (c) monitoring by the lending institutions and (d) reduction in costs.

The banks have, therefore, been advised to treat it as a thrust area and increasingly adopt the same for SME financing. United Nations Industrial Development Organisation (UNIDO) has identified 388 clusters spread over 21 states in various parts of the country. The Ministry of Micro, Small and Medium Enterprises has also approved a list of clusters under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Micro and Small Enterprises Cluster Development Programme (MSE-CDP) located in 121 Minority Concentration Districts. Accordingly, banks have been advised to take appropriate measures to improve the credit flow to the identified clusters.

Banks have also been advised that they should open more MSE focused branch offices at different MSE clusters which can also act as counseling Centres for MSEs.

Q. What are the RBI guidelines on interest rates for loans disbursed by the commercial banks?

A: As part of the financial sector liberalization, all credit related matters of banks including charging of interest have been deregulated by RBI and are governed by the banks' own lending policies.

Q.. Why is credit rating of the micro small borrowers important?

A:With a view to facilitating credit flow to the MSME sector and enhancing the comfort-level of the lending institutions, the credit rating of MSME units done by reputed credit rating agencies and it should be encouraged. Banks are advised to consider these ratings as per availability and wherever appropriate structure their rates of interest depending on the ratings assigned to the borrowing SME units.

Q. Is credit rating mandatory for the MSE borrowers?

A:Credit rating is not mandatory but it is in the interest of the MSE borrowers to get their credit rating done as it would help in credit pricing that is cost of funds (interest and other charges etc.) of the loans taken by them from banks.

Q.. What is debt restructuring of advances?

A:A viable/potentially viable unit may apply for a debt restructuring if it shows early stage of stickiness. In such cases the banks may consider to reschedule the debt for repayment, consider additional funds etc. A debt restructuring mechanism for units in MSME sector has been formulated and advised to all commercial banks. The detailed guidelines have been issued to ensure restructuring of debt of all eligible small and medium enterprises. Prudential guidelines on restructuring of advances have also been issued which harmony the prudential norms over all categories of debt restructuring mechanisms (other than those restructured on account of natural calamities).

Q.. What is the definition of a sick unit?

A:As per the extant guidelines, a Micro or Small Enterprise (as defined in the MSMED Act 2006) may be said to have become Sick, if

Any of the borrower account of the enterprise remains NPA for three months or more.

OR

There is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth during the previous accounting year. This criterion enables banks to detect sickness at an early stage and facilitate corrective action for revival of the unit.

Q.. Are all sick units put under rehabilitation by banks?

A:No. If a sick unit is found potentially viable it can be rehabilitated by the banks. The viability of the unit is decided by banks. A unit should be declared unviable only if such a status is evidenced by a viability study.

Q.. Is there a time frame within which the banks are required to implement the rehabilitation package?

A:Viable / potentially viable MSE units/enterprises, which turn sick in spite of debt re-structuring, would need to be rehabilitated and put under nursing. It will be for the banks/financial institutions to decide whether a sick MSE unit is potentially viable or not. The rehabilitation package should be fully implemented by banks within six months from the date the unit is declared as potentially viable/viable. During this six months period of identifying and implementing rehabilitation package banks/FIs are required to do "holding operation" which will allow the sick unit to draw funds from the cash credit account at least to the extent of deposit of sale proceeds.

Q.. What is the procedure and time frame for conducting the viability study?

A:The decision on viability of the unit should be taken at the earliest but not later than 3 months of the unit becoming sick under any circumstances. The following procedure should be adopted by the banks before declaring any unit as unviable:

A unit should be declared unviable only if the viability status is evidenced by a viability study. However, it may not be feasible to conduct viability study in very small units and will only increase paperwork. As such for micro (manufacturing) enterprises, having investment in plant and machinery up to Rs. 5 lakh and micro (service) enterprises having investment in equipment up to Rs. 2 lakh, the Branch Manager may take a decision on viability and record the same, along with the justification.

The declaration of the unit as unviable, as evidenced by the viability study, should have the approval of the next higher authority/ present sanctioning authority for both micro and small units. In case such a unit is declared unviable, an opportunity should be given to the unit to present the case before the next higher authority. The modalities for presenting the case to the next higher authority may be worked out by the banks in terms of their Board approved policies in this regard.

The next higher authority should take such decision only after giving an opportunity to the promoters of the unit to present their case.

For sick units declared unviable, with credit facilities of Rs. 1 crore and above, a Committee approach may be adopted. A Committee comprising of senior officials of the bank may examine such proposals. This is expected to improve the quality of decisions as collective wisdom of the members shall be utilized, especially while taking decision on rehabilitation proposals.

The final decision should be communicated to the promoters in writing. The above process should be completed in a time bound manner and should not take more than 3 months.

Q.. What are the RBI guidelines on One Time Settlement scheme(OTS) for MSEs for settlement of their NPAs?

A:Scheduled commercial banks have put in place a non - discretionary One time Settlement scheme duly approved by their Boards.

Q.. Can the MSE borrowers get collateral free loans from banks?

A:In terms of RBI Guidelines, banks are mandated not to accept collateral security in the case of loans upto Rs 10 lakh extended to units in the MSE sector. Further, in terms of RBI circular, banks may, on the basis of good track record and financial position of MSE units, increase the limit of dispensation of collateral requirement for loans up to Rs.25 lakh with the approval of the appropriate authority.

Q: Give overview of Consumer Protection Act

A: It is implemented from 1987 to enforce consumer rights through a simple legal procedure. Banks also are covered under the Act. A consumer can file complaint for deficiency of service with Consumer District Forum for amounts upto Rs.20 Lacs in District Court, and for amounts above Rs.20 Lacs to Rs.1 Crore in State Commission and for amounts above Rs.1 Crore in National Commission.

Q:What is Co-operative Bank

A : An association of persons who collectively own and operate a bank for the benefit of consumers / customers, like Saraswat Cooperative Bank or Abhyudaya Co-operative Bank and other such banks.

Q:What is Co-operative Society

A: When an association of persons collectively own and operate a unit for the benefit of those using its services like Apna Bazar Co-operative Society or Sahakar Bhandar or a Co-operative Housing Society.

Q:What is Core Banking Solutions (CBS)

A : Core Banking Solutions is a buzz word in Indian banking at present, where branches of the bank are connected to a central host and the customers of connected branches can do banking at any breach with core banking facility.

Q:What is Crossing of Cheques

A: Crossing refers to drawing two parallel lines across the face of the cheque.A crossed cheque cannot be paid in cash across the counter, and is to be paid through a bank either by transfer, collection or clearing.A general crossing means that cheque can be paid through any bank and a special crossing, where the name of a bank is indicated on the cheque, can be paid only through the named bank.

Q:What is Current Account

A : Current account with a bank can be opened generally for business purpose. There are no restrictions on withdrawals in this type of account. No interest is paid in this type of account.

Q Define Customer

A : A person who maintains any type of account with a bank is a bank customer. Consumer Protection Act has a wider definition for consumer as the one who purchases any service for a fee like purchasing a demand draft or a pay order. The term customer is defined differently by Laws, softwares and countries.

Q:What is Debit Card

A: A plastic card issued by banks to customers to withdraw money electronically from their accounts. When you purchase things on the basis of Debit Card the amount due is debited immediately to the account . Many banks issue Debit-Cum-ATM Cards.

Q:Who is Debtor

A : A person who takes some money on loan from another person.

Q:What is Demand Deposits

A: Deposits which are withdrawn on demand by customers.E.g. savings bank and current account deposits.

Q:What isDemat Account

A: Demat Account concept has revolutionised the capital market of India. When a depository company takes paper shares from an investor and converts them in electronic form through the concerned company, it is called Dematerialisation of Shares. These converted Share Certificates in Electronic form are kept in a Demat Account by the Depository Company, like a bank keeps money in a deposit account. Investor can withdraw the shares or purchase more shares through this demat Account.

Q:What isDishonour of Cheque

A : Non-payment of a cheque by the paying banker with a return memo giving reasons for the non-payment.

Q What is E-Banking ?

A: E-Banking or electronic banking is a form of banking where funds are transferred through exchange of electronic signals between banks and financial institution and customers ATMs, Credit Cards, Debit Cards, International Cards, Internet Banking and new fund transfer devices like SWIFT, RTGS belong to this category.

Q What is EFT - (Electronic Fund Transfer)?

A : EFT is a device to facilitate automatic transmission and processing of messages as well as funds from one bank branch to another bank branch and even from one branch of a bank to a branch of another bank. EFT allows transfer of funds electronically with debit and credit to relative accounts.

Q What is Either or Survivor ?

A: Refers to operation of the account opened in two names with a bank. It means that any one of the account holders have powers to withdraw money from the account, issue cheques, give stop payment instructions etc. In the event of death of one of the account holder, the surviving account holder gets all the powers of operation.

Q What is Electronic Commerce (E-Commerce)?

A: E-Commerce is the paperless commerce where the exchange of business takes place by Electronic means.

Q What is Endorsement?

A : When a Negotiable Instrument contains, on the back of the instrument an endorsement, signed by the holder or payee of an order instrument, transferring the title to the other person, it is called endorsement.

Q What is Endorsement in Blank ?

A: Where the name of the endorsee or transferee is not mentioned on the instrument.

Q What is Endorsement in Full ?

A: Where the name of the endorsee or transferee appears on the instrument while making endorsement.

Q What is Execution of Documents ?

A: Execution of documents is done by putting signature of the person, or affixing his thumb impression or putting signature with stamp or affixing common seal of the company on the documents with or without signatures of directors as per articles of association of the company.

Q What is FORWARD MARKETS COMMISSION(FMC)?

A:Forward Markets Commission (FMC) headquartered at Mumbai, is a regulatory authority which is overseen by the Ministry of Finance, Govt. of India. It is a statutory body set up in 1953 under the Forward Contracts (Regulation) Act, 1952.

Q What is Factoring ?

A: Business of buying trade debts at a discount and making a profit when debt is realized and also taking over collection of trade debts at agreed prices.

Q What is'FIAT MONEY'?

A:Currency that a government has declared to be legal tender, but is not backed by a physical commodity. The value of fiat money is derived from the relationship between supply and demand rather than the value of the material that the money is made of. Historically, most currencies were based on physical commodities such as gold or silver, but fiat money is based solely on faith. Fiat is the Latin word for "it shall be".

Q What is Forfaiting ?

A: In International Trade when an exporter finds it difficult to realize money from the importer, he sells the right to receive money at a discount to a forfaiter, who undertakes inherent political and commercial risks to finance the exporter, of course with assumption of a profit in the venture.

Q What is Forgery ?

A: when a material alteration is made on a document or a Negotiable Instrument like a cheque, to change the mandate of the drawer, with intention to defraud.

Q. What are the salient features of the Senior Citizens Savings Scheme, 2004?

A:The salient features of the Senior Citizens Savings Scheme, 2004 are given below.

Tenure of the deposit account:5 years, which can be extended by 3 years.

Rate of interest:9.3 per cent per annum

Frequency of computing interest:Quarterly

Taxability:Interest is fully taxable.

Whether TDS is applicable:Yes. Tax will be deducted at source.

Investment to be in multiples of:` 1000/-

Maximum investment limit:` 15 lakh

Minimum eligible age for investment:60 years (55 years for those who have retired on superannuation or under a voluntary or special voluntary scheme). The retired personnel of Defence Services (excluding Civilian Defence Employees) will be eligible to invest irrespective of the age limits subject to the fulfillment of other specified conditions

Premature closure/withdrawal facility:Permitted after one year of opening the account but with penalty.

Transferability:Not transferable

Tradability:Not tradable

Nomination facility:Nomination facility is available.

Modes of holding:Accounts can be held both in single and joint holding modes. Joint holding is allowed only with spouse.

Application forms available with Post Offices and designated branches of 24 Nationalised banks and one private sector bank

Applicability to NRI, PIO and HUFs Non Resident Indians (NRIs), Persons of Indian Origin (PIO) and Hindu Undivided Family (HUF) are not eligible to open an account under the Scheme.

Transfer from one deposit office to another

Transfer of account from one deposit office to another is permitted.

Q. Can a joint account be opened under the scheme with any person?

A:Joint account under the SCSS, 2004 can be opened only with the spouse.

Q. What should be the age of the spouse in case of a joint account?

A:In case of a joint account, the age of the first applicant / depositor is the only factor to decide the eligibility to invest under the scheme. There is no age bar/limit for the second applicant / joint holder (i.e. spouse).

Q. What will be the share of the joint account holder in the deposit in an account?

A:The whole amount of investment in an account under the scheme is attributed to the first applicant / depositor only. As such, the question of any share of the second applicant / joint account holder (i.e. spouse) in the deposit account does not arise.

Q. Whether both the spouses can open separate accounts in their individual capacity with separate limit of Rs.15 lakh for each of them?

A:Both the spouses can open individual and / or joint accounts with each other with the maximum deposits up to Rs.15 lakh each, provided both are individually eligible to invest under relevant provisions of the Rules governing the Scheme. (Rules 3 and 4)

Q. Whether any income tax rebate / exemption is admissible?

A:No income tax / wealth tax rebate is admissible under the Scheme. The prevailing Income Tax provisions shall apply. (GOI letter F. No.2/8/2004/NS-II dated October 13, 2004)

Q. Is TDS applicable to the scheme?

A:Yes, TDS is applicable to the Scheme as interest payments have not been exempted from deduction of tax at source. (GOI letter F. No.2/8/2004/NS-II dated March 28, 2006)

Q. Whether any minimum limit has been prescribed for deduction of tax at source?

A:Tax is to be deducted at source as per the minimum limit prescribed by the Government.

Q. What is the rate at which TDS is to be deducted from the account holder?

A:The rate for TDS for a financial year is specified in Part II of Schedule I of the Finance Act for that year. (GOI letter F. No.2/8/2004/NS-II dated June 06, 2006)

Q. Whether TDS should also be recovered from the undrawn interest payable to the legal heirs of the deceased depositors?

A:Tax shall be deducted at source even from any interest paid / payable to the legal heir of the account holder. (GOI letter F. No.2/8/2004/NS-II dated June 06, 2006)

Q. Whether TDS on interest payments will be applicable with retrospective effect or prospective basis?

A:TDS is applicable from the very first day when SCSS, 2004 was made operational regardless of the fact that the Central Government or Reserve Bank of India or any authority might have issued any Notification / circular / clarification at a later stage. (GOI letter F. No.2/8/2004/NS-II dated June 06, 2006)

Q. Whether only one person or number of persons can be nominated in the accounts opened under the Scheme?

A:The depositor may, at the time of opening of the account, nominate a person or persons who, in the event of death of the depositor, will be entitled to payment due on the account.

Q. Can a nomination be made after the account has already been opened?

A:Yes, nomination may be made by the depositor at any time after opening of the account but before its closure, by an application in Form C accompanied by the Pass book to the deposit office.

Q. Can a nomination be cancelled or changed?

A:Yes, the nomination made by the depositor may be cancelled or varied by submitting a fresh nomination in Form C to the deposit office where the account is being maintained.

Q. Can nomination be made in joint account also?

A:Nomination can be made in joint account also. In such a case, the joint holder will be the first person entitled to receive the amount payable in the event of death of the depositor. The nominee's claim will arise only after the death of both the joint holders.

Q. Can a person holding a Power of Attorney sign for the nominee in the nomination form ?

A:No, a person holding a Power of Attorney cannot sign for the nominee in the nomination form. (GOI letter No. F.15/8/2005/NS-II dated March 02, 2006)

Q. In case of a joint account, if the first holder / depositor expires before maturity, can the account be continued?

A:In case of a joint account, if the first holder / depositor expires before the maturity of the account, the spouse may continue the account on the same terms and conditions as specified under the SCSS Rules. However, if the second holder i.e. spouse has his / her own individual account, the aggregate of his/her individual account and the deposit amount in the joint account of the deceased spouse should not be more than the prescribed maximum limit. In case the maximum limit is breached, then the remaining amount shall be refunded, so that the aggregate of the individual account and deceased spouse's joint account is maintained at the maximum limit.

Q. What happens to the accounts if both the spouses are maintaining individual accounts and not any joint account and one of them expires?

A:If both the spouses have opened separate accounts under the scheme and either of the spouses dies during the currency of the account(s), the account(s) standing in the name of the deceased depositor/spouse shall not be continued and such account(s) shall be closed. The account can be closed by making an application in Form 'F'. Annexures II & III to Form 'F' can be attested by the Oath Commissioner or Notary Public [Rule 8].

Q. Whether any fee has been prescribed for nomination and / or change / cancellation of nomination?

A:No fee has been prescribed for nomination and / or change / cancellation of nomination(s) in the accounts under the SCSS, 2004. (GOI letter F. No.2/8/2004/NS-II dated October 13, 2004)

Q. What is the age limit in the case of retired Defence Personnel for investment in the scheme?

A:The retired personnel of Defence Services (excluding Civilian Defence Employees) will be eligible to subscribe under the scheme irrespective of the age limit of 60 years subject to the fulfillment of other specified conditions. (The Senior Citizens Savings Scheme (Amendment) Rules, 2004 notified on October 27, 2004)

Q. What is the meaning of 'retirement benefits' for the purpose of SCSS, 2004?

A:"Retirement benefits" for the purpose of SCSS Rules have been defined as 'any payment due to the depositor on account of retirement whether on superannuation or otherwise and includes Provident Fund dues, retirement / superannuation gratuity, commuted value of pension, cash equivalent of leave, savings element of Group Savings linked Insurance scheme payable by employer to the employee on retirement, retirement-cum-withdrawal benefit under the Employees' Family Pension Scheme and ex-gratia payments under a voluntary retirement scheme'. (Rule 2 (a) of the Senior Citizens Savings Scheme (Amendment) Rules, 2004 notified on October 27, 2004)

Q. Can deposits under the SCSS scheme be made only from amounts received as retirements benefits?

A:In case an investor has attained the age of 60 years and above, the source of amount being invested is immaterial [Rule 2 (d)(i)]. However, if the investor is 55 years or above but below

60 years and has retired under a voluntary scheme or a special voluntary scheme or has retired from the Defence services, only the retirement benefits can be invested in the SCSS. [Rule 2(d)(ii)].

Q. Is there a period prescribed for opening deposit account under the SCSS scheme, by the senior citizen, from the retirement benefits?

A:If the investor is 60 years and above, there is no time period prescribed for opening the SCSS account(s). However for those below 60 years, following time limits have been prescribed.

(a) the persons who have attained the age of 55 years or more but less than 60 years and who retired under a voluntary retirement scheme or a special voluntary retirement scheme on the date of opening of an account under these rules, subject to the condition that the account is opened by such individual within three months of the date of retirement.

(b) the persons who have retired at any time before the commencement of these rules and attained the age of 55 years or more on the date of opening of an account under these rules, will also be eligible to subscribe under the scheme within a period of one month of the date of the notification of the SCSS, 2004 i.e. 27th October 2004, subject to fulfillment of other conditions. [Rule 2 of the Senior Citizens Savings Scheme (Amendment) Rules, 2004]

(c) the retired personnel of Defence Services (excluding Civilian Defence Employees) will be eligible to subscribe under the scheme irrespective of the above age limits subject to the fulfillment of other specified conditions. [Rule 2 of the Senior Citizens Savings Scheme (Amendment) Rules, 2004]

Q. Can an account holder obtain loan by pledging the deposit / account under the SCSS, 2004?

A:The facility of pledging the deposit / account under the SCSS, 2004 for obtaining loans, is not permitted since the account holder will not be able to withdraw the interest amount periodically, defeating the very purpose of the scheme. (GOI letter F. No.2/8/2004/NS-II dated May 31, 2005)

Q. Is premature withdrawal of the deposits from the accounts under the SCSS, 2004 permitted?

A:Premature withdrawal / closure of the deposits from the accounts under the SCSS, 2004 has been permitted after completion of one year from the date of opening of the account after deducting the penalty amount as given below.

(i) If the account is closed after one year but before expiry of two years from the date of opening of the account, an amount equal to one and half per cent of the deposit shall be deducted.

(ii) If the account is closed on or after the expiry of two years from the date of opening of the account, an amount equal to one per cent of the deposit shall be deducted.

However, if the depositor is availing the facility of extension of account under Rule 4 (3), then he/she can withdraw the deposit and close the account at any time after the expiry of one year from the date of extension of the account without any deduction. [Rule 9 (1) (a) (b) and (2)]

Q. Are Non-resident Indians, Persons of Indian Origin and Hindu Undivided Family eligible to invest in the SCSS, 2004?

A:Non resident Indians (NRIs), Persons of Indian Origin (PIO) and Hindu Undivided Family (HUF) are not eligible to invest in the accounts under the SCSS, 2004. If a depositor becomes a Non-resident Indian subsequent to his/her opening the account and during the currency of the account under the SCSS Rules, the account may be allowed to continue till maturity, on a non-repatriation basis and the account will be marked as a Non-Resident account. [Rule 13 and GOI letter F.No.2/8/2004/NS-II dated June 19, 2006)

Q. Can an account be transferred from one deposit office to another?

A:A depositor may apply in Form G, enclosing the Pass Book thereto, for transfer of his account from one deposit office to another. If the deposit amount is rupees one lakh or above, a transfer fee of rupees five per lakh of deposit for the first transfer and rupees ten per lakh of deposit for the second and subsequent transfers shall be payable. [Rule 11 and GOI Notification GSR.(E) dated March 23, 2006)

Q. Can an SCSS account be extended?

A:A depositor may extend the account for a further period of three years by making an application to the deposit office within a period of one year after maturity.

Q. Does an account, which is not extended on maturity, earn any interest?

A:In case a depositor does not close the account on maturity and also does not extend the account, the account will be treated as matured and the depositor will be entitled to close the account at any time subject to the condition that the post maturity interest at the rate as applicable to the deposits under the Post office Savings Accounts from time to time will be payable on such matured deposits upto the end of the month preceding the month of the closure of the account.

Q. What happens if an account is opened in contravention of the SCSS Rules?

A:If an account has been opened in contravention of the SCSS Rules, the account shall be closed immediately and the deposit in the account, after deduction of the interest, if any, paid on such deposit, shall be refunded to the depositor. (Rule 12)

Q. Whether commission is payable to the agents under the Scheme?

A:Payment of commission on the Scheme has been discontinued w.e.f. December 1, 2011 (Government of India Notification dated November 25, 2011).

Q. Which are the banks authorized to open an account under the SCSS, 2004?

A:At present, 24 Nationalized banks and one private sector bank, as per list below, are authorized to handle the SCSS, 2004. It may be noted that only designated branches of these banks have been authorized to handle SCSS, 2004.

State Bank of India

State Bank of Hyderabad

State Bank of Bikaner and Jaipur

State Bank of Patiala

State Bank of Mysore

State Bank of Travancore

Allahabad Bank

Andhra bank

Bank of Baroda

Bank of India

Bank of Maharashtra

Canara Bank

Central Bank of India

Corporation Bank

Dena Bank

Indian Bank

Indian Overseas Bank

Punjab National Bank

Syndicate Bank

UCO Bank

Union Bank of India

United Bank of India

Vijaya Bank

IDBI Bank

ICICI Bank Ltd.

Q:. Who can apply under PPF scheme?

A:An individual can open a PPF account on his / her own behalf and / or on behalf of a minor of whom he is the guardian. An individual can open only one PPF account on his/ her own behalf.

Q:. Who can not open a PPF Account?

A:A Non Resident India (NRI) cannot open an account under the scheme. However if a resident who subsequently becomes an NRI during the currency of the maturity period prescribed under PPF can subscribe to his/her account till maturity but cannot

extend the account.Since May 13, 2005, Hindu Undivided Family also can not open a account under the scheme. Accounts opened prior to May 13, 2005 may continue subscription to their account till maturity. They also can not extend the account any further.

Q:. What is the Limit of Subscription to a PPF account?

A:An individual on his / her own behalf and on behalf of a minor of whom he is the guardian can subscribe an amount (in integral multiples of ` 5/-) not less than ` 500/- and not more than ` 1,50,000/-, in a financial year.

The ceiling on deposits as provided for by the Central Government from time to time, which is ` 1,50,000/- in a financial year at present, is both for individual self account and account(s) opened on behalf of minor(s) of whom he is the guardian, taken together.

Q. How many subscriptions are permitted in a financial year?

A: The subscription into an account can be made in a single lump sum or in installments not exceeding twelve in a financial year.

Q. When is an account treated as Discontinued?

A:Where subscribers having subscribed ` 500/- or more in the initial year fail to subscribe the minimum amount in the following years, the account will be treated as discontinued.

The subscriber in such cases will not be entitled to obtain a loan or make a partial withdrawal unless the account is revived.

The subscriber cannot open another PPF account in addition to the

discontinued one at any other Account Office.

Q. How can a Discontinued Account be revived?

A:A subscriber to a discontinued account may approach the Account Office for revival of the discontinued account by payment of ` 50/- for each year of default along with arrear subscription of ` 500/- for each year.

Q. What is the Rate of Interest under PPF?

A:Interest rate is notified by the Central Government in official gazette from time to time and is currently notified at 8.7% p.a.

Q. Is nominations facility available under the scheme ?

A:The PPF Scheme facilitates nominations of one or more persons to receive the amount standing to the subscriber's credit in case of death. However no nomination(s) is possible in case of minor account.

Q. Can there be a change in nominations?

A:Yes, changes to previous nomination(s) are possible by applying a fresh nomination(s) in Form F.

Q.Can a PPF account be transferred?

A:Yes, a PPF account can be transferred from one account office to another.

Q.When does a PPF account mature?

A:A subscriber can withdraw the entire balance standing to his / her credit after the expiry of fifteen years from the end of the financial year in which the initial subscription is made.

Q.Is Partial Withdrawal account from the PPF account?

A:Anytime after the expiry of five years from the end of the financial year in which the initial subscription is made, the subscriber can partially withdraw but not more than fifty percent (50%) from the balance that stood to his / her credit at the end of the fourth financial year immediately preceding the year of withdrawal or at

the end of the preceding financial year whichever is lower, less the loan amount (if any). Only one withdrawal is allowed per financial year.

For example, an account opened in January 2010 will be eligible for partial withdrawal from April 1, 2015. For a partial withdrawal requested in April 2015, the amount of withdrawal will be limited to 50% of the lower of the balances standing to his / her credit as on March 31, 2012 or on March 31, 2015.

Q.Is Partial Withdrawal allowed from a Minor's Account?

A:Withdrawals from a minor's account requires the guardian to furnish a certificate in the following form:

"Certified that the amount sought to be withdrawn is required for the use of______________ who is alive and is still a minor."

Q.Can a PPF account continue with Deposits after Maturity?

A:A subscriber may, after maturity of his / her PPF Account, exercise an option to subscribe for a further block periods of 5 years, subject to the prescribed limits of subscription. This option has to be exercised by the subscriber before the end of the

first financial year after maturity.

Partial withdrawals in the block periods shall be limited to one per each financial year and are not to exceed 60% of the balance outstanding at the commencement of the block period.

On completion of the first block period, a subscriber may continue to subscribe for further block periods, subject to the limits of subscription and exercise of such option should be done in the first financial year of every extended block period.

Q.Can a PPF account Continue without Deposits after Maturity?

A:A subscriber can retain his / her PPF account after maturity without making any further deposits. The balance will continue to earn interest. The subscriber can make one withdrawal of any amount in each financial year.

Q.When and what is the loan amount that can be availed?

A: A subscriber can avail a loan on his / her PPF deposit any time after the expiry of one year from the end of the financial year in which the initial subscription was made but before the expiry of five years from the end of the financial year in which the initial subscription was made.

For example, a subscriber opening an account in January 2010 will be eligible for a loan from April 2011 to March 2015.

The loan amount will be limited to 25% of the balance outstanding to the subscriber's credit at the end of the second year immediately preceding the financial year in which the loan is requested. For example, a subscriber requesting a loan in April 2011 will be eligible for 25% of the amount (including interest) that stood to his

credit as on March 31, 2010.

Q.How is the repayment of loan done?

A:The principal amount of the loan is to be repaid by the subscriber before the expiry of thirty-six months from the first day of the month following the month in which the loan is sanctioned.

The loan repayment is to be made in one lump sum or in two or more monthly installments within the thirty-six month period.

After the principal amount of the loan is fully repaid, the subscriber shall pay the interest amount in not more than two monthly installments. Interest is calculated at 2% above on the principal amount for the period commencing from the first day of

the month following the month in which the loan is availed up to the last day of the month in which the last installment of the loan is repaid.

Q.Can a change in name of female subscriber on account of marriage possible?

A: In the event of her marriage, a female subscriber may request for change in surname by submitting documentary evidence of the same.

Q. How is the repayment done after the death of the subscriber?

A: If a subscriber to an account in respect of which nomination is in force dies, the nominee or nominees may make an application in Form G, or as near thereto as possible, to the Bank together with the proof of death of the subscriber and on receipt of such application all amounts standing to the credit of the subscriber after

making adjustment, if any in respect of interest on loans taken by the subscriber shall be repaid by the Bank itself to the nominee or nominees.

If the nominee is dead, the surviving nominee or nominees shall, in addition to the proof of death of the subscriber, also furnish proof of the death of the deceased nominee.

Where there is NO nomination in force at the time of death of the subscriber, the amount standing to the credit of the deceased after making adjustment, if any, in respect of interest on loans taken by the subscriber, shall be repaid by the Bank to the legal heirs of the deceased on receipt of application in Form G in this behalf from them.

If the credit balance standing in the account is upto Rs.1 lakh, the same may be paid to his/her legal heirs on production of :

a). A letter of indemnity.

b). An affidavit

c). A letter of disclaimer on affidavit, and

d). A certificate of death of subscriber, on stamped paper.

Q.Does the PPF account earn interest after the death of the subscriber?

A: On the death of the subscriber, the balance in PPF a/c. does not cease to earn interest. The interest is admissible till the end of the month preceding the month in which payment of the deposits is made to the nominee / legal heirs.

Q.Can a PPF account be transferred from one individual to another?

A:A PPF a/c. is not transferable from one individual to another, as such the nominee cannot continue the account of a deceased subscriber in his own name.

Q:What is APB?

A:Aadhaar Payments Bridge (APB) is a Payments system, where payments can be made to targeted Residents using Aadhaar as the Financial Address instead of Bank Account number.

Q:What is the pre-requisite to initiate payment through APB?

A:There are three primary requirements before a payment can be made successfully using APB:

The Resident's Aadhaar to be linked with the Bank Account;

Aadhaar to be linked in the database of the paying agency, such as a Government Welfare Scheme;

The Paying agency to be registered on APB and get an APB Registration ID.

Q:What is AePS?

A:AePS (Aadhaar Enabled Payments System) is a payment service offered by the National Payments Corporation of India (NPCI) to banks, financial institutions using 'Aadhaar' number and online UIDAI authentication through their respective Business correspondent service Centers / Bank Mitras.

Q:Does the Resident need to have a bank account for availing AEPS?

A:Yes, the customer needs to have a bank account linked to his/ her Aadhaar with the bank offering the AEPS service.

Q:What is Aadhaar Seeding?

A:Aadhaar Seeding is the process of linking the Aadhaar in various beneficiary databases. Examples include linking of Aadhaar to the Bank Accounts, to Pension ID for Pensioners and to Job Card Number of NREGS Wage Seekers, etc.

Q:Can a Resident link the Aadhaar to more than one account within a bank?

A:Yes. However the bank shall keep only one of the accounts as primary account which would receive all AEPS transactions.

Q:Can a Resident link the Aadhaar to more than one Account in different Banks?

A:Yes. However, the Account that has been Seeded last backed with a mandate to the bank to receive payments – will be active for receiving payments through APB.

Q:What is the e-KYC service?

A:UIDAI offers the e-KYC service, which enables a resident having an Aadhaar number to share their demographic information and photograph with a UIDAI partner organization in an online, secure, auditable manner with the residents consent. The consent by the resident can be given via a Biometric authentication or an One Time Password (OTP) authentication.

Q:What information is shared in the e-KYC service?

A:The Aadhaar holders demographic information i.e Name, Address, Date of Birth, Gender, Phone & Email (where available) & Photograph which is currently available with the resident is shared via the e-KYC service.

Q:Who can use the e-KYC service?

A:The e-KYC service is envisaged as a public benefit service. Any organization, authorized and approved by UIDAI to use this service can deploy the e-KYC service to serve its business interest. UIDAI envisages, initially organisations such as Banks, Telecom, Financial Services etc who have a regulatory compliance to perform a KYC function will be the front runners in leveraging this service.

Q: What is the process to start using the e-KYC service?

A:Organizations interested in using the e-KYC service, will need to get approved and authorized by UIDAI to use this service.

:What are the key features of the e-KYC service?

A:Some of the key features of the e-KYC service are:

Paperless: The service is fully electronic, enabling elimination of KYC document management

Consent based: Data is shared by the resident consent through Aadhaar authentication, thus protecting resident privacy.

Secure and compliant with the IT Act: Data transfer are secured through the use of encryption and digital signature as per the Information Technology Act, 2000 making e-KYC document legally equivalent to paper documents.

Non-repudiable: The use of resident authentication for authorization, the affixing of a digital signature by the service provider originating the e-KYC request, and the affixing of a digital signature by UIDAI when providing the e-KYC data makes the entire transaction non-repudiable by all parties involved.

Instantaneous: The service is fully automated, and KYC data is furnished in real-time, without any manual intervention

Regulator friendly: The service providers can provide a portal to the Ministry/Regulator for auditing all e-KYC requests.

Q:What is the regulatory stance on the e-KYC service?

A:RBI, IRDA, PFRDA & SEBI have accepted UIDAI's e-KYC service as a valid KYC.

Q: Who can open a saving account in bank.

A:1. Saving account Can be opened by Resident Individuals (either singly or jointly), Associations, Trusts, Hindu Undivided Families (HUFs), Clubs, Societies etc. Institutions specially permitted by RBI. for the purpose of saving a part of their income.

Q:What is purpose of opening this account.

A:The main purpose of opening a saving account is to save an amount.

Q: Who can operate this account.

A:Saving account is operated by Resident Individuals (either singly or jointly), Associations, Trusts, Hindu Undivided Families (HUFs), Clubs, Societies etc. Institutions specially permitted by RBI.

Q:What interest is payable by banks on these accounts.

A:The saving account earns a nominal rate of interest. At present, it is about 4% p.a. (in India).(VARIES FROM BANK TO BANK). Some banks are paying higher interest also. there is complete freedom to banks to decide their interest rates.

Q:What min balance requirement.

A: The saving account can be operated with lesser amount.(may be Rs 500/= or even Zero).

Q: Who can open a Current account in bank.

A:Current account is opened by Individuals,joint account, sole proprietary concerns,partnership concerns,HUFs, COMPANIES,Association of persons,society,trusts,body co-operatives,charitable and other institutions. for business transactions.

Q:What is purpose of opening this account.

A:The main purpose of opening a current account is to facilitate regular business transactions.

Q: Who can operate this account.

A:Current account is operated by Individuals,joint account, sole proprietary concerns,partnership concerns,HUFs, COMPANIES,Association of persons,society,trusts,body co-operatives,charitable and other institutions.

Q:What interest is payable by banks on these accounts.

A:Normally, banks do not pay interest on current account.

Q:What min balance requirement.

A:To open current account more amount is required.(may be Rs 1000/=)

Q. What is the nature of the scheme(PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA)

A:The scheme will be a one year cover Term Life Insurance Scheme, renewable from year to year, offering life insurance cover for death due to any reason.

2. What would be the benefits under the scheme and premium payable?

A:Rs.2 lakhs is payable on a subscriber's death due to any reason. The premium payable is Rs.330/- per annum per subscriber.

Q. How will the premium be paid?

A:The premium will be deducted from the account holder's savings bank account through 'auto debit' facility in one installment, as per the option to be given on enrolment.

Members may also give one-time mandate for auto-debit every year till the scheme is in force, subject to re-calibration that may be deemed necessary on review of experience of the scheme from year to year.

4. Who will offer / administer the scheme?

A:The scheme would be offered / administered through LIC and other Life Insurance companies willing to offer the product with necessary approvals on similar terms, in collaboration with participating Banks. Participating banks will be free to engage any

such life insurance company for implementing the scheme for their subscribers.

Q. Who will be eligible to subscribe?

A:All savings bank account holders in the age 18 to 50 years in participating banks will be entitled to join. In case of multiple saving bank accounts held by an individual in one or different banks, the person would be eligible to join the scheme through one savings

bank account only.

Q. What is the enrolment period and modality?

A:Initially on launch for the cover period from 1st June 2015 to 31st May 2016 subscribers are expected to enroll and give their auto-debit option by 31st May 2015, extendable up to 31st August 2015. Enrolment subsequent to this date will be possible prospectively on

payment of full annual payment and submission of a self-certificate of good health.

Subscribers who wish to continue beyond the first year will be expected to give their consent for auto-debit before each successive May 31st for successive years. Delayed renewal subsequent to this date will be possible on payment of full annual premium and submission of a self-certificate of good health.

Q. Can eligible individuals who fail to join the scheme in the initial year join in subsequent years?

A:Yes, on payment of premium through auto-debit and submission of a self-certificate of good health. New eligible entrants in future years can also join accordingly.

Q. Can individuals who leave the scheme rejoin?

A:Individuals who exit the scheme at any point may re-join the scheme in future years by paying the annual premium and submitting a self declaration of good health.

Q. Who would be the Master policy holder for the scheme?

A:Participating Banks will be the Master policy holders. A simple and subscriber friendly administration & claim settlement process shall be finalized by LIC / chosen insurance company in consultation with the participating bank.

Q1. When can the assurance on life of the member terminate?

A:The assurance on the life of the member shall terminate / be restricted accordingly on any of the following events:

i. On attaining age 55 years (age near birth day), subject to annual renewal up to that date (entry, however, will not be possible beyond the age of 50 years).

ii. Closure of account with the Bank or insufficiency of balance to keep the insurance in force.

iii. In case a member is covered through more than one account and premium is received by LIC / insurance company inadvertently, insurance cover will be restricted to Rs. 2 Lakh and the premium shall be liable to be forfeited.

Q. What will be the role of the insurance company and the Bank?

A:

i. The scheme will be administered by LIC or any other Life Insurance company which is willing to offer such a product in partnership with a bank / banks.

ii. It will be the responsibility of the participating bank to recover the appropriate annual premium in one installment, as per the option, from the account holders on or before the due date through 'auto-debit' process and transfer the amount due to the insurance company.

iii. Enrollment form / Auto-debit authorization / Consent cum Declaration form in the prescribed proforma, as required, shall be obtained and retained by the participating bank. In case of claim, LIC / insurance company may seek submission of the same. LIC / Insurance Company also reserve the right to call for these documents at any point of time.

Q. How would the premium be appropriated?

A: a. Insurance Premium to LIC /other insurance company: Rs.289/- per annum per member;

b. Reimbursement of Expenses to BC/Micro/Corporate/Agent : Rs.30/- per annum per member;

c. Reimbursement of Administrative expenses to participating Bank: Rs.11/- per annum per member.

Q. Will this cover be in addition to cover under any other insurance scheme the subscriber may be covered under?

A:Yes.

Q. What is MUDRA?

A:MUDRA, which stands for Micro Units Development & Refinance Agency Ltd., is a new institution being set up by Government of India for development and refinancing activities relating to micro units. It was announced by the Hon'ble Finance Minister while presenting the Union Budget for FY 2016. The purpose of MUDRA is to provide funding to the non corporate small business sector.

Q. Why MUDRA has been set up?

A:The biggest bottleneck to the growth of entrepreneurship in the Non –Corporate Small Business Sector (NCSBS) is lack of financial support to this sector. Majority of this sector does not have access to formal sources of finance. GoI is setting up MUDRA Bank through a statutory enactment for catering to the needs of the NCSBS segment or the informal sector for bringing them in the mainstream. To begin with it is being set up as a subsidiary of SIDBI.

Q. What will be roles and responsibilities of MUDRA?

A:MUDRA would be responsible for refinancing all Last Mile Financiers such as Non Banking Finance Companies of various types engaged in financing of small businesses, Societies, Trusts, Section 8 Companies [formerly Section 25], Co-operative Societies, Small Banks, Scheduled Commercial Banks and Regional Rural Banks which are in the business of lending to micro/small business entities engaged in manufacturing, trading and services activities. The Bank would partner with State/regional level financial intermediaries to provide finance to Last Mile Financier of small/micro business enterprises.

Q. What are the offerings of MUDRA? How will MUDRA function?

A:Under the aegis of Pradhan Mantri MUDRA Yojana, MUDRA has already created its initial products / schemes. The interventions have been named 'Shishu', 'Kishor' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth to look forward to :

a. Shishu : covering loans upto 50,000/-

b. Kishor : covering loans above 50,000/- and upto 5 lakh

c. Tarun : covering loans above 5 lakh to 10 lakh

MUDRA will be operating as a refinancing institution through state/regional level intermediaries. MUDRA's delivery channel is conceived to be through the route of refinance primarily to NBFCs / MFIs, besides other intermediaries including banks, Primary Lending Institutions, etc.

At the same time, there is a need to develop and expand the delivery channel at the ground level. In this context, there is already in existence, a large number of 'Last Mile Financiers' in the form of companies, trusts, societies, associations and other networks which are providing informal finance to small businesses.

Q. Who are the target clients of MUDRA/ What kind of borrowers are eligible for assistance from MUDRA?

A:Non –Corporate Small Business Segment (NCSBS) comprising of millions of proprietorship / partnership firms running as small manufacturing units, service sector units, shopkeepers, fruits / vegetable vendors, truck operators, food-service units, repair shops, machine operators, small industries, artisans, food processors and others, in rural and urban areas.

Q. Are Regional Rural Banks (RRBs) eligible for assistance from MUDRA?

A:Yes, MUDRA will be extending refinance support to RRBs for enhancing their liquidity.

Q. What is the rate of interest charged by MUDRA?

A:MUDRA will be a refinancing agency which will extend its funds to Last Mile Financiers to enable them to reach out to the sector. Access to finance in conjunction with rational price is going to be the unique customer value proposition of MUDRA. It will use a variety of innovative financing means to bring down the cost of funding for the ultimate borrower.

Q. I have a small business dealing in paper goods. Can MUDRA help me?

A:Yes. MUDRA will offer smaller loans upto 50,000/ under the 'Shishu' category and beyond 50,000 and upto 5 lakh under the 'Kishor' category. These products have been designed to cater to customers operating at the lower end of the enterprise spectrum. The loans will be extended through MFIs, NBFCs, Banks etc.

Q. I have graduated recently. I want to start my own business. Can MUDRA help me?

A:MUDRA offers smaller loans upto 50,000/ under the 'Shishu' category and beyond 50,000 and upto 5 lakh under the 'Kishor' category. It also offers loans beyond 5lakh and upto 10 lakh under the Tarun category. Depending on your nature of business project requirement you can access finance from one of the intermediaries of MUDRA as per the norms.

Q. I have diploma in food processing technology. I want to start my own unit. Please guide me.

A:Food Processing is an eligible activity for coverage under one of the MUDRA schemes. You can avail assistance under MUDRA schemes as per your requirements.

Q. I am an artisan specialising in Jari work. I want to start my own work instead of doing job work for others. Can MUDRA help me?

A:You can avail assistance under the 'Shishu' category of Micro Credit Scheme of MUDRA through any of the MFIs operating in your region for setting up your own enterprise.

Q. I have done a course on fashion designing. I want to open my own boutique and develop my own brand. What help can MUDRA offer to me?

A:MUDRA operates a special scheme for women entrepreneurs; viz; Mahila Uddyami Scheme. Assistance will be provided under all three groups, viz. 'Shishu', 'Kishor' as well as 'Tarun'.

Q. I intend to work on franchisee model and open an ice cream parlour. Can MUDRA help me?

A:MUDRA operates a special scheme 'Business loans for Traders and Shopkeepers'. You can avail the facilities under the scheme as per your requirements.

Q. I want to expand my pottery business by adding more variety and designs. What help can I get from MUDRA?

A:You can avail assistance under the 'Shishu' category of Micro Credit Scheme of MUDRA through any of the MFIs operating in your region for setting up your own enterprise.

Q: List items classified as liability in bank balance sheet.

A:SHARE CAPITAL.

RESERVE AND SURPLUS.

BORROWING FROM OTHER BANKS.

BORROWING FROM RBI.

DEMAND DEPOSITS FROM PUBLIC.

DEMAND DEPOSITS FROM BANKS.

TERM DEPOSITS FROM PUBLIC.

TERM DEPOSITS FROM BANKS.

OTHER DEMAND LIABILITIES.

REFINANCE FROM SIDBI.

REFINANCE FROM RBI.

REFINANCE FROM EXIM.

REFINANCE FROM NABARD.

PROVISIONS FOR TAX.

PROVISIONS FOR EXPENSES.

ACCEPTANCE, ENDORSEMENT AND OTHER OBLIGATIONS.

AND SO ON.

Q:List items classified as Assets in bank balance sheet.

A:Fixed assets.

Investments.

Loans and Advances to customers.

Other assets.

Q: What is current ratio.

A: Current assets/current liabilities.

Q: What is Debt Equity ratio.

A: long term debt/equity.

Q: What is DSCR.

A: Equal to PAT+DEP+INTEREST ON TERM LOAN / INSTALMENT OF TERM LOAN +INTEREST ON TERM LOAN.

Q: What is liquidity ratio.

A: current ratio and acid test ratio are called liquidity ratio.

Q: What is Primary Agricultural Co-operative Society(PACS).

A:The PACS/LAMPS/FSCS are the bottom-tier of the Short Term Cooperative Credit Structure functioning at the grassroots (Gram Panchayat) level. These are Primary Societies owned by farmers, rural artisans etc. and intended to promote thrift and mutual help among the members; cater to their credit requirements and provide credit-linked services like input supply, storage and marketing of agricultural produce etc. These Cooperative Credit Institutions with their wide out-reach in the rural areas and accessibility to the small and marginal farmers and the other marginalized populations have been playing a vital role in dispensation of agricultural credit.

Q: Discuss its Objectives.

A:To cater to the credit need, mostly, farm credit and income generation activities of farmers, artisans and other members.

To extend selected banking services to members.

To implement Kissan Credit Card Scheme for providing timely and adequate farm credit to members.

To take up marketing of agricultural produce of member farmers.

To cater to the consumer needs, mostly, essential commodities of members.

To create awareness among farmers to adopt improved farming practices.

To reach upto the unprivileged section of the community through SHGs, JLGs and TFGs.

Q : How many PACS are functional today.

A:93488 as at 2012-13. data thereafter is yet to be complied.

Q:What total membership .

A:127468 As at 2012-13 .

Q:What is NAFSCOB.

A: It stands for The National federation of State Cooperative Banks Ltd. (NAFSCOB),Mumbai was established on May 19, 1964 with a view to facilitate the operations of State and Central Cooperative banks in general andDevelopment of Cooperative Credit in particular.

Q: Discuss its objectives.

A:The specific objectives of NAFSCOB are to:

Provide a common forum to the member banks to examine the problems of cooperative credit, banking and allied matters and evolve suitable strategies to deal with them.

-Promote and protect the interests of the member banks in all spheres of their activities and to give expression to the view of the member banks.

-Co-ordinate and liaison with Government of India, Reserve Bank of India, respective State Governments, NABARD and other higher financing institutions for the development of cooperative credit on behalf of the member banks.

-Provide research and consultancy inputs to the member banks in order to facilitate them to strengthen their own organisations.

-
Organiseconferences/seminars/workshops/programmes/meetings to share the views of common interest with view to contribute for better policy decisions.

-The NAFSCOB functions with three of its wings, viz. (1) Planning,

Research and Development (PRD); (2) All India Mutual Arrangement Scheme(AIMAS) and (3) Computer Services Division (CSD).

Q: What is age requirement to open Sukanya Samriddhi Account .

A:Girl's Age limit: Sukanya Samriddhi Account can be opened by a legal guardian or by parents of the girl child by visiting nearest post office or selected bank branches. The girl child's age can be maximum 10 years old while opening SSA account.

Q: Is there any relaxation in age.

A:As this is the starting year, Govt is providing a grace period of 1 year till December 2015. Any girl child born between 2 December 2003 and 1 December 2004 can open account up to till 1 December 2015.This rule is just for this year only.

Q:Who can open SSA .

A: Only the parents or the legal guardian of the girl child can open SSA account.One can't open SSA account for his/her sisters or brothers daughter's account.

Q: Is there any restriction in number of accounts to be opened by one person.

A: YES, The no of account can be opened in the name of max 2 girl child only.But in case ,If 1st or 2nd birth gave twins then it can be opened for all 3 girls. From a family only one account is possible in the name of girl child. In simple terms, the thumb rule regarding Sukanya Samriddhi Account no of account is "One girl, One account".

Q: Where to open Sukanya Samriddhi Account

A: One can easily open this account by visiting nearest post-office./Bank branch.

Q: What Documents are required to open SSY account

A: To open Sukanya Samriddhi Account One have to provide birth certificate of kid, 2 passport photo graph, photo id of parent or guardian opening the account and address proof.

Q: What Interest rate is applicable on SSYAccount

A: Interest rate of this account will be changed every year. the interest rate is 9.2% for FY 2015-16.

Q: What is maximum amount that can be deposited in a year in this account.

A: Rs 1.5 lac.max.

Q: What is minimum amount can be deposited in the account.

A:The minimum amount one have to deposit to continue this account is Rs 1000 only .

Q: What is total term of this deposit account.

A:One can deposit under this scheme up to 14 years from the date of account opening only.

Q: What is date of maturity of this account.

A: The Sukanya Samriddhi Account will mature after 21 years from the date of opening. or At the time of marriage of girl, whichever is earlier.

Q: Can some money can be pre maturely withdrawn.

A:YES, Pre-mature withdrawal is permitted . One can withdraw 50% of the amount accumulated till 18th year of the girl child. The purpose of withdrawal must be higher education of girl child.

Q: Can account be transferred from one place to another.

A: YES, The account can be transferred to any part of country with the girl moving that city.

Q: In case girl child dies than who can get this money.

A;In case of death of depositor the account should be closed immediately. In such case the amount accumulated till the previous month of death will be returned to the nominee declared while opening SSA account or Guardian of the girl child.

Q:Atal Pension Yojna (APY) was launched on.

A: June 1 2015 .

Q: What is focus area of scheme.

A: focus is on the unorganised sector.

Q: What is quantum of pension.

A: .Under the Atal Pension Yojna Scheme (APY), the subscribers ,under the age of 40, would receive the fixed monthly pension of Rs. 1000 to Rs 5000 at the age of 60 years, depending on their contributions.

Q: What is contribution of Govt in this scheme.

A:To make the the pension scheme more attractive, government would co-contribute 50 per cent of a subscriber's contribution or Rs 1,000 per annum, whichever is lower to each eligible subscriber account for a period of of 5 years from 2015-16 to 2019-20. The benefit of government's co-contribution can be availed by those who subscribe to the scheme before December 31, 2015.

Q: Discuss eligible persons.

A:Eligibility for APY: Atal Pension Yojana (APY) is open to all bank account holders who are not members of any statutory social security scheme.

Age of joining and contribution period: The minimum age of joining APY is 18 years and maximum age is 40 years. One needs to contribute till one attains 60 years of age.

Q:Name Banks launched by BRICS nations.

A: New Development Bank (NDB).

Q: Name its chairperson.

A: Sh Kundapur Vaman Kamath (K.V. Kamath) FOUNDER chairman ICICI BANK.

Q:Where its HQ is located.

A:Shanghai (China).

Q: When it was launched.

A:21 July 2015.

Q: Outline its Objective.

A:To primarily fund infrastructure and development projects in five BRICS countries – Brazil, Russia, India, China and South Africa.

Q:What is contribution of countries.

A:China to contribute $41 billion to the NDB, giving it the largest share of voting rights at 39.5%. Brazil, India and Russia will each to contribute $18 billion, while South Africa to contribute $5 billion.

Q: What is RIDF.

A:Rural Infrastructure Development Fund (RIDF) was instituted in NABARD with an announcement in the Union Budget 1995-96 with the sole objective of giving low cost fund support to State

Govts. and State Owned Corporations for quick completion of ongoing projects relating to medium and minor irrigation, soil conservation, watershed management and other forms of rural infrastructure.

Dr. Manmohan Singh, the then Hon'ble Union Finance Minister, while announcing the establishment of the RIDF, in his budget speech on 15 March 1995 stated:

"Inadequacy of public investment in agriculture is today a matter of general concern. This is an area, which is the responsibility of States. But many States have neglected investment in infrastructure for agriculture. There are many rural infrastructure projects, which have been started but are lying incomplete for want of resources. They represent a major loss of potential income and employment to rural population."

Q:List details of RIDF loan policy.

A:

Eligible Activities :

At present, there are 34 eligible activities under RIDF as approved by GoI. The eligible activities are classified under three broad categories i.e., Agriculture and related sector, Social sector and Rural connectivity.

Eligible Institutions:

State Governments / Union Territories, State Owned Corporations / State Govt. Undertakings, State Govt. Sponsored / Supported Organisations, Panchayat Raj Institutions/SHGs/ NGOs

Mode of Finance:

NABARD releases the sanctioned amount on reimbursement basis except for the initial mobilisation advance @ 30% to NE & Hilly States and 20% for other states.

Quantum of Loan and Margin/Borrower Contribution :

The project for rural connectivity, social and agri related sector, are eligible for loans from 80 to 95% of project cost. Cost escalation proposals for certain genuine reasons are considered within two years of sanction.

Rate of interest :

With effect from 01 April 2012, the interest rates payable to banks on deposits placed with NABARD and loans disbursed by NABARD from RIDF have been linked to the Bank Rate prevailing at that point of time.

Repayment period :

Loan to be repaid in equal annual installments within seven years from the date of drawal, including a grace period of two years. The interest shall be paid at the end of each quarter i.e. 31 March, 30 June, 30 September and 31 December every year, including grace period.

Penal Interest :

Interest on the overdue interest amount is to be paid at the same rate as applicable to the principal amount.

Security for Loan :

Loans sanctioned would be secured by the irrevocable letter of authority /mandate registered with Reserve Bank of India / any other Scheduled Commercial Bank, Time promissory Note(TPN), Execution of unconditional Guarantee from State Governments

(Additionally required for support to State Govt. sponsored organisations, etc.) and acceptance of terms and conditions of sanction in the duplicate copy of the sanction letter.

Phasing of RIDF projects

The implementation phase for projects sanctioned is spread over 2-5 years, varying with type of the project and also location of the State.

Q. What is an NBFC-MFI?

Ans. An NBFC-MFI is defined as a non-deposit taking NBFC (other than a company licensed under Section 25 of the Indian Companies Act, 1956) with Minimum Net Owned Funds of Rs.5 crore (for NBFC-MFIs registered in the North Eastern Region of the country, it will be Rs. 2 crore) and having not less than 85% of its net assets as “qualifying assets”.

Q. What are “Net Assets” and “Qualifying Assets”?

Ans. Net Assets: “Net assets” are defined as total assets other than cash and bank balances and money market instruments.

Qualifying Assets: Loan disbursed without collateral by an NBFC-MFI to a borrower with a household annual income not exceeding Rs. 60,000 (rural) or Rs. 1,20,000 (urban and semi-urban) and total indebtedness not exceeding Rs. 50,000 will be a qualifying asset provided:

loan amount does not exceed Rs. 35,000 in the first cycle and Rs. 50,000 in subsequent cycles;

tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 15,000 with prepayment without penalty;

aggregate amount of loans, given for income generation, is not less than 70 per cent of the total loans given by the MFIs and

loan is repayable on weekly, fortnightly or monthly installments at the choice of the borrower.

Q. What are the limitations imposed on an NBFC which does not qualify as NBFC-MFI?

Ans. An NBFC which does not qualify as an NBFC-MFI shall not extend loans to micro finance sector, which in aggregate exceed 10% of its total assets.

Q. Are there any restrictions on the remaining 15% of the assets that an NBFC-MFI holds?

Ans. No there are no restrictions.

Q. Can NBFC-MFIs lend funds for personal use/emergencies?

Ans. A part (i.e. maximum of 30%) of the aggregate amount of loans may be extended for other purposes such as housing repairs, education, medical and other emergencies. However aggregate amount of loans given for income generation should constitute at least 70 per cent of the total loans of the NBFC-MFI.

Q. Is there any restriction on pricing of the loan/interest recoverable on such loans?

Ans. The interest rates charged by an NBFC-MFI to its borrowers will be the lower of the following:

i. Cost of funds, plus margin

Cost of funds means interest cost and margin is a mark up of a maximum of 10 per cent for large NBFCs-MFI and 12 per cent for others. Large NBFCs-MFI are those with asset sizes above ` 100 crore

ii. The average base rate of the five largest commercial banks by assets multiplied by 2.75

The average of the base rates of the five largest commercial banks shall be advised by the Reserve Bank on the last working day of the previous quarter, which shall determine interest rates for the ensuing quarter. The Bank will announce the applicable average base rate on March 31, 2014 and every quarter end thereafter.

Q. What procedure is to be adopted for calculation of interest cost (cost of funds) and interest income by NBFC-MFIs?

Ans. The interest cost will be calculated on average fortnightly balances of outstanding borrowings and interest income is to be calculated on average fortnightly balances of outstanding loan portfolio of qualifying assets.

Q. What are the processing charges that a NBFC-MFI can levy on its customers?

Ans. Processing charges by NBFC-MFIs shall not be more than 1 % of gross loan amount. Processing charges need not be included in the margin cap. Further, NBFC-MFIs shall recover only the actual cost of insurance for group, or livestock, life, health for borrower and spouse. Administrative charges where recovered, shall be as per IRDA guidelines.

Q: Discuss main features of Third Bi-monthly Monetary Policy Statement, 2015-16.

A:Monetary and Liquidity Measures

On the basis of an assessment of the current and evolving macroeconomic situation, it has been decided to:

keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 7.25 per cent;

keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liability (NDTL);

continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 14-day term repos as well as longer term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and

continue with daily variable rate repos and reverse repos to smooth liquidity.

Consequently, the reverse repo rate under the LAF will remain unchanged at 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 8.25 per cent.

Q What is difference between Nationalised Bank and Public Sector banks

A:Nationalised Bank-- Nationalization was a process whereby govt of india took over the private banks into public ownership by an Act or ordinance . This strategy has been frequently adopted by socialist governments for transition from capitalism to socialism. In INDIA this was carried out MRS INDIRA GANDHI , Twice .20 banks have been nationalized so far. This was done on 19 july 1969 AND 15 april1980.

Public Sector Bank -- (PSBs) in India are banks where a majority stake (i.e. more than 50%) is held by a government. Thus all nationalized banks are psb's and as well as-SBI ,SBI ASSOCIATE BANKS,BHARTIYA MAHILA BANK and IDBI bank are PSB.

Q:List names of public sector banks(PSB).

A:PUBLIC SECTOR Banks

Allahabad Bank

Andhra Bank

Bank of Baroda

Bank of India

Bank of Maharashtra

BHARTIYA MAHILA BANK

Canara Bank

Central Bank of India

Corporation Bank

Dena Bank

IDBI BANK

Indian Bank

Indian Overseas Bank

Oriental Bank of Commerce

Punjab National Bank

Punjab & Sind Bank

Syndicate Bank

UCO Bank

Union Bank of India

United Bank of India

Vijaya Bank

State Bank of India

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of Mysore

State Bank of Patiala

State Bank of Travancore.

Q:List names of Nationalised Banks.

A: Following 14 banks were Nationalised on 19 july 1969.

Allahabad Bank

Bank of Baroda

Bank of India

Bank of Maharashtra

Canara Bank

Central Bank of India

Dena Bank

Indian Bank

Indian Overseas Bank

Punjab National Bank

Syndicate Bank

UCO Bank

Union Bank of India

United Bank of India.

Following5 banks were Nationalised on 15 April 1980.

Andhra Bank.

Corporation Bank.

Oriental Bank of Commerce

Punjab & Sind Bank

Vijaya Bank.

besides these banks another bank NEW BANK OF INDIA was also nationalised. later on in 1993 this bank was merged into PNB.

Both Nationalisation were carried by MRS INDIRA GANDHI , then PM.

Q:What is RRB.

A:Regional Rural Banks (RRBs) were established in 1975 under the provisions of the Ordinance promulgated on the 26th September 1975 and followed by Regional Rural Banks Act, 1976 with a view to develop the rural economy and to create a supplementary channel to the 'Cooperative Credit Structure' with a view to enlarge institutional credit for the rural and agriculture sector.

The Government of India, the concerned State Government and the bank, which had sponsored the RRB contributed to the share capital of RRBs in the proportion of 50%, 15% and 35%, respectively. The area of operation of the RRBs is limited to notified few districts in a State. The RRBs mobilise deposits primarily from rural/semi-urban areas and provide loans and advances mostly to small and marginal farmers, agricultural labourers , rural artisans and other segments of priority sector.

Q:List Names of Regional Rural Banks.

A:Allahabad UP Gramin Bank

Andhra Pradesh Grameena Vikas Bank

Andhra Pragathi Grameena Bank

Arunachal Pradesh Rural Bank

Aryavart Gramin Bank

Assam Gramin Vikash Bank

Baitarani Gramya Bank

Ballia –Etawah Gramin Bank

Bangiya Gramin Vikash Bank

Baroda Gujarat Gramin Bank

Baroda Rajasthan Gramin Bank

Baroda Uttar Pradesh Gramin Bank

Bihar Kshetriya Gramin Bank

Cauvery Kalpatharu Grameena Bank

Chaitanya Godavari Grameena Bank

Chhattisgarh Gramin Bank

Chikmagalur-Kodagu Grameena Bank

Deccan Grameena Bank

Dena Gujarat Gramin Bank

Durg-Rajnandgaon Gramin Bank

Ellaquai Dehati Bank

Gurgaon Gramin Bank

Hadoti Kshetriya Gramin Bank

Haryana Gramin Bank

Himachal Gramin Bank

Jaipur Thar Gramin Bank

Jhabua Dhar Kshetriya Gramin Bank

Jharkhand Gramin Bank

Kalinga Gramya Bank

Karnataka Vikas Grameena Bank

Kashi Gomti Samyut Gramin Bank

Kerala Gramin Bank

Krishna Grameena Bank

Kshetriya Kisan Gramin Bank

Langpi Dehangi Rural Bank

Madhumalti Building Gupte Marg

Madhya Bharat Gramin Bank

Madhya Bihar Gramin Bank

Mahakaushal Kshetriya Gramin Bank

Maharashtra Gramin Bank

Malwa Gramin Bank

Manipur Rural Bank

Marwar Ganganagar Bikaner Gramin Bank

Meghalaya Rural Bank

Mewar Anchalik Gramin Bank

Mizoram Rural Bank

Nagaland Rural Bank

Uttrakhand Gramin Bank[1]

Narmada Malwa Gramin Bank

Neelachal Gramya Bank

Pallavan Grama Bank

Pandyan Grama Bank

Parvatiya Gramin Bank

Paschim Banga Gramin Bank

Pragathi Gramin Bank

Prathama Bank

Puduvai Bharathiar Grama Bank

Pune District Central Cooperative Bank Ltd.

Punjab Gramin Bank

Purvanchal Gramin Bank

Rajasthan Gramin Bank

Rewa-Sidhi Gramin Bank

Rushikulya Gramya Bank

Samastipur Kshetriya Gramin Bank

Saptagiri Grameena Bank

Sarva UP Gramin Bank

Satpura Narmada Kshetriya

Saurashtra Gramin Bank

Sharda Gramin Bank

Shreyas Gramin Bank

Surguja Kshetriya Gramin Bank

Sutlej Kshetriya Gramin Bank

Tripura Gramin Bank

Utkal Gramya Bank

Uttar Banga Kshetriya Gramin Bank

Uttar Bihar Gramin Bank

Vananchal Gramin Bank

Vidharbha Kshetriya Gramin Bank

Visveshvaraya Grameena Bank

Wainganga Krishna Gramin Bank.

Q: List names of Private-sector banks.

A:LIST IS AS UNDER:

Axis Bank

Catholic Syrian Bank

City Union Bank

Development Credit Bank

Dhanlaxmi Bank

Federal Bank

HDFC Bank

ICICI Bank

IndusInd Bank

ING Vysya Bank

Karnataka Bank

Karur Vysya Bank

Kotak Mahindra Bank

Lakshmi Vilas Bank

Nainital Bank

Tamilnadu Mercantile Bank

South Indian Bank

YES Bank.

Q: List names of Foreign Bank.

A: Foreign banks operating in India are:

Abu Dhabi Commercial Bank

Australia and New Zealand Bank

Bank Internasional Indonesia

Bank of America NA

Bank of Bahrain and Kuwait

Bank of Ceylon

Bank of Nova Scotia (Scotia Bank)

Bank of Tokyo Mitsubishi UFJ

Barclays Bank PLC

BNP Paribas

Calyon Bank

Chinatrust Commercial Bank

Citibank N.A.

Credit Suisse

Commonwealth Bank of Australia (Recently Launched Retail Services in Mumbai)

DBS Bank

DCB Bank now RHB Bank

Deutsche Bank AG

FirstRand Bank

HSBC

JPMorgan Chase Bank

Krung Thai Bank

Mashreq Bank psc

Mizuho Corporate Bank

Royal Bank of Scotland

Shinhan Bank

Société Générale

Sonali Bank

Standard Chartered Bank

State Bank of Mauritius

UBS

Woori Bank.

Q: List HQ of various Banks.

A:BANKS AND THEIR HEADQUARTERS

Allahabad Bank - Kolkata

Andhra Bank - Hyderabad

Bank of Baroda - Vadodara (Baroda)

Bank of India - Mumbai

Bank of Maharashtra - Pune

Bharatiya Mahila Bank - New Delhi

Canara Bank - Bangalore

Central Bank of India - Mumbai

Corporation Bank - Mangalore

Dena Bank - Mumbai

Indian Bank - Chennai

Indian Overseas Bank - Chennai

Oriental Bank of Commerce - Gurgaon

Punjab and Sind Bank - New Delhi

Punjab National Bank - New Delhi

State Bank of India - Mumbai

Syndicate Bank - Manipal,Karnataka

Union Bank of India - Mumbai

United Bank of India - Kolkata

UCO Bank - Kolkata

Vijaya Bank - Bangalore.

Q:Why Credit control is treated as most important function of Reserve Bank of India.

A:Credit control in the economy is required for the smooth functioning of the economy.

By using credit control methods RBI tries to maintain monetary stability.

Q;Name types of methods.

A:There are two types of methods:

1. Quantitative control to regulates the volume of total credit.

2. Qualitative Control to regulates the flow of credit.

Q: List type of Quantitative methods.

A:

1. Management of Bank Rate :By increasing or reducing Bank rate, RBI works on pricing of funds. It is assumed as and when funds becomes costly, it would result in lower demand of fund, conversely

it is assumed as and when funds becomes cheaper, it would result in higher demand of fund.

2. Open market operations :

The term open market operation refers to purchase or sale of government securities by the central bank.Purchase of securities by the central bank in open market provides money to market/banks whereas sale of securities sucks money from market/banks .OMO is now very frequently used by RBI.

3. Management of Cash reserve ratio : Increase in CRR means Banks to keep more money with RBI , hence they will left with lower funds for lending.this affect supply of money in market,adversely.

4. Repo & Reverse Repo :By increasing or reducing REPO rate, RBI works on pricing of funds. It is assumed as and when funds

becomes costly, it would result in lower demand of fund, conversely

it is assumed as and when funds becomes cheaper, it would result in higher demand of fund. It also affects the pricing of credit in market.

5. Altering Statutory Liquidity Ratio: Increase in SLR means Banks to invest more money SLR securities , hence they will left with lower funds for lending.this affect supply of money in market,adversely.

6. MSF: By increasing or reducing MSF rate, RBI works on pricing of funds. It is assumed as and when funds becomes costly, it would result in lower demand of fund, conversely

it is assumed as and when funds becomes cheaper, it would result in higher demand of fund. It also affects the pricing of credit in market.

Q: List Qualitative Methods:

A:1. Selective Qualitative Credit controls

By making changes in margin and rate of interest, RBI regulates credit in specific areas. normally this is used for sensitive items.

2. Moral persuasion and direct action :

RBI uses this technique to regulate flow of credit to specific sectors of economy. by imposing ban or by allowing higher flow of funds this is achieved.

Q: RRB were established in year...........

A: 1975.

Q: What was its objective.

A: It was created with a view to develop the rural economy and to create a supplementary channel to the 'Cooperative Credit Structure' with a view to enlarge institutional credit for the rural and agriculture sector.

Q:Who contributes the capital and what is its ratio.

A:The Government of India, the concerned State Government and the bank, which had sponsored the RRB contributed to the share capital of RRBs in the proportion of 50%, 15% and 35%, respectively.

Q:Who decides its area of operation.

A:The area of operation of the RRBs is limited to notified few districts in a State.

Q: What are its activities.

A:The RRBs mobilise deposits primarily from rural/semi-urban areas and provide loans and advances mostly to small and marginal farmers, agricultural labourers , rural artisans and other segments of priority sector.

Q:What is present network of RRB'S In India.

A:As a result of amalgamation in recent years, number of the RRBs has been reduced from 196 to 64 as on 31 March 2013. The number of branches of RRBs increased to 17856 as on 31 March 2013 covering 635 districts throughout the country.

Q: Discuss NABARD(National Bank for Agriculture and Rural Development)

A:NABARD was set up with an initial capital of 100 crore. Consequent to the revision in the composition of share capital between Government of India and RBI, the paid up capital as on

31 March 2015, stood at 5000 crore with Government of India holding 4,980 crore (99.60%) and Reserve Bank of India 20.00 crore (0.40%).

Q: How this BANK came into being.

A:The bank came into existence on 12 July 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC). NABARD was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on 05 November 1982.

Q:What is mission of NABARD.

A:Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives.

Q: What are functions of NABARD.

A:Refinance and direct finance.

Q:Discuss Refinance.

A:Production Credit Department (PCD) deals with short term refinance facilities, for various types of production, marketing and procurement activities, being provided to client institutions, as detailed below:

Short Term (Seasonal Agricultural Operations)

Refinance is provided for production purposes at concessional rate of interest to State Cooperative Banks (SCBs) and Regional Rural Banks (RRBs) by way of sanction of credit limits. Each withdrawal against the sanctioned credit limit is repayable within 12 months.

Short Term Refinance to RRBs, PSBs and CCBs (directly) for financing PACS for their Seasonal Agricultural Operations

A new refinance product for financing of PACS through PSBs & RRBs, whereever Cooperative Banks are weak or not in a position to lend to PACS adequately, was introduced during last year. (2011-12)

Short Term (Others)

The ST (Others) limit would consist of different purposes viz. ST- Agriculture and Allied Activities, ST - Marketing of crops, ST- Fisheries Sector,ST- Industrial Cooperative Societies (other than weavers), ST- Labour Contract and Forest Labour Cooperative Societies including collection of Minor Forest produce. ST- Rural artisan including weavers members of PACS/LAMPS/FSS, ST- Purchases, Stocking and Distribution of Chemical Fertilisers and other Agricultural Inputs on the basis of bank wise RLP for respective purposes. The limit is sanctioned to SCBs and RRBs.

MT Conversion.

NABARD provides relief to farmers whose crops are damaged due to natural calamities, by way of conversion of current short term agricultural loans into medium term loans and rephasement / reschedulement of existing MT (Conversion) loans. Consolidated limit will be sanctioned to RRBs and SCBs in respect of eligible DCCBs.

ST (Weavers)

Refinance support is available under ST (Weavers) as under :

Working Capital requirement of Primary/Apex/Regional Weavers Coop Society - through State Coop Banks/DCCBs

Working Capital requirement of Primary Weavers Coop Society – through Scheduled Commercial Bank

Working Capital requirement of State Handloom Development Corporation – through Scheduled Commercial Banks & State Cooperative Banks

Working Capital and Marketing requirement of Individual Weavers, Handloom Weavers Groups, Master Weavers, Mutually aided Coop Societies, Societies outside Coop fold and Producer Group Companies – through Scheduled Commercial Banks & RRBs

Q: Discuss long term loans of NABARD.

A:Investment credit leads to capital formation through asset creation. It induces technological upgradation resulting in increased production, productivity and incremental income to farmers and entrepreneurs.This is a long-term refinance facility. The credit is normally provided for a period of 3 to 15 years. It is intended to create income generating assets in the following sectors:

Agriculture and allied activities

Artisans, small scale industries, Non-Farm Sector (Small and Micro Enterprises), handicrafts, handlooms, powerlooms, etc.

Activities of voluntary agencies and self help groups working among the rural poor

Eligible Institutions

The Institutions Eligible for Refinance are :

State Co-operative Agriculture & Rural Development Banks (SCARDBs)

Regional Rural Banks (RRBs)

State Co-operative Banks (SCBs)

Commercial Banks (CBs)

State Agricultural Development Finance Companies (ADFCs)

Scheduled Primary Urban Co-operative Banks (PUCBs)

North East Development Finance Corporation (NEDFC)

Non-Banking Financial Companies (NBFCs)

Purposes :

Farm Sector :

Agriculture and allied activities such as minor irrigation, farm mechanisation, land development, soil conservation, dairy, sheep/goat rearing, poultry, piggery, plantation/horticulture, forestry, fishery, storage and market yards, bio-gas and other alternate sources of energy, sericulture, apiculture, animals and animal driven carts, agro-processing, agro-service centres, etc.

Non-Farm Sector :

Artisans, Small & Micro Enterprises, handicrafts, handlooms, powerlooms, etc

Loan Period :

The loan period is upto a maximum of 15 years

Refinance Window :

Automatic Refinance Facility (ARF) :

Automatic Refinance Facility (ARF) will be extended to the Commercial Banks/State Coop Banks/ Regional Rural Banks/Primary Urban Coop Banks/ADFCs/NEDFi/NBFCs without any upper ceiling on quantum of refinance, bank loan or TFO for all kinds of projects under Farm Sector (FS) & Non Farm Sector (NFS). However, ARF will be extended to the SCARDBs for projects with TFO up to 50.00 lakh for all kinds of projects under Farm Sector (FS) and Non- Farm Sector (NFS).

Pre-sanction Procedure :

In case, any bank intends to avail refinance under pre-sanction procedure, they may submit projects to NABARD for project based lending (Subject to Appraisal & Prior Sanction by NABARD).

Extent of Refinance :

The extent of refinance will be upto 100% of eligible bank loans depending upon the purpose, location of the investment and agency applying for refinance.

Criteria for Refinance :

Technical Feasibility of the project

Financial viability and bankability

Organisational arrangements for credit supervision

Ultimate Borrowers :

Although refinance is provided to SCARDBs / SCBs / CBs / RRBs / ADFCs / PUCBs / NEDFC the ultimate borrowers of investment finance may be individuals, proprietory/partnership concerns, companies, state-owned corporations or co-operative societies.

Interim finance :

SCARDBs are being extended interim finance in order to enable them to tide over the temporary liquidity problem, for a period of three months, which can be converted into regular refinance.

Q: What are eligible refinance schemes.

A:Automatic Refinance Scheme (ARF)

The various schemes formulated over the years have been categorized into five distinct and co.mpact schemes.

Composite Loan Scheme (CLS)

Under this scheme refinance is given to meet the block and /or working capital requirements of small/micro enterprises. Max. refinance of 10 lakh per unit.

Integrated Loan Scheme (ILS)

Under this scheme refinance is given to block capital and working capital for one operating cycle. Max. Refinance of 15 lakh per borrower.

Self Employment Scheme for Exservicemen (SEMFEX)

The scheme has been in operation since 15 January 1988 which is specially designed to provide a comprehensive package of credit for encouraging ex-servicemen to undertake agricultural and allied activities or to set up non-farm units in rural areas to earn their livelihood for leading a dignified life. NABARD provides refinance assistance under Automatic Refinance Facility (ARF) to eligible banks for a wide spectrum of manufacturing, processing and service sector activities under RNFS (Investment Credit).

Soft Loan Assistance for Margin Money (SLAMM)

The scheme is to provide financial assistance to the prospective entrepreneurs who have the requisite talent and skill of entrepreneurship but lack necessary monetary resources to meet the margin requirements stipulated under relevant NABARD refinance schemes.

Small Road and Water Transport Operators (SRWTO)

Under this scheme the facilities for acquisition of transport vehicles, which are to be used for transportation of farm produce/industrial products to rural/urban marketing centers including passenger transport vehicle and water transport units. Margin money assistance will be extended on a very selective basis up to 10% of the cost of the vehicle.

Rural Housing

Housing in the rural areas, both agriculturist and non-agriculturists, combine the business as well as dwelling needs and thereby leads to overall rural development, NABARD is giving refinance (investment credit) to the eligible banks.

Renewable Energy

While addressing India's energy security challenges, Ministry of New and Renewable Energy (MNRE), Government of India and the Jawaharlal Nehru National Solar Mission (JNNSM). In order to achieve this objective, the MNRE has launched a capital cum interest subsidy scheme for creation of off-grid, decentralised solar powered energy harvesting devices through application of photo voltaic technology for the purpose of lighting, heating, etc. at the level of domestic and mini commercial applications. NABARD is the nodal agency for giving feasibility and Refinance for eligible projects.

Q: What is Rupay KISSAN CREDIT CARD.

A: Kisan Credit Card--NABARD, in January, 2013 set up Special Project Unit- Kisan Credit Card (SPU-KCC) with a mandate for encouraging cooperative banks and Regional Rural Banks across the country to issue Rupay KCC debit cards. The core objective of the unit is to facilitate issuance of cards by these banks through guidance, co-ordination with National Payment Corporation of India (NPCI), interaction with sponsor banks of RRBs and cooperative banks. The overarching goal is to develop cash-less eco system by enabling the farming community to avail all new banking facilities at par with urban area of the country. The SPU undertakes policy formulation, capacity building and networking with the various stake holders to achieve the above objectives.

The new KCC guidelines specify that all KCC customers should have the facility of withdrawal through ATM / Debit cards. NABARD, with a view to facilitate early action in this direction, has already floated schemes providing financial support to RRBs and cooperative banks for issuing these cards.

Q: DISCUSS NAMES OF ALTERNATE DELIVERY CHANNELS IN BANKING.

A:This is defined as those channels that expand the reach of services beyond the traditional bank branch channel, have emerged as a result of innovations in information and communication technology and a shift in consumer expectations.

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Examples of such channels are:

The Internet Banking,

automated teller machines (ATMs),

POS devices,

Pass book printers.

Cash deposit machines.

and mobile Banking.

Q: Define internet banking and its importance .

A:Internet Banking Services are the Bank's services which provide access to account information, products and other services (including Transaction of financial and non-financial in nature) as advised by the Bank from time to time to the customers through the internet banking website of the Bank.

a customer of the Bank authorized to use Internet Banking Services can access various services such as bank statement, transactions in account, transfer of mony from one account to another, NEFT, RTGS,IMPS, Bill payments of various utilities such as mobile, landline, water , electricity., payment of taxes, donations, request for fdr, draft, rly ticket, airline tickets, e commerce payments etc.

this is operated through user ID and password.

Q: What do you mean by POS.

A:PoS or Swipe Machine as it is popularly known is a technological instrument provided to a Merchant Establishment (ME) to carry out the sale of goods or services to customers in a cashless environment. All the customer has to do is swipe his/her Debit, Credit or Prepaid Card.

Q. What is an Automated Teller Machine (ATM)?

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

Q. What are White Label ATMs (WLAs)?

A. ATMs set up, owned and operated by non-banks are called White Label ATMs. Non-bank ATM operators are authorized under

Payment & Settlement Systems Act, 2007 by the Reserve Bank of India.

Q. What is the difference between ATM and WLA (White Label ATM)?

A i) In White Label ATM scenario, logo displayed on ATM machine and in ATM premises pertain to WLA Operator instead of a bank. However, for a customer, using WLA is just like using the ATM of other bank (bank other than card issuing bank). ii) Acceptance of cash deposits at the WLAs is not permitted at present.

Q. What has been the rationale of allowing non-bank entities for setting up of WLAs ?

A. The rationale of allowing non-bank entity to set up White Label ATMs has been to increase the geographical spread of ATM for increased / enhanced customer service.

Q. What type of cards can be used at an ATM/WLA?

A. The ATM/ATM cum debit cards, credit cards and open prepaid cards (that permit cash withdrawal) issued by banks can be used at ATMs/WLAs for various transactions.

Q.. What are the services/facilities available at ATMs/WLAs?

A. In addition to cash dispensing, ATMs/WLAs may offer many other services/facilities to bank customers. Some of these services include:

Account Information

Cash Deposit (Acceptance of deposits are not permitted at WLAs)

Regular Bills Payment (not permitted at WLAs)

Purchase of Re-load Vouchers for Mobiles (not permitted at WLAs)

Mini/Short Statement

PIN change

Request for Cheque Book

Q. How can one transact at an ATM/WLA?

A. For transacting at an ATM/WLA, the customer inserts /swipes his/her Card in the ATM/WLA and enters his/her Personal Identification Number (PIN). Usually the transactions are menu driven for facilitating easy operation.

Q. What is Personal Identification Number (PIN)?

A. PIN is the numeric password which is separately mailed / handed over to the customer by the bank while issuing the card. Most banks require the customers to change the PIN on the first use. Customer should not disclose PIN to anybody, including to bank officials. Customers should change the PIN at regular intervals.

Q. Can these cards be used at any bank/non-bank ATM (WLA) in the country?

A. Yes. The cards issued by banks in India may be used at any bank / white label ATM in the country.

Q; Discuss automatic pass book printers.

A: To use this machine this user has to Simply open the passbook to the printing page and insert it into the printer.

With the page turning option, the Passbook Entry Machine will automatically find the page and last line that was printed.

LED panel will notify the user of the printer status through the entire transaction.

Q: What is cash deposit machine.

A:The Cash Deposit Machine, better known as CDM is an ATM like machine that allows customer to deposit cash directly into his/her account using the ATM cum debit card. He/she can use this machine to instantly credit their account without visiting the branch. The transaction receipt also gives them updated account balance. Some of the salient features of this product are:

Instant credit of cash deposit into customer account

Quick and convenient way to deposit cash

Paperless transaction

The per transaction limit is Rs.49,900/-(can vary from bank to bank)

Upto 200(can vary from bank to bank) currency notes can be deposited in a single transaction

The CDM only accepts denominations of Rs.1000/-, Rs.500/- & Rs.100/-.

SBI provides following additional facilities on CDM to customers:

PIN change

Use this service to change your password at regular intervals.

Balance Enquiry

Expecting an inflow of funds in your account? Use this service to check the current available balance in your account. This service is available on the main option screen after swiping your card.

You can also 'Go Green' by selecting the view option as the balance is displayed on the screen else get a transaction receipt by selecting print.

Mini Statement of Account

Keep track of the transactions in your account by availing this service. Mini-statement gives you an insight into the last 10 transactions in your account.

Q: What is mobile banking.

A:We have taken example of SBI mobile banking to understand the concept.

State Bank FreedoM Your Mobile Your Bank

Away from home, balance enquiries can be made and/or money sent to the loved ones or bills can be paid anytime 24x7!!! That is what State Bank FreedoM offers -convenient, simple, secure, anytime and anywhere banking.

1. Mobile Banking Service over Application/ Wireless Application Protocol (WAP)

The service is available on java enabled /Android mobile phones (with or without GPRS) /i-phones where the user is required to download the application on to the mobile handset. The service can also be availed via WAP on all phones (java/non java) with GPRS connection.

The following functionalities are available:

Funds transfer (within and outside the bank)

Immediate Payment Services (IMPS): Click here for details.

Enquiry services (Balance enquiry/ Mini statement)

Cheque book request

Demat Enquiry Service

Bill Payment (Utility bills, credit cards, Insurance premium), Donations, Subscriptions

Mobile /DTH Top up

M Commerce (Merchant payments, SBI life insurance premium)

Business Rules

All Current/ Savings Bank Account holders in P segment and Current accountholders in SME segment are eligible.

Transaction limit per customer per day is Rs.50,000/- with a calendar month limit of Rs.2,50,000/-

All customers can avail the Service irrespective of their telecom service provider.

The Service is free of charge. SMS/GPRS cost will be borne by the customer.

Business Rules

All Current/ Savings Bank Account holders in P segment and Current accountholders in SME segment are eligible.

Transaction limit per customer per day is Rs.1,000/- with a calendar month limit of Rs.5,000/- . However, customers desiring to transact up to Rs.5000/- per day or Rs25,000/- per month may do so after obtaining an One Time Password (OTP)

Service available over all telecom service providers.

The Service is free of charge. SMS cost will be borne by the customer.

Q:Who is an NRI?

A:An Indian citizen leaves India for the purpose of employment, business, education, stay with parents/ children, with the intention of staying abroad for an uncertain period. In such cases, he becomes a NRI the moment he leaves India, even if he has not stayed abroad for 182 days or more during the financial year.

Q:What is the meaning of Non Resident Indian?

A :non-resident Indian (NRI) is a citizen of India who holds an Indian passport and has temporarily emigrated to another country for six months or more for employment, residence, education or any other purpose.

Q:Who is a PIO?

A:Persons of Indian Origin Card (PIO Card) is a form of identification issued to a Person of Indian Origin who holds a passport in another country other than Afghanistan, Bangladesh, Bhutan, China, Nepal, Pakistan, Sri Lanka.

Q:. Define Hindu Undivided Families (HUF):

A:The Hindu Succession Act 1956 governs HUF. The HUF carries out ancestral business and possesses ancestral properties.

As per Hindu Law two schools of thought, Dayabhaga and Mitakshara govern Hindu undivided family.

In west Bengal Dayabhaga is followed and in the rest of the country Mitakshara is followed.

In Dayabhaga the father acquires absolute right and sons do not acquire any right by birth in Mitakshara a male member acquires the right by birth.

Female members are not co-parceners except in Tamil Nadu and Andhra Pradesh.

The eldest male member is called as a Karta and all other male members are called as co-parceners.

The right to manage HUF property vests in the 'Karta' of the family.

Karta is either the father or the senior most male member of the family. All other male members are called coparceners.

In the interest of the family and family business, only the Karta can create a charge over the ancestral property. However, he cannot make a contract, which binds the other member personally. Other members are responsible to the extent of their share in the ancestral property.

HUF is not dissolved In the event of death of one of the members of the joint Hindu family. It differs from the partnership firm as on the death of one of the partners, the firm is dissolved. On the death of karta the senior most co-parcener becomes karta.

A coparcener continues to be a member of HUF, even after his migration outside India and acquiring status of NRI or taking citizenship of another country.

If the Karta himself migrates, an alternative Karta of the HUF is appointed by the HUF with consent from all coparceners.

Q: Discuss about Accounts of Sole Proprietary Concerns:

A:Banks do not open savings bank account in the name of a proprietorship firm but open current account in the name of the sole proprietary concerns.

Accounts in the name of a sole proprietary concern are treated like individual accounts.

The account can be operated either by the proprietor himself or by a person duly authorised to operate the account on his behalf.

Q: WHAT DO YOU UNDERSTAND BY TERM PARTNERSHIP FIRM:

A:Partnership" is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. Persons who have entered into partnership with one another are called individually "partners" and collectively a "firm", and the name under which their business is carried on is called the "firm name".

Q: What do mean by word Limited Liability Partnership (LLP) :

A:A limited liability partnership (LLP) is a partnership in which some or all partners (depending on the jurisdiction) have limited liabilities. It therefore exhibits elements of partnerships and corporations. In an LLP, one partner is not responsible or liable for another partner's misconduct or negligence.

Q:What are Brown Label ATMs

A:'Brown label' ATM are those Automated Teller Machines where hardware and the lease of the ATM machine is owned by a service provider, but cash management and connectivity to banking networks is provided by a sponsor bank whose brand is used on the ATM.

The `brown label' has come up as an alternative between bank-owned ATMs.

Q. What is a Non-Banking Financial Company?

A :Non-Banking Financial Company (NBFC) is a company a) registered under the Companies Act, 1956, b) its principal business is lending, investments in various types of shares/stocks/bonds/debentures/securities, leasing, hire-purchase, insurance business, chit business, and c) its principal business is receiving deposits under any scheme or arrangement in one lump sum or in instalments. However, a Non-Banking Financial Company does not include any institution whose principal business is agricultural activity, industrial activity, trading activity or sale/purchase/construction of immovable property. (Section 45 I (c) of the RBI Act, 1934) . One key aspect to be kept in view is that the financial activity of loans/advances as stated in 45 I (c) , should be for activity other than its own. In the absence of this provision, all companies would have been NBFCs.

Q:. What are systemically important NBFCs?

A:NBFCs whose asset size is of Rs.100 cr or more as per last audited balance sheet are considered as systemically important NBFCs. The rationale for such classification is that the activities of such NBFCs will have a bearing on the financial stability in our country.

Q:. Does the Reserve Bank regulate all financial companies?

A:No. Some financial businesses have specific regulators established by law to regulate and supervise them, such as, IRDA for insurance companies, Securities Exchange Board of India (SEBI) for Merchant Banking Companies, Venture Capital Companies, Stock Broking companies and mutual funds, National Housing Bank (NHB) for housing finance companies, Department of Companies Affairs (DCA) for Nidhi companies and State Governments for Chit Fund Companies. Companies which do financial business but are regulated by other regulators, are given specific exemption by the Reserve Bank from its regulatory requirements, such as, registration, maintenance of liquid assets, statutory reserves, etc. The Chart below gives the nature of activities and the concerned regulators.

Q:. What kind of specific financial companies are regulated by RBI?

A:The Reserve Bank of India regulates and supervises Non-Banking Financial Companies which are into the business of (i) lending (ii) acquisition of shares, stocks, bonds, etc., or (iii) financial leasing or hire purchase. The Reserve Bank also regulates companies whose principal business is to accept deposits. (Section 45I (c) of the RBI Act, 1934)

Q:. What are the powers of the Reserve Bank with regard to 'Non-Bank Financial Companies', that is, companies that meet the 50-50 Principal Business Criteria?

A:The Reserve Bank has been given the powers under the RBI Act 1934 to register, lay down policy, issue directions, inspect, regulate, supervise and exercise surveillance over NBFCs that meet the 50-50 criteria of principal business. The Reserve Bank can penalize NBFCs for violating the provisions of the RBI Act or the directions or orders issued by RBI under RBI Act. The penal action can also result in RBI cancelling the Certificate of Registration issued to the NBFC, or prohibiting them from accepting deposits and alienating their assets or filing a winding up petition.

Q: Define Public Private Partnerships.

A:Public Private Partnership means an arrangement between a government / statutory entity / government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specified period of time, where there is well defined allocation of risk between the private sector and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative.

Q:What are the essential conditions in the definition .

A: i.Arrangement with private sector entity: The asset and/or service under the contractual arrangement will be provided by the Private Sector entity to the users. An entity that has a majority non-governmental ownership, i.e., 51 percent or more, is construed as a Private Sector entity1.

ii.Public asset or service for public benefit: The facilities/ services being provided are traditionally provided by the Government, as a sovereign function, to the people.

To better reflect this intent, two key concepts are elaborated below:

(a)Public Services are those services that the State is obligated to provide to its citizens or where the State has traditionally provided the services to its citizens.

(b)Public Asset is that asset the use of which is inextricably linked to the delivery of a Public Service, or, those assets that utilize or integrate sovereign assets to deliver Public Services. Ownership by Government need not necessarily imply that it is a PPP.

iii. Investments being made by and/or management undertaken by the private sector entity:

The arrangement could provide for financial investment and/or non-financial investment by the private sector; the intent of the arrangement is to harness the private sector efficiency in the delivery of quality services to the users.

iv. Operations or management for a specified period:

The arrangement cannot be in perpetuity. After a pre-determined time period, the arrangement with the private sector entity comes to a closure.

v. Risk sharing with the private sector:

Mere outsourcing contracts are not PPPs.

vi. Performance linked payments:

The central focus is on performance and not merely provision of facility or service.

vii. Conformance to performance standards:

The focus is on a strong element of service delivery aspect and compliance to pre-determined and measurable standards to be specified by the Sponsoring Authority.

Q: What is the Banking Ombudsman Scheme?

A:The Banking Ombudsman Scheme enables an expeditious and inexpensive forum to bank customers for resolution of complaints relating to certain services rendered by banks. The Banking Ombudsman Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949 by RBI with effect from 1995.

Q: Who is a Banking Ombudsman?

A:The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services.

Q: How many Banking Ombudsmen have been appointed and where are they located?

A:As on date, fifteen Banking Ombudsmen have been appointed with their offices located mostly in state capitals. The addresses and contact details of the Banking Ombudsman offices have been provided in the annex.

Q: Which are the banks covered under the Banking Ombudsman Scheme, 2006?

A:All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

Q:. What are the grounds of complaints?

A:The Banking Ombudsman can receive and consider any complaint relating to the following deficiency in banking services (including internet banking):

non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.;

non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof;

non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;

non-payment or delay in payment of inward remittances ;

failure to issue or delay in issue of drafts, pay orders or bankers' cheques;

non-adherence to prescribed working hours ;

failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents;

delays, non-credit of proceeds to parties accounts, non-payment of deposit or non-observance of the Reserve Bank directives, if any, applicable to rate of interest on deposits in any savings,current or other account maintained with a bank ;

complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank-related matters;

refusal to open deposit accounts without any valid reason for refusal;

levying of charges without adequate prior notice to the customer;

non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit card operations or credit card operations;

non-disbursement or delay in disbursement of pension (to the extent the grievance can be attributed to the action on the part of the bank concerned, but not with regard to its employees);

refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;

refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;

forced closure of deposit accounts without due notice or without sufficient reason;

refusal to close or delay in closing the accounts;

non-adherence to the fair practices code as adopted by the bank or non-adherence to the provisions of the Code of Bank s Commitments to Customers issued by Banking Codes and Standards Board of India and as adopted by the bank ;

non-observance of Reserve Bank guidelines on engagement of recovery agents by banks; and

any other matter relating to the violation of the directives issued by the Reserve Bank in relation to banking or other services.

A customer can also lodge a complaint on the following grounds of deficiency in service with respect to loans and advances

non-observance of Reserve Bank Directives on interest rates;

delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications;

non-acceptance of application for loans without furnishing valid reasons to the applicant; and

non-adherence to the provisions of the fair practices code for lenders as adopted by the bank or Code of Bank's Commitment to Customers, as the case may be;

non-observance of any other direction or instruction of the Reserve Bank as may be specified by the Reserve Bank for this purpose from time to time.

The Banking Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time.

Q:. When can one file a complaint?

A:One can file a complaint before the Banking Ombudsman if the reply is not received from the bank within a period of one month after the bank concerned has received one s representation, or the bank rejects the complaint, or if the complainant is not satisfied with the reply given by the bank.

Q: When will one s complaint not be considered by the Ombudsman ?

A:One s complaint will not be considered if:

a. One has not approached his bank for redressal of his grievance first.

b. One has not made the complaint within one year from the date one has received the reply of the bank or if no reply is received if it is more than one year and one month from the date of representation to the bank.

c. The subject matter of the complaint is pending for disposal / has already been dealt with at any other forum like court of law, consumer court etc.

d. Frivolous or vexatious.

e. The institution complained against is not covered under the scheme.

f. The subject matter of the complaint is not within the ambit of the Banking Ombudsman.

g. If the complaint is for the same subject matter that was settled through the office of the Banking Ombudsman in any previous proceedings.

8. What is the procedure for filing the complaint before the Banking Ombudsman?

One can file a complaint with the Banking Ombudsman simply by writing on a plain paper. One can also file it online (at "click here to go to Banking Ombudsman scheme"or by sending an email to the Banking Ombudsman. There is a form along with details of the scheme in our website.However, it is not necessary to use this format.

Q What is Order Cheque

A: A cheque which is payable to a particular person or his order is called an order cheque.

Q What is Bearer Cheque

A : A cheque which is payable to a person whosoever bears it , is called bearer cheque.

Q What is Blank Cheque

A : A cheque on which the drawer puts his signature and leaves all other columns blank is called a blank cheque.

Q What is Stale Cheque

A : The cheque which is more than three months old is a stale cheque.

Q What isMutilated Cheque

A: If a cheque is torn or broken , it is termed as mutilated cheque.

Q What is Post Dated Cheque

A: If a cheque bears a date later than the present date, it is termed as post dated cheque.

Q What is Open Cheque

A: A cheque which has not been crossed is called an open cheque.

Q What is Crossed Cheque

A: A cheque which carries two parallel lines across the face of the cheque , is called crossed cheque.

Q:Discuss areas brought under TDS from 01st June, 2015:

A:1)Bank/Cooperative bank and post office RD recurring deposits interest, if more than 10000/- per year will be liable to TDS w.e.f.

1-6-2015. If PAN is not given then TDS will be deducted @ 20%. Also, henceforth bankwise Income will be considered for TDS deduction on time deposits instead of branchwise limits.

2) W.e.f. 1-6-2015, any transaction in Real Estate including agricultural land shall be required to be made through Account Payee cheque or RTGS if it is of Rs. 20000/- or more, only such farmers are free from this if both of them have agricultural income only and not any other income chargeable to income tax i.e. both of them should not have any income like interest/rent/salary etc. even of one rupee, i.e. he should not have even income of one rupee other than only agricultural income. If transaction is done in cash then penalty of an amount equal to such cash transaction will be imposed on seller who accepts cash or refund of advance is made in cash by the seller of Property.

This provision is similar to earlier provision putting an embargo on accepting and repaying loans in cash in excess of Rs. 20,000/-.

3) Transactions of purchase by consumer of fridge, TV, Car, Jewellery can be made in cash or cheque but if more than Rs.1 Lakh then PAN of buyer will have to be quoted. (In case of Jewellery if more than Rs. 5 Lakh and even a cash transaction of any amount therein, then TCS @1% will have to be made.) CBDT has not yet made any circular or rule regarding quoting of PAN for transaction of Movable properties exceeding Rs.1 Lakh.

4) W.e.f. 1-6-2015 in case of payment of Transport Freight as a single transaction of more than Rs. 30000/- or of more than Rs. 75000/- in a year then TDS will have to be deducted @ 1% and in case of recipient being firm or a company then TDS @ 2% will have to be made. If the recipient owns 10 or less Goods Carriage

then he can give a declaration to this effect then TDS will not be deducted even if payment exceeds the threshold of Rs.30000 / Rs.75000. Till now Income tax rules have not been notified for 2015 therefore format of declaration to be obtained in case of 10 or less trucks has not also been notified yet now, therefore until specified format comes Self declaration from truck owners can be obtained.

5) W.e.f. 1-6-15 if any payment is made by any person to a non-resident, (not being a company) or to a foreign company, any sum whether or not chargeable to Income tax shall furnish Form No. 15CA & 15CB. Earlier only income chargeable to income tax in India had to be reported only but now all payments are covered. If such information is not furnished or the information furnished is inaccurate then U/s 271-I penalty of Rs. 1 Lakh may be imposed. This is also likely to be forming part of regular reporting items in Income Tax Returns henceforth so to escape from this provision will be difficult. However payments for Imports in regular course of Business are not covered here.

6) Till 31-5-2015 Income tax dept. had no power to process TDS return U/s 200A to levy TDS late fee U/s 234E but w.e.f. 1-6-2015 as per Sec. 200A Income tax dept. can levy late fee U/s 234E @ Rs. 200/- per day on delayed filing of TDS return. So if any late fee is levied before 1-6-2015 appeal can be filed for this or rectification application U/s 154 can be filed to get it cancelled. Now if due to mistake any late fee U/s 234E is paid then refund will be granted of such excess late fee.

7) If the payment is made to a person (including non resident) whose receipts are subject to TDS shall mandatory furnish his PAN to the deductor (even though the deductee files a declaration in form no. 15G or 15H) otherwise the deductor shall deduct the TDS at higher of the following rates the applicable rate prescribed

in the Act or 20%. So practically now it will be advisable for all to have a PAN.

Q:What is Lease Financing

A : Financing for the business of renting houses or lands for a specified period of time and also hiring out of an asset for the duration of its economic life. Leasing of a car or heavy machinery for a specific period at specific price is an example.

Q:What do you mean by MASALA BONDS?

A:Masala bonds are Indian rupee denominated bonds issued in offshore capital markets. These will be offered and settled in US dollars to raise Indian rupees from international investors for infrastructure development in India. IFC will convert bond proceeds from dollars into rupees and use the rupees to finance private sector investment in India.

IFC has named these 'Masala' bonds as 'masala' is a globally recognized term that evokes the culture and cuisine of India. This is not the first time that a bond has been named after the food or culture of a country. Chinese bonds, for example, are called Dim sum bonds, and Japanese ones as Samurai bonds.

Q: What are the Highlights of GST .

A:Highlights of New Proposed Goods & Service Tax (GST)

1. The basic principal governing behind GST is to have single Taxation System for Goods and Services

across the country. Currently Indian economy has various taxes on Goods and services such as VAT,

Service Tax, Excise, Entertainment Tax, Luxury Tax Etc. now in the new Proposal of GST; we will be

having only two taxes on all goods and Services as follows:

a. State Level GST(SGST)

b. Central Level GST (CGST)

2. In case of Central GST, following Taxes will be subsumed with CGST which are at presently levied

separately on goods and services by Central government:

a. Central Excise Duty

b. Additional Excise Duty

c. The Excise Duty levied under Medicinal and toiletries preparation Act

d. Service Tax

e. Additional Custom Duty (CVD)

f. Special Additional Duty

g. Surcharge

h. Education Cess and Secondary and Higher Secondary education Cess

3. In case of State GST, following taxes will be subsumed with SGST; which are priestly levied on goods

and services by State Governments :

a. VAT/ Sales Tax

b. Entertainment Tax (unless it is levied by local bodies)

c. Luxury Tax

d. Tax on lottery

e. State Cess and Surcharge to the extend related to supply of goods and services.

4. The basic principal for subsuming of taxes in GST is provided as follows:

a. Those taxes which commences with import / manufacture /production of goods or provision

of services at one end and the consumption of goods and services o other end.

b. The taxes, levies and fees which are not related to supply of goods & services should not be

subsumed under GST.

5. Taxes on items containing alcohol and petroleum product are kept out of GST. They will continue to

be taxed as per existing practices.

6. Tax on Tobacco products will be subject to GST. But government can levy the extra Excise duty over

and above GST.

7. The Small Taxpayer: The small taxpayers whose gross annual turnover is less than 1.5 Crore are

exempted from CGST and SGST.

8. Input Tax Credit (ITC): Taxes Paid against CGST allowed as ITC against CGST. Taxes paid against SGST

allowed as ITC against SGST.

9. Cross utilization of ITC between the Central GST and State GST would not be allowed. Exception: Inter

State Supply of goods and services.

10. PAN based identification number will be allowed to each taxpayer to have integration of GST with

Direct Tax.

11. IGST Model and ITC:

a. Center would levy IGST levy (CGST + SGST)

b. The ITC will be allowed in this transaction will be SGST, IGST, CGST as applicable.

c. Appropriate provision will be provided for consignment or Stock transfer.

12. GST Rate Structure:

a. Two Rate Structure

b. A lower rate for necessary items and goods of basic importance

c. Standard rate for goods in General

d. Special Rate

13. Exports are fully exempted with Zero rates.

Q What isAudit trail.

A.A permanent record of every transaction taken by a computer system, indicating for example, when users log in and out, what transaction they perform, when files are accessed and the type of access. Examination of this record provides a way of observing patterns of security violation and/observes as a deterrent to violations.

Q What is Availability.

A:The ratio of time a device is operating correctly to the total scheduled time for operating.

Q What is Back office operations.

A: Operation that does not involve direct interaction with customers.

Q What is Back up.

A: A resource that is, or can be used as a substitute when a primary resource fails or when a file has been corrupted

Q What is Bar code.

A:A printed machine readable code that consists of parallel bars of varied width and spacing. The application most commonly observed is the coding on food and goods that is read at the checkout and translated into a line of print on the bill showing product and cost.

Q What is Batch processing.

A:A method of organizing work for a computer system, designed to reduce overheads by grouping together similar jobs

Q What is Bit.

A:Contraction of binary digit

Q What is Bug.

A:An error or mistake in a programme

Q What is Byte.

A:A group of consecutive bits forming a unit of storage in the computer and used to represent one alphanumeric character; a byte usually consists of 8 bits but may contain more a fewer bits depending on the model of computer.

Q: What is classification of bank investment portfolio.

A:The entire Investment portfolio of the Bank is classified, in accordance with the Reserve Bank of India guidelines, into :

"Held to Maturity" comprising investments acquired with the intention to hold them till maturity, and include –

Investments in Subsidiaries, Joint Ventures and Regional Rural Banks,

Debentures/bonds deemed to be in the nature of advances,

Re-capitalisation bonds received from Government of India,

Preference shares.

"Held for Trading" comprising investments acquired with the intention to trade.

"Available for Sale" comprising investments not covered by (a) and (b) above i.e. those which are acquired neither for trading purposes nor for being held till maturity.

Q: What do you mean by word HTM.

A:Investments classified as "Held to Maturity" are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity.

Q: List the areas where bank has to provide provisions.

A:Provision is made for :

depreciation in the value of debentures/bonds which are deemed to be in the nature of/treated as advances, by applying the RBI prudential norms of asset classification and provisioning applicable to advances, and

diminution other than temporary, in the value of investments in subsidiaries and Joint Ventures.

Such depreciation/diminution is determined and provided for each investment individually.

Investments classified as "Held for Trading" are marked to market scrip-wise and the resultant depreciation is recognised in the Profit and Loss Account while the appreciation, if any, is ignored.

Investments classified as "Available for Sale" are marked to market, scrip-wise and the resultant net depreciation, if any, in each category disclosed in the Balance Sheet is provided, while net appreciation, if any, is ignored.

In respect of non-performing securities (where interest/principal is in arrears), income is not recognised, and appropriate provision is made for depreciation in the value of such securities.

Q: What is Cost of acquisition of investments .

A: It is net of incentives and front end fees received in case of securities subscribed, and excludes commission, brokerage, stamp duty etc.

Q: How Profit / Loss on sale of investments.

A: It is recognised in the Profit and Loss Account based on the weighted average cost/book value of the related investment. An amount equivalent of the profit on sale of investments in "Held to Maturity" classification, is treated as, and appropriated to Capital Reserve Account.

For the purpose of valuation of quoted investments in "Held for Trading" and "Available for Sale" categories, the market rates/quotes on the Stock exchanges, the rates declared by Primary Dealers Association of India (PDAI) / Fixed Income Money Market and Derivatives Association (FIMMDA), are used.

Investments for which such rates/quotes are not available, are valued as per norms laid down by Reserve Bank of India, which are as under :-

Government/Approved securities - on appropriate Yield to Maturity basis.

Equity Shares, PSU and Trustee shares - at book value as per the latest balance sheet (not more than 12 months old), otherwise Re.1 per company.

Preference Shares - on appropriate Yield to Maturity basis.

PSU Bonds - on Yield to Maturity basis with appropriate credit spread mark - up.

Units of Mutual Funds - at the latest repurchase price / NAV declared by the Fund in respect of each scheme.

Investments in Regional Rural Banks, Treasury Bills, Commercial paper, Indira Vikas Patras, Kisan Vikas Patras and Certificates of Deposit - at carrying cost.

Q: What is value of investments shown in Balance sheet.

A:Investments are net of securities lent and include securities borrowed under repo arrangements.

Q:What are Components of Capital in Banks.

A:Capital funds: The capital funds would include the components Tier I capital and Tier II capital.

Q:What are Elements of Tier I Capital.

A:The elements of Tier I capital include:

Paid-up capital (ordinary shares), statutory reserves, and other disclosed free reserves, if any;

Perpetual Non-cumulative Preference Shares (PNCPS) eligible for inclusion as Tier I capital - subject to laws in force from time to time;

Innovative Perpetual Debt Instruments (IPDI) eligible for inclusion as Tier I capital; and

Capital reserves representing surplus arising out of sale proceeds of assets.

Q: What are Elements of Tier II Capital.

A:The elements of Tier II capital include undisclosed reserves, revaluation reserves, general provisions and loss reserves, hybrid capital instruments, subordinated debt and investment reserve account.

(a) Undisclosed Reserves

They can be included in capital, if they represent accumulations of post-tax profits and are not encumbered by any known liability and should not be routinely used for absorbing normal loss or operating losses.

(b) Revaluation Reserves

It would be prudent to consider revaluation reserves at a discount of 55 per cent while determining their value for inclusion in Tier II capital. Such reserves will have to be reflected on the face of the Balance Sheet as revaluation reserves.

(c) General Provisions and Loss Reserves

Such reserves can be included in Tier II capital if they are not attributable to the actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses. Adequate care must be taken to see that sufficient provisions have been made to meet all known losses and foreseeable potential losses before considering general provisions and loss reserves to be part of Tier II capital. General provisions/loss reserves will be admitted up to a maximum of 1.25 percent of total risk weighted assets.

'Floating Provisions' held by the banks, which is general in nature and not made against any identified assets, may be treated as a part of Tier II capital within the overall ceiling of 1.25 percent of total risk weighted assets.

Excess provisions which arise on sale of NPAs would be eligible Tier II capital subject to the overall ceiling of 1.25% of total Risk Weighted Assets.

(d) Hybrid Debt Capital Instruments

Those instruments which have close similarities to equity, in particular when they are able to support losses on an ongoing basis without triggering liquidation, may be included in Tier II capital. At present the following instruments have been recognized and placed under this category:

Debt capital instruments eligible for inclusion as Upper Tier II capital ; and

Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS) as part of Upper Tier II Capital.

The guidelines governing the instruments at (i) and (ii) above, indicating the minimum regulatory requirements are furnished in Annex 3 and Annex 4 respectively.

(e) Subordinated Debt

Banks can raise, with the approval of their Boards, rupee-subordinated debt as Tier II capital, subject to the terms and conditions given in the Annex 5.

(f) Investment Reserve Account

In the event of provisions created on account of depreciation in the 'Available for Sale' or 'Held for Trading' categories being found to be in excess of the required amount in any year, the excess should be credited to the Profit & Loss account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) should be appropriated to an Investment Reserve Account in Schedule 2 –"Reserves & Surplus" under the head "Revenue and other Reserves" in the Balance Sheet and would be eligible for inclusion under Tier II capital within the overall ceiling of 1.25 per cent of total risk weighted assets prescribed for General Provisions/ Loss Reserves.

(g) Banks are allowed to include the 'General Provisions on Standard Assets' and 'provisions held for country exposures' in Tier II capital. However, the provisions on 'standard assets' together with other 'general provisions/ loss reserves' and 'provisions held for country exposures' will be admitted as Tier II capital up to a maximum of 1.25 per cent of the total risk-weighted assets.

Q: What is minimum capital required.

A:Minimum Required Capital is 9 percent of risk weighted assets.

Q:What are Money Market Instruments?

A:By convention, the term "Money Market" refers to the market for short-term requirement and deployment of funds. Money market instruments are those instruments, which have a maturity period of less than one year. The most active part of the money market is the market for overnight call and term money between banks and institutions and repo transactions. Call Money / Repo are very short-term Money Market products. The below mentioned instruments are normally termed as money market instruments:

Certificate of Deposit (CD)

Commercial Paper (C.P)

Inter Bank Participation Certificates

Treasury Bills

Call/ Notice/ Term Money

Q: What is CD.

A:Certificates of deposit (CD):

CDs are short-term borrowings in the form of Usance Promissory Notes having a maturity of not less than 15 days up to a maximum of one year.

CD is subject to payment of Stamp Duty under Indian Stamp Act, 1899 (Central Act)

They are like bank term deposits accounts. Unlike traditional time deposits these are freely negotiable instruments and are often referred to as Negotiable Certificate of Deposits

Features of CD

All scheduled banks (except RRBs and Co-operative banks) are eligible to issue CDs

Issued to individuals, corporations, trusts, funds and associations

They are issued at a discount rate freely determined by the issuer and the market/investors.

Freely transferable by endorsement and delivery. At present CDs are issued in physical form (UPN)

These are issued in denominations of Rs.5 Lacs and Rs. 1 Lac thereafter. Bank CDs have maturity up to one year. Minimum period for a bank CD is fifteen days. Financial Institutions are allowed to issue CDs for a period between 1 year and up to 3 years. CDs issued by AIFI are also issued in physical form (in the form of Usance promissory note) and is issued at a discount to the face value.

Q:What is escrow account .

A:An escrow account is a temporary pass through account held by a third party during the process of a transaction between two parties.

Definition: An escrow account is a temporary pass through account held by a third party during the process of a transaction between two parties. This is a temporary account as it operates until the completion of a transaction process, which is implemented after all the conditions between the buyer and the seller are settled.

Description: In real estate, the fund flows for the development of the project from any source is kept in the escrow account and the funds utilised for the same are also generated from the escrow account. Even the buyers of the housing units in a project transfer the home price to the escrow account and the amount is not transferred to the seller until the project is completed.

Sometimes the construction linked payments are disbursed to the seller from the escrow account so that the builder has sufficient funds for completion of the project. Sellers also benefit from the prioritization mechanism, also called waterfall mechanism, wherein the priority based payments are made to the concerned parties.

Q: What is LETTERS OF CONTINUITY.

A: Letters of continuity must be obtained in addition to the Demand Promissory Note where the advance is likely to fluctuate or adjusted or revived.

The signatures should be obtained in the same fashion as on the Demand Promissory Note. It requires to be stamped like any other agreement. It is not necessary to take letter of Continuity where the advance is given by way of loans.

Q: What are ROI of various schemes.

A: ROI given below:

Savings Deposit: 4% from 01 April 2015 (4% from 01 April 2014)

1 Year Time Deposit: 8.4% (8.4%)

2 Year Time Deposit: 8.4% (8.4%)

3 Year Time Deposit: 8.4% (8.4%)

5 Year Time Deposit: 8.5% (8.5%)

5 Year Recurring Deposit: 8.4% (8.4%)

5 Year SCSS: 9.3% (9.2%)

5 Year MIS: 8.4% (8.4%)

5 Year NSC: 8.5% (8.5%)

10 Year NSC: 8.8% (8.8%)

PPF: 8.7% (8.7%)

Kisan Vikas Patra: 8.7% (8.7%)

Sukanya Samriddhi Scheme: 9.2% (9.1%).

Q:Who isIndemnifier.

A: When a person indemnifies or guarantees to make good any loss caused to the lender from his actions or others' actions.

Q:What is Forfaiting

A: In International Trade when an exporter finds it difficult to realize money from the importer, he sells the right to receive money at a discount to a forfaiter, who undertakes inherent political and commercial risks to finance the exporter, of course with assumption of a profit in the venture.

Q. What is the nature of PRADHAN MANTRI SURAKSHA BIMA YOJANA?

A:The scheme is a one year cover Personal Accident Insurance Scheme, renewable from year to year, offering protection against death or disability due to accident.

Q. What are the benefits under the scheme and premium payable?

A:The benefits are as follows:

Table of Benefits Sum Insured

a. Death Rs. 2 Lakh

b. Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot Rs. 2 Lakh

c. Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot Rs. 1 Lakh

Q. How is the premium to be paid?

A:Premium payable is Rs.12/- per annum per member.

The premium will be deducted from the account holder's savings bank account through 'auto debit' facility in one installment, as per the

option to be given on enrolment. Members may also give one-time mandate for auto-debit every year till the scheme is in force, subject

to re-calibration that may be deemed necessary on review of experience of the scheme from year to year.

Q. Who offers / administers the scheme?

A:The scheme is offered / administered through the Public Sector General Insurance Companies (PSGICs) and other General

Insurance companies willing to offer the product with necessary approvals on similar terms, in collaboration with participating Banks.

Participating banks are free to engage any such general insurance company for implementing the scheme for their subscribers.

Q. Who is eligible to subscribe?

A:All savings bank account holders in the age 18 to 70 years in participating banks are entitled to join. In case of multiple saving bank accounts held by an individual in one or different banks, the person would be eligible to join the scheme through one savings bank account only.

Q. Whether Joint Account holders can join the Scheme?

A:Yes, provided separate premium is paid for each of the Account holders.

Q. What is the enrolment period and modality?

A:Initially for the cover period from 1st June 2015 to 31st May 2016 subscribers were expected to enroll and give their auto-debit option by 31st May 2015, extendable up to 31st August 2015. Enrolment subsequent to this date may be possible prospectively on payment of full annual payment, subject to conditions .

Subscribers who wish to continue beyond the first year will be expected to give their consent for auto-debit before each successive May 31st for successive years. Delayed renewal subsequent to this date may be possible on payment of full annual premium, subject to conditions .

Q. Can eligible individuals who fail to join the scheme in the initial year join in subsequent years?

A:Yes, on payment of premium through auto-debit. New eligible entrants in future years can also join accordingly.

Q. Can individuals who leave the scheme rejoin?

A:Individuals who exit the scheme at any point may re-join the scheme in future years by paying the annual premium, subject to conditions that may be laid down.

Q. Who is the Master policy holder for the scheme?

A:Participating Banks are the Master policy holders. A simple and subscriber friendly administration & claim settlement process shall be finalized by PSGICs / chosen insurance company in consultation with the participating bank.

Q. When can the accident cover assurance terminate?

A:The accident cover of the member shall terminate / be restricted accordingly on any of the following events:

i. On attaining age 70 years (age neared birth day).

ii. Closure of account with the Bank or insufficiency of balance to keep the insurance in force.

iii. In case a member is covered through more than one account and premium is received by the insurance company inadvertently, insurance cover will be restricted to one account and the premium shall be liable to be forfeited.

Q. What will be the role of the insurance company and the Bank?

A:. The scheme is administered by PSGICs or any other General Insurance company which is willing to offer such a product

in partnership with a bank / banks.

ii. It is the responsibility of the participating bank to recover the appropriate annual premium in one installment, as per the

option, from the account holders on or before the due date through 'auto-debit' process and transfer the amount due to the insurance company.

Q. How would the premium be appropriated?

A:a. Insurance Premium to PSGIC / other insurance company: Rs.10/- per annum per member;

b. Reimbursement of Expenses to BC/Micro/Corporate/Agent : Rs.1/- per annum per member;

c. Reimbursement of Administrative expenses to participating Bank: Rs.1/- per annum per member.

Q. Will this cover be in addition to cover under any other insurance scheme the subscriber may be covered under?

A:Yes.

Q.. What is Pradhan Mantri Jan-Dhan Yojana?

Ans. Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner.

Q. . How is PMJDY different from the earlier Financial Inclusion Plan (Swabhimaan)?

Ans. PMJDY focuses on coverage of households as against the earlier plan which focused on coverage of villages. It focuses on coverage of rural as well as urban areas. Earlier plan targeted only villages above 2000 population while under PMJDY whole country is to be covered by extending banking facilities in each Sub-Service area consisting of 1000 – 1500 households such that facility is available to all within a reasonable distance, say about 5 Km.

Q. . Whether Joint account can be opened in Pradhan Mantri Jan-Dhan Yojana?

Ans. Yes, joint account can be opened.

Q. . Under this Scheme, where can one open an account?

Ans. Account can be opened in any bank branch or Business Correspondent (Bank Mitr) outlet.

Q. . What is BSBDA Account ?

Ans. Basic Savings Bank Deposit Account (BSBDA) has been defined by RBI vide its circular dated 10.08.2012. Its salient features are:

There is no requirement of minimum balance.

The services available include deposit and withdrawal of cash at bank branch as well as ATMs; receipt/credit of money through electronic payment channels or by means of collection/deposit of cheques.

Maximum of 4 withdrawals a month including ATM withdrawal. No such limit for deposits.

Facility of ATM card or ATM-cum-Debit card.

These facilities are to be provided without any extra cost.

Q. . Whether there are any restrictions like age, income, amount etc. criteria for opening BSBDA by banks for individuals?

Ans. Any individual above the age of 10 years can open BSBDA Account.

Q. . What is RuPay Debit Card?

Ans. Rupay Debit Card is an indigenous domestic debit card introduced by National Payment Corporation of India (NPCI). This card is accepted at all ATMs (for cash withdrawal) and at most of the PoS machines (for making cashless payment for purchases) in the country.

Q. What is PIN Number ?

Ans. Personal Identification Number (PIN) is randomly generated code for use of ATM Card at the time of withdrawal of money from ATM Machine and also at the time of making payment on PoS

Q.. How to keep debit card operational ?

Ans. To get benefit of Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.

Q.. How long the debit card is valid and how to get Debit Card renewed ?

Ans. Debit Card expiry date is mentioned on the Card itself. Account-holder is advised to get issued new card well before expiry date of his/her existing card by giving fresh application to the concerned bank.

Q.. If someone has two or more accounts and two or more RuPay Debit Cards, whether accidental insurance cove is available in each account / each card?

Ans. Accidental insurance cover is available only in one account.

Q. . What is the concept of overdraft of Rs.5000/- in PMJDY Account and for whom this facility is available?

Ans. Overdraft facility upto Rs.5000/- will be available to one account holder of PMJDY per household after 6 months of satisfactory conduct of the account. To avoid duplication Aadhaar number will also be required. If Aadhaar number is not available then Bank will do additional due diligence and also seek declaration from the beneficiary.

Q.. Whether Overdraft facility can be availed in more than one account?

Ans. Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.

Q.. What is Accidental Insurance Cover? Who will pay the premium ?

Ans. Accidental Insurance Cover is Rs.1.00 lac and no premium is charged to the beneficiary -- NPCI will pay the premium. At present the premium is Rs.0.47 per Card.

Q.. If both husband and wife who are opening accounts under PMJDY are eligible for Accidental Insurance Cover of Rs.1.00 lac and Life Insurance cover of Rs.30,000/- and overdraft facility of Rs.5000/- in both the accounts separately?

Ans. Accidental Insurance cover of Rs.1.00 lac and Life Insurance Cover of Rs.30000/- will be available to all account-holders. However, overdraft facility upto Rs.5000/- will be available to only one person in the family (preferably lady of the house).

Q:What is lien.

A:A right given to another by the owner of property to secure a debt, or one created by law in favour of certain creditors.

Q:What is pledge.

A: Placing of owned property by a debtor (the pledger) to a creditor (the pledgee) as a security for a loan or obligation. The pledgee has an implied right to confiscate and/or sell the pledged property to satisfy his or her claim in case of a default.

Q: What is Hypothecation.

A: "'Hypothecation' means a charge in or upon any movable property, existing in future, created by a borrower in favour of a secured creditor, without delivery of possession of the movable property to such creditor, as a security for financial assistance and includes floating charge and crystallization of such charge into fixed charge on movable property".

Q:What is the difference Between Hypothecation and Pledge

A:Hypothecation is a way of creating a charge against the security of movable assets, which is much similar to pledge. However, pledge is a charge, which is defined by law whereas it is not so in the case of hypothecation. Under Section 172 of the Indian Contract Act, 1872: "Pledge is a contract where, by way of deposit of goods a security for a debt is created and the right to property vests in the pawnee so far as it is necessary to secure the debt."

In case of pledge, the assets are in the custody of the lender, real or constructive, whereas in the case of hypothecation the assets are in the custody of the borrower.

Hypothecation is to be registered under Section 125 of the Indian Companies Act, 1956 when the hypothecator is a company, whereas no such provision exists in case of charges by way of pledge.

In hypothecation, goods are not kept under the lock and key of the banker. The borrower, however, will have to submit a stock statement at prescribed intervals as per terms of sanction to the bank. In addition to the fact that the bank does not have the physical possession of the goods under hypothecation, the fact remains that no statutory status is given to a hypothecation transaction. In this regard, it is, however, to be noted that hypothecation has a close link to floating charge. It must be noted that without the consent of the Bank, no person can utilize the hypothecated goods for his own benefit or sale by the borrower or any person connected thereto.

Q: What is mortgage.

A:(a) A mortgage is the transfer of an interest in specific immoveable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability. The transferor is called a mortgagor, the transferee a mortgagee; the principal money and interest of which payment is secured for the time being are called the mortgage-money, and the instrument (if any) by which the transfer is effected is called a mortgage-deed.

(b) Simple mortgage.—Where, without delivering possession of the mortgaged property, the mortgagor binds himself personally to pay the mortgage-money, and agrees, expressly or impliedly, that, in the event of his failing to pay according to his contract, the mortgagee shall have a right to cause the mortgaged property to be sold and the proceeds of sale to be applied, so far as may be necessary, in payment of the mortgage-money, the transaction is called a simple mortgage and the mortgagee a simple mortgagee.

(c) Mortgage by conditional sale.—Where, the mortgagor ostensibly sells the mortgaged property— on condition that on default of payment of the mortgage-money on a certain date the sale shall become absolute, or on condition that on such payment being made the sale shall become void, or on condition that on such payment being made the buyer shall transfer the property to the seller, the transaction is called mortgage by conditional sale and the mortgagee a mortgagee by conditional sale: 1[Provided that no such transaction shall be deemed to be a mortgage, unless the condition is embodied in the document which effects or purports to effect the sale.]

(d) Usufructuary mortgage.—Where the mortgagor delivers possession 1[or expressly or by implication binds himself to deliver possession] of the mortgaged property to the mortgagee, and authorises him to retain such possession until payment of the mortgage-money, and to receive the rents and profits accruing from the property 2[or any part of such rents and profits and to appropriate the same] in lieu of interest, or in payment of the mortgage-money, or partly in lieu of interest 3[or] partly in payment of the mortgage-money, the transaction is called an usufructuary mortgage and the mortgagee an usufructuary mortgagee.

(e) English mortgage.—Where the mortgagor binds himself to repay the mortgage-money on a certain date, and transfers the mortgaged property absolutely to the mortgagee, but subject to a proviso that he will re-transfer it to the mortgagor upon payment of the mortgage-money as agreed, the transaction is called an English mortgage. 4[(f) Mortgage by deposit of title-deeds.—Where a person in any of the following towns, namely, the towns of Calcutta, Madras, 5[and Bombay], 6[* * *] and in any other town7 which the 8[State Government concerned] may, by notification in the Official Gazette, specify in this behalf, delivers to a creditor or his agent documents of title to immoveable property, with intent to create a security thereon, the transaction is called a mortgage by deposit of title-deeds.

(g) Anomalous mortgage.—A mortgage which is not a simple mortgage, a mortgage by conditional sale, an usufructuary mortgage, an English mortgage or a mortgage by deposit of title-deeds within the meaning of this section is called an anomalous mortgage.]

Q. What is Commercial Paper (CP)?

A:Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note.

Q. When it was introduced?

A:It was introduced in India in 1990.

Q. Why it was introduced?

A:It was introduced in India in 1990 with a view to enabling highly rated corporate borrowers to diversify their sources of short-term borrowings and to provide an additional instrument to investors. Subsequently, primary dealers and all-India financial institutions were also permitted to issue CP to enable them to meet their short-term funding requirements for their operations.

Q. Who can issue CP?

A:Corporates, primary dealers (PDs) and the All-India Financial Institutions (FIs) are eligible to issue CP.

Q. Whether all the corporates would automatically be eligible to issue CP?

A:No. A corporate would be eligible to issue CP provided –

a. the tangible net worth of the company, as per the latest audited balance sheet, is not less than Rs. 4 crore

b. company has been sanctioned working capital limit by bank/s or all-India financial institution/s; and

c. the borrowal account of the company is classified as a Standard Asset by the financing bank/s/ institution/s.

Q. Is there any rating requirement for issuance of CP? And if so, what is the rating requirement?

A:Yes. All eligible participants shall obtain the credit rating for issuance of Commercial Paper either from Credit Rating Information Services of India Ltd. (CRISIL) or the Investment Information and Credit Rating Agency of India Ltd. (ICRA) or the Credit Analysis and Research Ltd. (CARE) or the FITCH Ratings India Pvt. Ltd. or such other credit rating agency (CRA) as may be specified by the Reserve Bank of India from time to time, for the purpose.

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. What is the minimum and maximum period of maturity prescribed for CP?

A:CP can be issued for maturities between a minimum of 7 days and a maximum of up to one year from the date of issue.However, the maturity date of the CP should not go beyond the date up to which the credit rating of the issuer is valid.

Q. What is the limit up to which a CP can be issued?

A:The aggregate amount of CP from an issuer shall be within the limit as approved by its Board of Directors or the quantum indicated by the Credit Rating Agency for the specified rating, whichever is lower.

As regards FIs, they can issue CP within the overall umbrella limit prescribed in the Master Circular on Resource Raising Norms for FIs, issued by DBOD and updated from time-to-time.

Q:. In what denominations a CP that can be issued?

A:CP can be issued in denominations of Rs.5 lakh or multiples thereof.

Q: What is Demand loan.

A:Loan with or without a fixed maturity date, but which can be recalled anytime (often on a 24-hour notice) by the lender and must be paid in full on the date of demand. Also, the borrower can pay off a demand loan at any time without incurring pre payment penalties. In india normally this is granted against securities like bank deposits,lic policy,nsc, gold jewellery etc.

Q:What is Term Loan.

A:A loan from a bank for a specific amount that has a specified repayment Period(term) and a floating or fixed interest rate. Term loans may have repayment period between one and 30years.

Q:What is Overdraft.

A:An overdraft occurs when money is withdrawn from a bank account and the available balance goes below zero. In this situation the account is said to be "overdrawn".

Q:What is cash credit limit.

A: In Cash Credit facility an amount of loan is given to the borrower for his working capital needs.A customer can draw upto a limit that depends upon Drawing Power calculated based on value of security.

Q: What is Pre Shipment credit (Packing Credit).

A:Pre-shipment / Packing Credit also known as 'Packing credit' is a loan/ advance granted to an exporter for financing the purchase, processing, manufacturing or packing of goods prior to shipment. Packing credit can also be extended as working capital assistance to meet expenses such as wages, utility payments, travel expenses etc; to companies engaged in export or services. Packing credit is sanctioned/granted on the basis of letter of credit or a confirmed and irrevocable order for the export of goods / services from India or any other evidence of an order for export from India.

Q: What is Post Shipment credit.

A:'Post-shipment Credit' means any loan or advance granted or any other credit provided by a bank to an exporter of goods / services from India from the date of extending credit after shipment of goods / rendering of services to the date of realisation of export proceeds as per the period of realization prescribed by Reserve Bank of India (RBI) and includes any loan or advance granted to an exporter, in consideration of, or on the security of any duty drawback allowed by the Government from time to time. As per extant guidelines of RBI, the period prescribed for realisation of export proceeds is 12 months from the date of shipment.

Q:What is Negotiable Instrument ?

A:According to Sec. 13 of Negotiable Instruments Act, 1881, A Negotiable Instrument means a promissory note, bill of exchange, payable either to order or bearer.

Q:What is Promissory Note.

A:As per Sec.4 of N.I.Act, 1881" Promissory Note is an instrument in writing (not being a bank note or currency note) containing an unconditional undertaking signed by the maker to pay a certain sum of money only or the order of a certain person, or to the bearer of the instrument."

The promise can be singly or jointly by more than one person.

There are two parties in a Promissory Note

Maker(Drawer)- Is the person who promises to pay

Payee – Is the person to whom promise is made.

Q:List Essential requirements of a Promissory Note.

A:It must be in writing .

It must contain an unconditional undertaking to pay

The maker should sign it

The promise to pay should be unconditional

The promise to pay money and money only

Maker should be certain

It must contain the name of the Payee – it can not be bearer i.e. the person to whom the amount is to be paid has to be mentioned { a bearer promissory note gets the status of a currency note.-prohibited by Sec.31 of Reserve Bank of India Act,1934}

It should bear the date and place of issue

It can be payable on demand i.e. sight or after a certain period

It is not necessary to mention the consideration i.e. "Value Received"

It cannot be tied up with any future event

It attracts stamp duty under Stamp Act.1899.

Q:What is Bill of Exchange.

A:As per Sec.5 of N.I.Act, 1881 " A bill of exchange is an "Instrument" in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of certain person or bearer of the instrument."

There are three parties to the Bill of Exchange

– Drawer or Maker:is the person who Orders to pay

– Drawee – The person on whom the bill is drawn.(who is ordered to pay)

– Payee – To whom the payment is to be made. Payee is the person whose name is mentioned in the instrument, to whom or to whose order the money is directed to be paid by the instrument.

Q:List Essential Requirements of bill of exchange.

A:It must be in writing.

It should be an unconditional order to pay

It should be signed by the maker/drawer

It must contain direction to a certain person (i.e. drawee) to pay

The sum payable must be certain

Drawee must be certain

It is direction by the drawer / maker to a person (i.e. drawee) to make payment to a definite person or as per his order or to the bearer of the instrument.

Payee must be certain.

Bill of Exchange can either be Sight or Usance. Usance bills contain a specified period on which the payment is to be made. Usance bills need acceptance of the payee. Three days of grace is given for payment of usance bills.

Q: What is Cheque.

A:As per Sec. 6 of NI Act, 1881 " a cheque is a Bill of Exchange drawn on a specified banker and not expressed to be payable otherwise than on demand."

It is an instrument in writing containing an unconditional order signed by the maker, directing a certain banker to pay a certain sum of money, on demand to, or to the order of, a certain person or to the bearer of the instrument. All cheques are bill of exchange, but all bill of exchange are not cheques.

Q:List Difference between a cheque and a bill of exchange.

A:A cheque does not require acceptance

It can be crossed

Does not attract stamp duty.

It gets statutory protection under Sec. 85 and Sec. 131 of NIAct.

It is not entitled to days of grace

A cheque is presented for payment, whereas a bill in the first instance is presented for acceptance unless it is a bill on demand.

No notice of dishonour is required

A cheque is not noted or protested.

Q:Define Demand Deposits .

A:Deposits which are withdrawn on demand by customers.E.g. savings bank and current account deposits.

Q:Define Either or Survivor .

A:Refers to operation of the account opened in two names with a bank. It means that any one of the account holders have powers to withdraw money from the account, issue cheques, give stop payment instructions etc. In the event of death of one of the account holder, the surviving account holder gets all the powers of operation.

Q:Define Endorsement .

A:When a Negotiable Instrument contains, on the back of the instrument an endorsement, signed by the holder or payee of an order instrument, transferring the title to the other person, it is called endorsement.

Q:Discuss forms of Endorsements.

A:Endorsement in Blank : Where the name of the endorsee or transferee is not mentioned on the instrument.

Endorsement in Full : Where the name of the endorsee or transferee appears on the instrument while making endorsement.

Restrictive Endorsement:An endorsement is restrictive when it prohibits further negotiation of a negotiable instrument. . For example, if a cheque is endorsed as 'Pay to X only', it cannot be negotiated further.

Conditional Endorsement (Qualified Endorsement):This is not a common form of endorsement. It may take many forms. It may either limit the liability of the endorser or create some liability on the endorsee to receive payment of the instrument. That is, an endorsement may be preceded by certain condition, which should have been fulfilled by the endorsee, for obtaining payment.

Sans Recourse endorsement: It is an endorsement which limits the Liability of the endorser. The effect of this endorsement is, to render the endorser free from all liability to any subsequent holder.

In our country the words, 'without recourse' are mostly used instead of 'Sans recourse.'

Q:What is FMC.

A:Forward Markets Commission (FMC) (headquartered at Mumbai), is a regulatory authority which is overseen by the Ministry of Finance, Govt. of India. It is a statutory body set up in 1953 under the Forward Contracts (Regulation) Act, 1952.

Q:Define Factoring .

A: Business of buying trade debts at a discount and making a profit when debt is realized and also taking over collection of trade debts at agreed prices.

Q: What do you mean by ECGC.

A:Export credit guarantee corporation of India Ltd.

Q:What is its Objective.

A:"You focus on exports, we cover the risks." is tag line of ECGC. its covers various risks of exporters.

Q:Tell Some Thing About ECGC.

A:The need for export promotion had started immediately after Independence in 1947.

In 1953, a proposal for initiation of an export credit guarantee scheme was put forward at a meeting of the Export Advisory Council . Ministry of Commerce & Industry analyzed in depth the pros and cons of the Export Credit Insurance Scheme and a revised draft proposal on the scheme was presented to the Export Advisory Council in 1955.

Shri T T Krishnamachari, Finance Minister in Pandit Nehru's cabinet appointed a special committee under the Chairmanship of Shri T.C.Kapur to examine the feasibility of setting up an effective organization to provide insurance against export credit risks. The Government accepted the recommendations of Kapur Committee and thus the Export Risk Insurance Corporation (ERIC) was registered on 30th July 1957 in Mumbai as a Private Ltd. Company, entirely state owned, under the Companies Act with an authorized capital of Rs.5 crores and paid up capital of Rs.25 lakhs. Shri Ratilal M Gandhi was the First Chairman and Shri T C Kapur was the First Managing Director of the Corporation. Shri Morarji Desai, Union Commerce Minister inaugurated ERIC and the first Policy was issued on 14th October 1957.

After introduction of insurance covers to banks during the period 1962-64, ERIC's name was changed to Export Credit & Guarantee Corporation Ltd in 1964.

To bring Indian identify in the name, ECGC was renamed as Export Credit Guarantee Corporation of India Ltd in the year 1983.

Q: What are Objectives of ECGC.

A: The Corporation has set before itself the following objectives:

1. To encourage and facilitate globalization of India's trade.

2. To assist Indian exporters in managing their credit risks by providing timely information on worthiness of the buyers, bankers and the countries.

3. To protect the Indian exporters against unforeseen losses, which may arise due to failure of the buyer, bank or problems faced by the country of the buyer by providing cost effective credit insurance covers in the form of Policy, Factoring and Investment Insurance Services comparable to similar covers available to exporters in other countries.

4. To facilitate availability of adequate bank finance to the Indian exporters by providing surety insurance covers for bankers at competitive rates.

5. To achieve improved performance in terms of profitability, financial and operational efficiency indicators and achieve optimum return on investment.

6. To develop world class expertise in credit insurance among employees and ensure continuous innovation and achieve the highest customer satisfaction by delivering top quality service.

7. To educate the customers by continuous publicity and effective marketing.

Q:What are Products Of ECGC.

A:1.Export credit insurance for exporters.

2.Export credit insurance for Banks.

3.Factoring.

4.buyer"s credit cover.

5.line of credit cover.

6.transfer guarantee.

7. overseas investment insurance.

8.customer specific covers.

Q:Where its head office is located.

A: MUMBAI.

Q: How many regional office are there.

A: 5,Eastern, Northern, southern1, southern2, western.

Q:What is Access

A:: To store or retrieve data.

Q:What is Add-on..

A:: Circuits, systems, or hardware devices that can be attached to a computer to increase its memory or improve its performance.

Q:What is Application.

A:: A system, such as a payroll, that has been defined to be suitable for electronic data processing techniques.

Q:What is Archived file.

A:: A file that has been transferred to a lower level in the memory hierarchy, usually from magnetic disc to magnetic tape, may be as a result of operations of appropriate resource management.

Q:What is Array.

A: A group of two or more logically related elements identified by a single name; generally stored in consecutive storage locations in main memory.

Q: Name central bank in INDIA.

A:Reserve Bank of India .

Q:Reserve Bank of India Act passed in ....

A:1934.

Q:Reserve Bank of India (RBI) established on ....

A:1 April 1935.

Q: Name commission that recommended the establishment of Reserve Bank of India (RBI)

A: Hilton-Young Commission.

Q:RBI is a ....

A:statutory body.

Q:What is Emblem of RBI.

A:: Panther and Palm Tree.

Q:Where the headquarter of RBI was Initially Located at.

A:in Calcutta (Now Kolkata) but in 1937 it was permanently moved to Mumbai, Maharashtra.

Q:The Executive head of RBI is known as ....

A:Governor.

Q: Name present Governor of RBI.

A: Dr. Raghuram Rajan.

Q:PREAMBLE Of RBI is..........

A:"To regulate the issue of Bank notes and the keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage".

Q: Define Inflation.

A:The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling. Central banks attempt to stop severe inflation, along with severe deflation.

As inflation rises, every Rupee will buy a smaller percentage of a goods.

Q: What is CPI.

A:A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

Sometimes referred to as "headline inflation."

Q: What is core inflation.

A:Core Inflation is a measure which excludes transitory or temporary price volatility as in the case of some commodities such as food items, energy products etc.

Q:What is 'Fiscal Deficit'.

A:When a government's total expenditures exceed the revenue that it generates (excluding money from borrowings).

Deficit is a shortfall in revenue;

Q:Define 'Current Account Deficit'.

A:A measurement of a country’s trade in which the value of goods and services it imports exceeds the value of goods and services it exports. The current account also includes net income, such as interest and dividends, as well as transfers, such as foreign aid, though these components tend to make up a smaller percentage of the current account than exports and imports. The current account is a calculation of a country’s foreign transactions, and along with the capital account is a component of a country's balance of payment.

Q:What is the difference between Balance of Payments and Balance of Trade?

A:Balance of payments should be distinguished from balance of trade.

Balance of trade refers to the export and import of visible items, i.e., material goods. It is the difference between the value of visible exports and imports.

Visible items are those items which are recorded in the customs returns; for example, material goods exported and imported.

If the value of visible exports is greater than that of visible imports, the balance of trade is favourable.

If the value of visible imports is greater than that of visible exports the balance of trade is unfavourable;

if the value of visible exports is equal to that of visible imports, the balance of trade is in equilibrium.

Balance of payments, on the other hand, is a more comprehensive concept because it covers (a) visible items (i.e., balance of trade or merchandise account) and (b) invisible items.

Invisible items are those items which are not recorded in the customs returns; for example, services (such as transpiration, banking, insurance, etc.), capital flows, purchase and sale of gold, etc.

Thus, balance of payments is a broader term than balance of trade; balance of payments includes both visible as well as invisible items, whereas balance of trade includes only visible items.

Q;What is objective of Skill India.

A:The main goal is to create opportunities, space and scope for the development of the talents of the Indian youth and to develop more of those sectors which have already been put under skill development for the last so many years and also to identify new sectors for skill development. The new programme aims at providing training and skill development to 500 million youth of our country by 2020, covering each and every village. Various schemes are also proposed to achieve this objective.

Q:What are main features of Skill India.

A:The emphasis is to skill the youths in such a way so that they get employment and also improve entrepreneurship.

Provides training, support and guidance for all occupations that were of traditional type like carpenters, cobblers, welders, blacksmiths, masons, nurses, tailors, weavers etc.

More emphasis will be given on new areas like real estate, construction, transportation, textile, gem industry, jewellery designing, banking, tourism and various other sectors, where skill development is inadequate or nil.

The training programmes would be on the lines of international level so that the youths of our country can not only meet the domestic demands but also of other countries like the US, Japan, China, Germany, Russia and those in the West Asia.

Another remarkable feature of the 'Skill India' programme would be to create a hallmark called 'Rural India Skill', so as to standardise and certify the training process.

Tailor-made, need-based programmes would be initiated for specific age groups which can be like language and communication skills, life and positive thinking skills, personality development skills, management skills, behavioural skills, including job and employability skills.

The course methodology of 'Skill India' would be innovative, which would include games, group discussions, brainstorming sessions, practical experiences, case studies etc.

Q: How is it different from the previous skill development policies?

A: It's not that we do not have any skill development programme already. The Government of India has always considered skill development as a national priority. It is just that since the ministry is new, the approach taken for skill development is also new. Earlier, the emphasis was on traditional jobs. But this time, all kinds of jobs will be given equal emphasis. Earlier, the responsibility was divided among various ministries, but this time, these are being clubbed together. The ministry of skill development and entrepreneurship will be the principal ministry which is going to coordinate with other ministries and organisations.

Skill India won't be just a programme but a movement. Here, youth who are jobless, college and school dropouts, along with the educated ones, from rural and urban areas, all will be given value addition. The new ministry will be the certifying agency. Certificates will be issued to those who complete a particular skill or programme and this certificate has to be recognized by all public and private agencies and entities, including overseas organisations. Skill India is a programme for the entire nation.

Q:What is Creditworthiness .

A:It is the capacity of a borrower to repay the loan / advance in time alongwith interest as per agreed terms.

Q:What is Core Banking Solutions (CBS) .

A: Core Banking Solutions is a buzz word in Indian banking at present, where branches of the bank are connected to a central host and the customers of connected branches can do banking at any breach with core banking facility.

Q:Who is Debtor .

A:A person who takes some money on loan from another person.

Q:What do you mean by Dematerialization of Shares.

A: These converted Share Certificates in Electronic form are kept in a Demat Account by the Depository Company, like a bank keeps money in a deposit account. Investor can withdraw the shares or purchase more shares through this demat Account.

Q:What do understand by word E-Banking .

A: E-Banking or electronic banking is a form of banking where funds are transferred through exchange of electronic signals between banks and financial institution and customers ATMs, Credit Cards, Debit Cards, International Cards, Internet Banking and new fund transfer devices like SWIFT, RTGS belong to this category.

Q:What is Brick & Mortar Banking .

A: Brick and Mortar Banking refers to traditional system of banking done only in a fixed branch premises made of brick and mortar.

Q:What is Bouncing of a cheque .

A:Where an account does not have sufficient balance to honour the cheque issued by the customer , the cheque is returned by the bank with the reason "funds insufficient" or "Exceeds arrangement".This is known as 'Bouncing of a cheque' .

Q:What is CURRENT ACCOUNT DEFICIT.

A:'A measurement of a country's trade in which the value of goods and services it imports exceeds the value of goods and services it exports. The current account also includes net income, such as interest and dividends, as well as transfers, such as foreign aid, though these components tend to make up a smaller percentage of the current account than exports and imports. The current account is a calculation of a country's foreign transactions, and along with the capital account is a component of a country's balance of payment.

Q:What do mean by word CASA.

A:CASA (current and savings account) ratio is the ratio of deposits in the current and savings accounts of a bank to its total deposits.

Q:What do you mean by word Cheque Truncation.

A: Cheque truncation, truncates or stops the flow of cheques through the banking system. Generally truncation takes place at the collecting branch, which sends the electronic image of the cheques to the paying branch through the clearing house and stores the paper cheques with it.

Q: Define BANK.

A:Bank is an organisation which accepts deposits from public repayable on demand or otherwise for the purpose of lending and investment.

What is a Banking Company ?

Any company, which transacts the business of banking defined above is termed as Banking company and in INDIA these are regulated by BANKING REGULATION ACT AND RBI ACT.

Q: Define CUSTOMER.

A: A customer is a person who maintains a regular account with the bank without taking into consideration the duration and frequency of operation of his account.

To be a customer for any bank the individual should have an account with the bank. The relationship between banker and customer is of utmost importance.

Q: Define Demand Deposit.

A:Demand deposits are those deposits, which can be withdrawn on demand. Saving bank, current account and overdue deposits fall under this category. Customers having these accounts can withdraw their deposit s from the account at any time they desire.

Q: Define Term Deposit.

A:Deposits, which are not payable on demand, are known as term or time deposits. "Term Deposits" or “Fixed Deposits” are deposits, where the depositor makes a lump sum deposit at one time for a fixed term and receives payment in future after the period for which the deposits have been kept. Rate of interest is contracted at the time of opening the account. Such deposits generally carry comparatively higher rate of interest depending on the time span In case a depositor wants prepayment i.e. payment before the due date, the amount is paid after leaving penalty.

Q: What is treasury management.

A: The process of administering to the financial assets and holdings of a business. The goal of most treasury management departments is to optimize their company's liquidity, make sound financial investments for the future with any excess cash, and reduce or enter into hedges against its financial risks.

Q:What is OMO.

A: 'Open Market Operations - OMO' is the buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system. Purchases inject money into the banking system and stimulate growth while sales of securities do the opposite.

Q:What is REPO.

A:Repo rate is the rate at which the central bank of a country (RBI in case of India) lends money to commercial banks in the event of any shortfall of funds.

Definition: Repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds. Repo rate is used by monetary authorities to control inflation.

Description: In the event of inflation, central banks increase repo rate as this acts as a disincentive for banks to borrow from the central bank. This ultimately reduces the money supply in the economy and thus helps in arresting inflation.

The central bank takes the contrary position in the event of a fall in inflationary pressures. Repo and reverse repo rates form a part of the liquidity adjustment facility.

Full form of REPO is repurchase options.

Q:What is Reverse REPO.

A:Reverse repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country. It is a monetary policy instrument which can be used to control the money supply in the country. This is reverse process of REPO.

Q:What is MSF.

A:Marginal Standing Facility (MSF) is a scheme announced by the Reserve Bank of India (RBI) in its Monetary Policy (2011-12) and refers to the penal rate at which banks can borrow money from the central bank over and above what is available to them through the LAF window.At present MSF rate is 1% higher than REPO rate.

Q:What is Bank Rate.

A:The interest rate at which a nation's central bank lends money to domestic banks. Often these loans are very short in duration. Managing the bank rate is a preferred method by which central banks can regulate the level of economic activity.At present Bank rate is 1% higher than REPO rate.

Q: What is yield.

A:The income return on an investment. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Q: What is YTM.

A:The rate of return anticipated on a bond if held until the end of its lifetime. YTM is considered a long-term bond yield expressed as an annual rate. The YTM calculation takes into account the bond's current market price, par value, coupon interest rate and time to maturity.

Q: What is Bond.

A:A bond is a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.

Q: What is Govt Security.

A:A bond (or debt obligation) issued by a government authority, with a promise of repayment upon maturity that is backed by said government. A government security may be issued by the government itself or by one of the government agencies.

Q:Who is non cooperative borrower.

A:A non-cooperative borrower is one who does not engage constructively with his lender by defaulting in timely repayment of dues while having ability to pay, thwarting lenders' efforts for recovery of their dues by not providing necessary information sought, denying access to assets financed / collateral securities, obstructing sale of securities, etc. In effect, a non-cooperative borrower is a defaulter who deliberately stone walls legitimate efforts of the lenders to recover their dues.

Q:What do you mean by ATM.

A:ATMs are Automatic Teller Machines, which do the job of a teller in a bank through Computer Network.

Q:What do you mean by word Bancassurance :

A: Bancassurance refers to the distribution of insurance products and the insurance policies of insurance companies which may be life policies or non-life policies like home insurance - car insurance, medi-policies and others, by banks as corporate agents through their branches located in different parts of the country by charging a fee.

Q:What is banker's lien.

A: Bankers lien is a special right of lien exercised by the bankers, who can retain goods bailed to them as a security for general balance of account. Bankers can have this right in the absence of a contract to the contrary.

Q:What is BASEL 2.

A: The Committee on Banking Regulations and Supervisory Practices, popularity known as Basel Committee, submitted its revised version of norms in June, 2004. Under the revised accord the capital requirement is to be calculated for credit, market and operational risks. The minimum requirement continues to be 8% of capital fund (Tier I & II Capital) Tier II shall continue to be not more than 100% of Tier I Capital

What are debentures?

Debentures are creditor ship securities representing long-term indebtedness of a company. A debenture is an instrument executed by the company under its common seal acknowledging indebtedness to some person or persons to secure the sum advanced. It is, thus, a security issued by a company against the debt.

Debentures can be of following types:

Redeemable and Non redeemable Debentures

Redeemable debentures are those which can be redeemed or paid back at the end of a specified period mentioned on the debentures or within a specified period at the option of the company by giving notice to the debenture holders or by installments as per terms of issue.

Non redeemable debentures are those which are repayable at any time by the company during its existence. No date of redemption is specified. the debenture holders cannot claim their redemption. However, they are due for redemption if the company fails to pay interest on such debentures or on winding up of the company. They are also called perpetual debentures.

Secured and Unsecured Debentures

Secured debentures carry either a fixed charge on the particular asset of the company or floating charge on all the assets of the company.

Unsecured debentures, on the other hand, have no such charge on the assets of the company. They are also known as simple or naked debentures.

Convertible and Non-convertible Debentures

Convertible debentures are those which can be converted by the holders of such debentures into equity shares or preference shares.

Non-convertible Debentures, cannot be converted into shares. Now, a company can also issue partially convertible debentures under which only a part of the debenture amount can be converted into equity shares.

Question: What Is the Difference Between a Credit Card and a Debit Card?

Answer:

The fundamental difference between a debit card and a credit card is from where the cards debits the money. A debit card takes it from your banking account and a credit card charges it to your line of credit.

what are the functions of Cooperative Banks in India?

Co operative Banks in India are registered under the Co-operative Societies Act. The cooperative bank is also regulated by the RBI. They are governed by the Banking Regulations Act 1949 and Banking Laws (Co-operative Societies) Act, 1965.

Cooperative banks in India finance rural areas under:

Farming

Cattle

Milk

Hatchery

Personal finance

Cooperative banks in India finance urban areas under:

Self-employment

Industries

Small scale units

Home finance

Consumer finance

Personal finance.

Q 1. What is KYC? Why is it required?

Response: KYC means “Know Your Customer”. It is a process by which banks obtain information about the identity and address of the customers. This process helps to ensure that banks’ services are not misused. The KYC procedure is to be completed by the banks while opening accounts and also periodically update the same.

Q 2. What are the KYC requirements for opening a bank account?

Response: To open a bank account, one needs to submit a 'proof of identity and proof of address' together with a recent photograph.

Q3. What are the documents to be given as 'proof of identity' and 'proof of address'?

Response: The Government of India has notified six documents as 'Officially Valid Documents (OVDs) for the purpose of producing proof of identity. These six documents are Passport, Driving Licence, Voters' Identity Card, PAN Card, Aadhaar Card issued by UIDAI and NREGA Card. You need to submit any one of these documents as proof of identity. If these documents also contain your address details, then it would be accepted as as 'proof of address'. If the document submitted by you for proof of identity does not contain address details, then you will have to submit another officially valid document which contains address details.

ATM SERVICES

Q. What are the restrictions on free use of ATMs?

A. Other Bank ATM Usage: From November 1,2014, the number of mandatory free ATM transactions for savings bank account customers at other bank ATMs stand reduced to three per month from five earlier if the ATMs are located in Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad. At other locations, facility of five free transactions for savings bank account customers remains unchanged. However the Reserve Bank said banks can offer more than three free transactions at other bank ATMs if they desire.

Own Bank ATMs: Banks have been allowed to charge customers beyond five transactions (inclusive of financial and non-financial transactions) per month at own ATMs. This would be applicable for ATMs at all locations.

Charges: The banks are allowed to fix their own charges for ATM transactions beyond the mandated free ones by the Reserve Bank. However, the Reserve Bank of India has capped the maximum charge to Rs. 20 per transaction (plus service tax, if any).

Q. Who can apply for ATM-cum-Debit Card?

A. Any individual account holder having Savings Bank or Current Account, single, or joint account operated as Either or Survivor / Former or Survivor / Later or Survivor/ Anyone or Survivor / Pensioners, NRE account holders.

Cheque Truncation System

1. What is Cheque Truncation?

Truncation is the process of stopping the flow of the physical cheque issued by a drawer at some point with the presenting bank en-route to the drawee bank branch. In its place an electronic image of the cheque is transmitted to the drawee branch by the clearing house, along with relevant information like data on the MICR band, date of presentation, presenting bank, etc. Cheque truncation thus obviates the need to move the physical instruments across branches, other than in exceptional circumstances for clearing purposes. This effectively eliminates the associated cost of movement of the physical cheques, reduces the time required for their collection and brings elegance to the entire activity of cheque processing.

2. Why Cheque Truncation in India?

As explained above, Cheque Truncation speeds up the process of collection of cheques resulting in better service to customers, reduces the scope for clearing-related frauds or loss of instruments in transit, lowers the cost of collection of cheques, and removes reconciliation-related and logistics-related problems, thus benefitting the system as a whole. With the other major products being offered in the form of RTGS and NEFT, the Reserve Bank has created the capability to enable inter-bank and customer payments online and in near-real time. However, as cheques are still the prominent mode of payments in the country and Reserve Bank of India has decided to focus on improving the efficiency of the cheque clearing cycle, offering Cheque Truncation System (CTS) as an alternative. As highlighted earlier, CTS is a more secure system vis-a-vis the exchange of physical documents.

In addition to operational efficiency, CTS offers several benefits to banks and customers, including human resource rationalisation, cost effectiveness, business process re-engineering, better service, adoption of latest technology, etc. CTS, thus, has emerged as an important efficiency enhancement initiative undertaken by Reserve Bank in the Payments Systems area.

FAQ's for RTGS/NEFT

1. What is Inter Bank Transfer?

Inter Bank Transfer is a special service that allows you to transfer funds electronically to accounts in other banks in India through:

NEFT: The acronym NEFT stands for National Electronic Funds Transfer. Funds are transferred to the credit account with the other participating Bank using RBI's NEFT service. RBI acts as the service provider and transfers the credit to the other bank's account. This system of fund transfer operates on a Deferred Net Settlement basis. Fund transfer transactions are settled in batches as opposed to the continuous, individual settlement in RTGS. Presently, , NEFT operates in hourly batches from 8 am to 7 pm on week days and 8 am to 1 pm on Saturdays.

RTGS: The acronym RTGS stands for Real Time Gross Settlement. This is a system where the processing of funds transfer instructions takes place at the time they are received (real time).

Also the settlement of funds transfer instructions occurs individually on an instruction by instruction basis (gross settlement). The RTGS system is the fastest possible interbank money transfer facility available through secure banking channels in India.

2. What is the minimum/maximum amount for RTGS/NEFT transactions?

Type Minimum Maximum

RTGS Rs. 2 Lakh No Limit

NEFT No Limit No Limit.

3. When does the beneficiary get the credit for a RTGS payment?

Under normal circumstances the beneficiary Bank branch receives the funds in real time as soon as funds are transferred by the remitting Bank. The beneficiary Bank has to credit the beneficiary's account within 30 minutes of receiving the funds transfer message.

4. When does the beneficiary get the credit for a NEFT payment?

NEFT operates in hourly batches. Currently there are twelve settlements from 8 am to 7 pm on week days and five settlements from 8 am to 1 pm on Saturdays. Therefore, the beneficiary can expect to get the credit for the transactions put through between 8 am to 5 pm on weekdays (between 8 am to 1 pm on Saturdays) on the same day. For transactions settled in the 6 and 7 pm batches on week days and at 1 pm on Saturday, the credit will be afforded either on the same day or on the next working day.

5. If an RTGS transaction is not credited to a beneficiary account, does the Remitter get back the money?

Yes. If the beneficiary's bank is unable to credit the beneficiary's account for any reason, the former will return the money to the remitting bank within 1 hour. Once the amount is received by the remitting bank, it is credited to the remitters account by the branch concerned.

6. If an NEFT transaction is not credited to a beneficiary account, does the Remitter get back the money?

Yes. If the money cannot be credited for any reason, the beneficiary's bank has to return the money within next two batches i.e (B+2) to the remitting bank. Once this amount is received back by the remitting bank, the amount is credited to the Remitter's account by the remitting bank.

1. What is meant by Priority Sector?

Priority sector refers to those sectors of the economy which may not get timely and adequate credit in the absence of this special dispensation. Typically, these are small value loans to farmers for agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections.

2. What are the different categories under priority sector?

Priority Sector includes the following categories:

(i) Agriculture

(ii) Micro and Small Enterprises

(iii) Education

(iv) Housing

(v) Export Credit

(vi) Others

Q.1. What is the definition of MSME?

A.1. The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

(a) Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

(i) A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;

(ii) A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and

(iii) A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722(E) dated October 5, 2006.

(b) Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

(i) A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;

(ii) A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore; and

(iii) A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

I. DOMESTIC DEPOSITS

1. Whether banks can accept interest free deposits?

Banks cannot accept interest free deposits other than in current account.

2. What rate of Interest is paid by banks on savings bank accounts?

With effect from October 25, 2011, saving bank deposit interest rate stands deregulated. Accordingly, banks are free to determine their savings bank deposit interest rate, subject to the following two conditions:

(a) First, each bank will have to offer a uniform interest rate on savings bank deposits up to Rs.1 lakh, irrespective of the amount in the account within this limit.

(b) Second, for savings bank deposits over Rs.1 lakh, a bank may provide differential rates of interest, if it so chooses, subject to the condition that banks will not discriminate in the matter of interest paid on such deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices.

Further, Banks may ensure that interest rate is applied, as stated above, on the end-of-day balances of all domestic savings deposits accounts and no discrimination is made at any of its offices. Prior approval of the Board / Asset Liability Management Committee (if powers are delegated by the Board) may be obtained by a bank while fixing interest rates on such deposits.

3. Whether banks can pay interest on savings bank accounts quarterly?

Banks can pay interest on savings bank accounts at quarterly or longer rests.

4. How is the computation of interest on savings bank deposits done by banks?

With effect from April 1, 2010 payment of interest on savings bank accounts by scheduled commercial banks would be calculated on a daily product basis.

5. How banks can pay interest on term deposits repayable in less than three months or where the terminal quarter is incomplete?

In such cases interest should be paid proportionately for the actual number of days reckoning the year as 365 days. Some banks are adopting the method of reckoning the year at 366 days in a Leap year and 365 days in other years. While banks are free to adopt their methodology, they should provide information to their depositors about the manner of calculation of interest appropriately while accepting the deposits and display the same at their branches.

6. Whether banks can pay interest on term deposits monthly?

Interest on term deposits is payable at quarterly or longer rests.

7. Whether banks can pay differential rates of interest on term deposits aggregating Rs.15 lakh and above?

Differential rates of interest can be paid on single term deposits of Rs.15 lakh and above and not on the aggregate of individual deposits where the total exceeds Rs.15 lakh.

8. Whether banks can prematurely repay term deposits on their own?

A term deposit is a contract between the bank and the customer for a definite term and it cannot be paid prematurely at the bank's option. However, a term deposit can be paid prematurely at the request of the customer subject to the terms of the contract, including penalty, if any.

9. Whether banks can refuse premature withdrawal of term deposits?

Banks may not normally refuse premature withdrawal of term deposits of individuals and Hindu Undivided Families (HUF), irrespective of the size of the deposit. However, banks at their discretion, may disallow premature withdrawal of large deposits held by entities other than individuals and Hindu Undivided Families. Banks should notify such depositors of their policy of disallowing premature withdrawals in advance, i.e. at the time of acceptance of deposits.

11. Whether banks can levy penalty for premature withdrawal?

Banks have the freedom to determine their own penal rates of interest for premature withdrawal of term deposits.

1. Defining Public Private Partnerships

1.1 Public Private Partnership means an arrangement between a government / statutory entity / government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specified period of time, where there is well defined allocation of risk between the private sector and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative.

1.2 Essential conditions in the definition are as under:
i.Arrangement with private sector entity: The asset and/or service

under the contractual arrangement will be provided by the Private Sector entity to the users. An entity that has a majority non-governmental ownership, i.e., 51 percent or more, is construed as a Private Sector entity1. ii.Public asset or service for public benefit: The facilities/ services being provided are traditionally provided by the Government, as a sovereign function, to the people. To better reflect this intent, two key concepts are elaborated below:

(a)Public Services are those services that the State is obligated to provide to its citizens or where the State has traditionally provided the services to its citizens.

(b)Public Asset is that asset the use of which is inextricably linked to the delivery of a Public Service, or, those assets that utilize or integrate sovereign assets to deliver Public Services. Ownership by Government need not necessarily imply that it is a PPP.

iii. Investments being made by and/or management undertaken by the private sector entity:

The arrangement could provide for financial investment and/or non-financial investment by the private sector; the intent of the arrangement is to harness the private sector efficiency in the delivery of quality services to the users.

iv. Operations or management for a specified period:

The arrangement cannot be in perpetuity. After a pre-determined time period, the arrangement with the private sector entity comes to a closure.

v. Risk sharing with the private sector:

Mere outsourcing contracts are not PPPs.

vi. Performance linked payments:

The central focus is on performance and not merely provision of facility or service.

vii. Conformance to performance standards:

The focus is on a strong element of service delivery aspect and compliance to pre-determined and measurable standards to be specified by the Sponsoring Authority.

Facilities for Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs)

In terms of the Foreign Exchange Management Act (FEMA), 1999 a person resident outside India means a person who is not resident in India.What are the different types of accounts which can be maintained by an NRI/PIO in India?

If a person is NRI or PIO, she/ he can, without the permission from the Reserve Bank, open, hold and maintain the different types of accounts given below with an Authorised Dealer in India, i.e. a bank authorised to deal in foreign exchange. NRO Savings accounts can also be maintained with the Post Offices in India.

Types of accounts which can be maintained by an NRI / PIO in India

A. Non-Resident Ordinary Rupee Account (NRO Account)

Any person resident outside India may open NRO account with an authorised dealer or an authorised bank for the purpose of putting through bona fide transaction in rupees.

Opening of accounts by individual/ entities of Pakistan and entities of Bangladesh require prior approval of Reserve Bank of India.

NRO accounts may be opened / maintained in the form of current, savings, recurring or fixed deposit accounts.

● Savings Account - Normally maintained for crediting legitimate dues /earnings / income such as dividends, interest etc. Banks are free to determine the interest rates.

● Term Deposits - Banks are free to determine the interest rates. Interest rates offered by banks on NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

● Account should be denominated in Indian Rupees.

● Permissible credits to NRO account are transfers from rupee accounts of non-resident banks, remittances received in permitted currency from outside India through normal banking channels, permitted currency tendered by account holder during his temporary visit to India, legitimate dues in India of the account holder like current income like rent, dividend, pension, interest, etc., sale proceeds of assets including immovable property acquired out of rupee/ foreign currency funds or by way of legacy/ inheritance.

● Eligible debits such as all local payments in rupees including payments for investments as specified by the Reserve Bank and remittance outside India of current income like rent, dividend, pension, interest, etc., net of applicable taxes, of the account holder.

● NRI/PIO may remit from the balances held in NRO account an amount not exceeding USD one million per financial year, subject to payment of applicable taxes.

● The limit of USD 1 million per financial year includes sale proceeds of immovable properties held by NRIs/ PIOs.

● Other than current income and the limit of USD 1 Mn per financial year applicable to NRIs/PIOs, balances in NRO accounts cannot be repatriated without the prior approval of RBI.

● The accounts may be held jointly with residents and / or with non-resident Indian.

● The NRO account holder may opt for nomination facility.

● NRO (current/savings) account can also be opened by a foreign national of non-Indian origin visiting India, with funds remitted from outside India through banking channel or by sale of foreign exchange brought by him to India. The details of this facility are given in the FAQs on "Accounts opened by Foreign Nationals and Foreign Tourists" available on the RBI website.

● Loans to non-resident account holders and to third parties may be granted in Rupees by Authorized Dealer / bank against the security of fixed deposits subject to certain terms and conditions.

B. Non-Resident (External) Rupee Account (NRE Account)

● NRE account may be in the form of savings, current, recurring or fixed deposit accounts (with maturity of minimum one year). Such accounts can be opened only by the NRI (as defined under Regulation 2(vi) of Notification No. FEMA 5/2000-RB dated May 3, 2000) himself and not through the holder of the power of attorney.

● NRIs may be permitted to open NRE account with their resident close relatives (relative as defined in Section 6 of the Companies Act, 1956) on 'former or survivor 'basis. The resident close relative shall be eligible to operate the account as a Power of Attorney holder in accordance with the extant instructions during the life time of the NRI/PIO account holder.

● Account will be maintained in Indian Rupees.

● Balances held in the NRE account are freely repatriable.

● Accrued interest income and balances held in NRE accounts are exempt from Income tax and Wealth tax, respectively.

● Authorised dealers/authorised banks may at their discretion/commercial judgement allow for a period of not more than two weeks, overdrawings in NRE savings bank accounts, up to a limit of Rs.50,000 subject to the condition that such overdrawings together with the interest payable thereon are cleared/repaid within a period of two weeks, out of inward remittances through normal banking channels or by transfer of funds from other NRE/FCNR accounts.

● Savings - Banks are free to determine the interest rates.

● Term deposits – Banks are free to determine the interest rates of term deposits of maturity of one year and above. Interest rates offered by banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

● Permissible credits to NRE account are inward remittance to India in permitted currency, proceeds of account payee cheques, demand drafts / bankers' cheques, issued against encashment of foreign currency, where the instruments issued to the NRE account holder are supported by encashment certificate issued by AD Category-I / Category-II, transfers from other NRE / FCNR accounts, sale proceeds of FDI investments, interest accruing on the funds held in such accounts, interest on Government securities/dividends on units of mutual funds purchased by debit to the NRE/FCNR(B) account of the holder, certain types of refunds, etc.

● Eligible debits are local disbursements, transfer to other NRE / FCNR accounts of person eligible to open such accounts, remittance outside India, investments in shares / securities/commercial paper of an Indian company, etc.

● Loans can be extended against security of funds held in NRE Account either to the depositors or third parties without any ceiling subject to usual margin requirements.

● Such accounts can be operated through power of attorney in favour of residents for the limited purpose of withdrawal of local payments or remittances through normal banking channels to the account holder himself.

C. Foreign Currency Non Resident (Bank) Account – FCNR (B) Account

● NRIs are eligible to open and maintain these accounts.

● FCNR (B) accounts are only in the form of term deposits of 1 to 5 years

● All debits / credits permissible in respect of NRE accounts, including credit of sale proceeds of FDI investments, are permissible in FCNR (B) accounts also.

- Account can be held in any freely convertible currency.

- Loans can be extended against security of funds held in FCNR (B) deposit either to the depositors or third parties without any ceiling subject to usual margin requirements.

- The interest rates are stipulated by the Department of Banking Operations and Development, Reserve Bank of India. With effect from March 1, 2014, in respect of FCNR (B) deposits of maturities, 1 year to less than 3 years, interest shall be paid within the ceiling rate of LIBOR/ SWAP rates plus 200 basis points for the respective currency/ corresponding maturity. For FCNR(B) deposits with maturity of 3-5 years interest shall be paid within the ceiling rate of LIBOR/ SWAP rates plus 300 basis points. On floating rate deposits, interest shall be paid within the ceiling of SWAP rates for the respective currency/ maturity plus 200 bps/ 300 bps, as the case may be. For floating rate deposits, the interest reset period shall be six months.

- When an account holder becomes a person resident in India, deposits may be allowed to continue till maturity at the contracted rate of interest, if so desired by him.

- Terms and conditions as applicable to NRE accounts in respect of joint accounts, repatriation of funds, opening account during temporary visit, operation by power of attorney, loans/overdrafts against security of funds held in accounts, shall apply mutatis mutandis to FCNR (B). NRI can open joint account with a resident close relative (relative as defined in Section 6 of the Companies Act, 1956) on former or survivor basis. The resident close relative will be eligible to operate the account as a Power of Attorney holder in accordance with extant instructions during the life time of the NRI/ PIO account holder.