

SANDIPANI

GYAN JYOTI

(FOR PROMOTION FROM CLERICAL TO GBO)

SEPTEMBER 2020



KEEP
CALM
AND
GOOD LUCK
IN YOUR EXAMS

Team **“SANDIPANI”**

05th September 2020

GYAN JYOTI

(for Promotion From Clerk to GBO- Sep 2020)


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1. Know Your Bank & Business Environment

BOI – Journey and Mile stones

07.09.1906 Incorporation of our Bank- BANK OF INDIA

Nov 1906	Functioning started with 1 st Branch in Bombay now Mumbai with paid up capital of Rs.50 lacs and 50 employees
1920	1 st branch outside Bombay - Bhadra, Ahmedabad
1921	Management of clearing house Bombay Stock Exchange (BSE) on 02.02.1921
1925	1 st branch outside Bombay Province in Kolkata
1944	1 st South Indian branch in Madras
1946	1 st Indian Bank to open branch in LONDON
1950	Opened branch in TOKYO and OSAKA
1962	100 th Branch C P Tank
1962	Bank of India adopted 5 pronged STAR as its Emblem . The five prongs of the star represent the Bank's pragmatic aspect – banking services extending over five continents. Within the central circle lies the Bank's seal – a symbolic and stylized representation of Mother India, signifying Bank of India's continuing consciousness of the legacy of the national past.
	
1969	Nationalisation of Bank along with other 13 Banks
1974	Our bank was the first Indian bank to open a Branch in Paris.
1976	Bank Set up 'TELLER' system for customer convenience
1982	Pioneer in Introduction of health code system for availing/rating of its credit portfolio.
1982	The bank is also a founder member of SWIFT in India. SWIFT - Society for Worldwide Interbank Financial Telecommunication , is an instant transfer of message internationally
1989	1 st nationalised Bank to have Fully computerised branch / 1 st ATM at Mahalaxmi / 2000th branch
1990	Merger of KARUR CENTRAL BANK
1992	Merger of KARAD BANK LTD
1997	IPO - oversubscribed 1.85%.
2002-2003	Head Office shifted to our own premises STAR HOUSE, Bandra Kurla complex
May 2009	All Branches under CBS

Mission of BOI –

To provide superior proactive banking service to niche markets globally while providing cost effective responsive service to others in our role as a development bank and in doing so meet the requirements of our shareholders.

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Vision of BOI –

To become the bank of choice for corporate medium business and upmarket retail customers and development banking for small business, mass markets and rural markets.

Presently the Bank has **5086 branches** in India spread over all states/ union territories including specialized branches and **5750 ATMs** as on 30.06.2020. These branches are controlled through **55 Zonal Offices** and **8 NBG Offices**. Bank is also having 23 branches abroad.

Subsidiaries:

1. BOI Shareholding Limited
2. BOI AXA Investment Managers Private Limited
3. BOI AXA Trustee Services Private Limited
4. BOI Merchant Bankers Limited
5. PT Bank of India Indonesia TBK
6. Bank of India (Tanzania) Limited
7. Bank of India (New Zealand) Limited
8. Bank of India (Uganda) Limited
9. Bank of India (Botswana) Limited (sold on-22.11.2019)

Joint Venture:

Star Union Dai-ichi Life Insurance Company Limited

Associates:

1. Madhya Pradesh Gramin Bank (RRB)
2. Vidharbha Konkan Gramin Bank (RRB)
3. Aryavart Bank (RRB)
4. Indo Zambia Bank Limited
5. STCI Finance Limited
6. ASREC (India) Limited

Amalgamation of RRBs:

Ministry of Finance, Department of Financial Service vide its Gazette Notifications dated January 11, 2019, January 25, 2019 and January 31, 2019 affected amalgamation of following Regional Rural Banks w.e.f. April 1, 2019:

A. "Narmada Jhabua Gramin Bank" (Sponsor Bank being Bank of India) with "Central Madhya Pradesh Gramin Bank" (Sponsor Bank being Central Bank of India) to form "Madhya Pradesh Gramin Bank" (Sponsor Bank being Bank of India)

B. "Gramin Bank of Aryavart" (Sponsor Bank being Bank of India) with "Allahabad UP Gramin Bank" (Sponsor Bank being Allahabad Bank) to form "Aryavart Bank" (Sponsor Bank being Bank of India) and

C. "Vananchal Gramin Bank" (Sponsor Bank being State Bank of India) with "Jharkhand Gramin Bank" (Sponsor Bank being Bank of India) to form "Jharkhand Rajya Gramin Bank" (Sponsor Bank being State Bank of India).

BOI Directors

Managing Director & CEO	:	Mr Atanu Kumar Das
Executive Director	:	Mr. P R Rajagopal
Govt Nominee Director	:	Mrs Dakshita Das
RBI Nominee Director	:	Mr Subrata Das
Shareholder Director	:	Mr Debabrata Sarkar
Shareholder Director	:	Mr Devarajan Harish

Important Developments in BOI

BOI-ESPS (BOI-Employee Stock Purchase Scheme)

- ✚ Scheme was based on SEBI (Share based employee benefits) Regulations, 2014
- ✚ Issue opened on 15.01.2019 & got closed on 28.2.2019
- ✚ Issue Price - Rs 80 per share (face value of Rs 10 & premium of Rs 70) @ discount of 24.28% over preceding 2 weeks average price of Rs 105.64.
- ✚ Total Shares –10 Crore Shares (Rs 800 crores)
- ✚ The allotment of share to a single employee was maximum 10,000 shares (Rs 8 Lakhs)
- ✚ Lock-in-Period – One year
- ✚ Total Amount mobilized from ESPS – Rs 500.44 crore (Rs 500,44,25,040)
- ✚ Total Shares applied - 6,25,55,313,
- ✚ Total no. of staff applied - 46367
- ✚ BOB & Canara Bank were providing loans to employees for purchasing of BOI shares.

Prompt Corrective Action (PCA)

- ✚ PCA triggers on account of Low CET-1, High Net NPA, Consecutive negative ROA
- ✚ PCA was imposed on BOI on 20.12.2017.
- ✚ PCA was removed from BOI on 31.01.2019.

Our In-house magazines:

- ✚ Taarangan
- ✚ BOI Varta

BOI- New Business Initiatives

- ✚ Concept of Area Managers (**Project Connect**) and **Star Prime** implemented for being more customer focused and for business development, recovery, digitization at ground level and re-activation of branches.
- ✚ Monthly Campaign called **“Har Ghar Dastak”** being organized every month for speeding up CASA, NPA Recovery and Credit disbursement.
- ✚ Special CASA campaigns **“Amantran”** organized with special focus on Government, Business Associates, HNIs & NRIs(GABHI)
- ✚ **“Mission Crown”**:Strategy for re-balancing of portfolio in favour of **“RAM”** advances (Retail, Agriculture and MSME) and reducing exposure to Corporate sector , “BBB” and below , unrated accounts etc. , so that “rating profile” can be improved and “risk of stress level” can be minimized /avoided.
- ✚ **“Mission Prevention”**: credit monitoring through SASCL, CAPS & FINACLE to avoid slippages.
- ✚ A non-discriminatory OTS Scheme called **“Mission Samaadhan”** formulated for quick resolution of NPAs. Bank has also introduced “Online facility” to borrowers for OTS.
- ✚ **“Mission Rocket”** launched to activate all the Scale-IV & V headed branches.
- ✚ **“Swarna Dhara”** – Gold Loans have been intensified under this campaign.
- ✚ Refurbishing select branches as **“Star Digi”** branches with high end digitalized services for tech savvy customers.
- ✚ IT initiative **“Star Mahashakti”** being implemented for taking the Bank’s technological capability to next level.
- ✚ Introduced **“Star Paramarsh”** a platform for all employees to provide suggestions/new ideas/new products etc. for the betterment of our Bank’s operational system.
- ✚ **“Star Bonding”**: to strengthen the mental and emotional connection of employees towards their workplace and to maintain their Work Life Balance. **‘Employee Engagement & Connect’**.

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- ✚ **“Star Anveshan”** : conducting an employee engagement survey in our Bank
- ✚ **“Star Aabhaar”**: COVID 19 insurance protection Scheme for employees. Ex-gratia payment of Rs. 20 Lakh on death of employees due to COVID19, applicable upto 31.07.2020

Some of the Important Financial Parameters of BOI

	Amt In Crore		
	March 19	FY March 2020	June 2020
Global Deposit	520862	555505	595235
Global Advances	382860	416521	415440
Global Business Mix	903723	972026	1010675
CASA	43.36%	41.50%	40.60%
Cost of Deposit	4.50%	4.53%	4.32%
Yield on Advances	8.63%	8.54%	7.55%
Net Interest Margin (NIM)	2.93%	2.90%	2.48%
Operating Profit	8092	11519	2845
Net Profit	-5547	-2957	844
Cost to Income Ratio	59.22%	51.60%	45.18%
CRAR	14.19%	13.10%	12.76%
Tier-I Capital	11.07%	9.90%	9.48%
Tier-II Capital	3.12%	3.20%	3.28%
Risk Weighted Assets	3,05,953	2,94,189	3,04,631
Gross NPA (GNPA)	60661 (15.84%)	61550 (14.78%)	57788 (13.91%)
Net NPA (NNPA)	19119 (5.61%)	14320 (3.88%)	13275 (3.58%)
Provision Coverage Ratio (PCR)	76.95%	83.74%	84.87%
NCLT Accounts (Amt)	31900.36	37727.97	38069.33
Central Govt (Promoters) share in our capital		89.10%	

Gross Domestic Advance Portfolio

	June 2020	YOY Growth %age	%age of Domestic Advances
RAM Advances	170882	6.37%	47.51%
Corporate Credit	144980	8.21%	40.30%
Govt Guaranteed Advances	43853	48.30%	12.19%
Gross Domestic Advances	359715		
		March 20	June 20
Priority Sector Advances (%age of ANBC)		40.81%	41.46%

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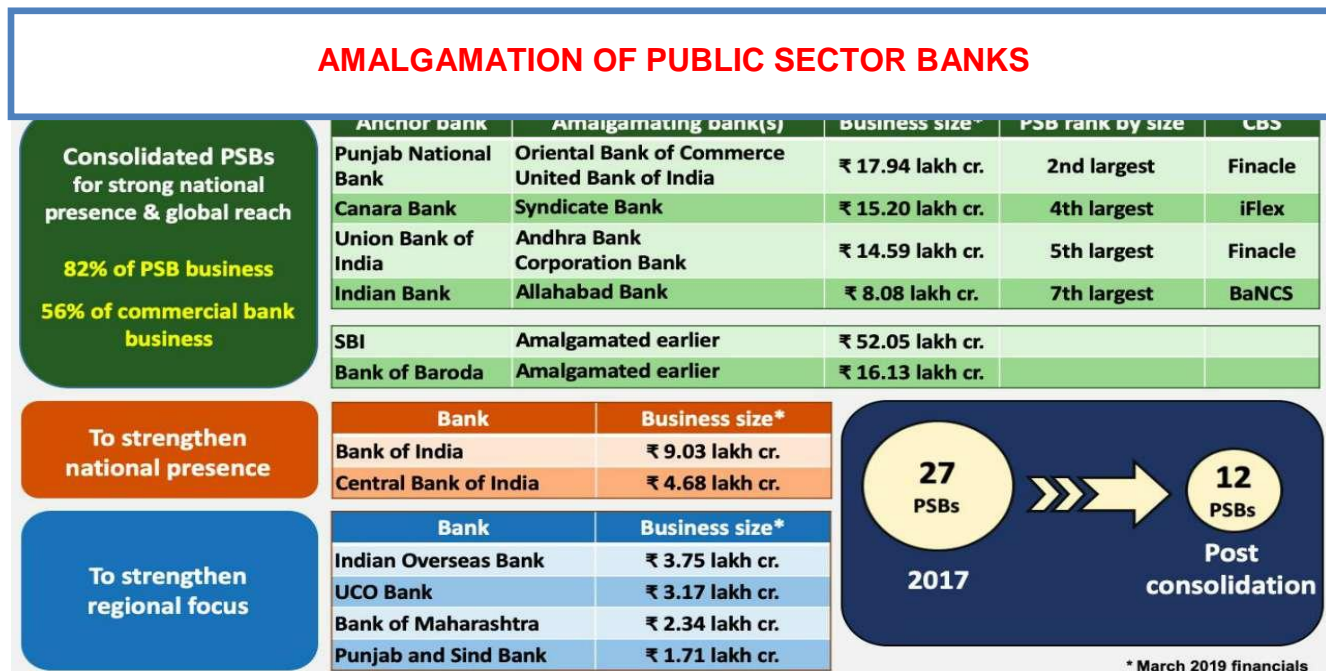
Awards & Recognitions:

- ✦ Bank of India has won the **second Most Trusted Brand Award** in the Banks category awarded by the Reader's Digest Trusted Brand, 2019.
- ✦ At the India Banking Summit & Awards 2019, Bank of India ranked as **Best Public Sector Bank 2019** by Synnex Group.
- ✦ **Best Performing Public Sector Bank** in APY Formation Day Campaign (FY2019-20) by PFRDA ETBFSI Excellence Awards 2019- **Most Innovative Large Size Bank** of the Year for QR Cash.
- ✦ **SKOCH Order of Merit Award 2019** in GOLD Category for BOI Mobile App.

Latest Developments in Banking Industry

RBI Policy rates: as on 09.08.2020

Repo Rate	: 4.00%
Reverse Repo Rate	: 3.35%
Marginal Standing Facility Rate	: 4.25%
Bank Rate	: 4.25%
CRR (Cash Reserve Ratio)	: 3.00%
SLR (Statutory Liquidity Ratio)	: 18.00%



Key functionaries in Finance & Banking

Union Finance Minister	:	Mrs Nirmala Sitharaman
Minister of State for Finance	:	Mr Anurag Singh Thakur
RBI Governor	:	Mr Shaktikanta Das
IBA Chairman	:	Mr Rajnish Kumar (SBI Chairman)
IBBI Chairman	:	Dr. M.S. Sahu
SEBI Chairman	:	Mr. Ajay Tyagi

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EASE (Enhanced Access & Service Excellence)

250 Whole Time Directors & Senior Executives of PSBs along with Govt representatives brain storm & formulate a Common Reforms Agenda for PSBs to institutionalize CLEAN & SMART banking in PSBs by ensuring EASE – ENHANCED ACCESS & SERVICE EXCELLENCE. Transformative reforms using transparent methodology & a robust mechanism for tracking performance, with insights, benchmarks, and inter-bank comparison

Six Themes under **EASE**:

1. **Customer Responsiveness**
2. **Responsible Banking**: Financial stability, improved governance, and EASE for clean & commercially prudent business
3. **Credit Off-take**: EASE for the borrower and proactive delivery of credit
4. **PSBs as Udyami Mitra**: EASE of financing and bill discounting for MSMEs
5. **Deepening Financial Inclusion & Digitalisation**: EASE through near-home banking, micro insurance and digitalization
6. **Ensuring outcomes – HR**: Developing personnel for Brand PSB

As per the annual report “Reforms Agenda FY21 and EASE 3.0, released by Finance Minister Mrs. Nirmala Sitharaman, some of the new features that customers of public sector banks may experience under EASE 3.0 reforms agenda include facilities like Palm Banking for “End-to-end digital delivery of financial service”, “Banking on Go” via EASE banking outlets at frequently visited spots like malls, stations, complexes and campuses.

KNOWLEDGE TEST

- Q. 1 What was the amount of capital, when our Bank was established in 1906?
- A. Rs 500 Lakhs
 - B. Rs 5 Lakhs
 - C. Rs 5 Crore
 - D. Rs 50 lakhs
- Q. 2 Who is not the founder member of BOI?
- A. Sir Sassoon David
 - B. Mr Ratanjee Dadabhoy Tata
 - C. Mr A.D. Godrej,
 - D. Sir Cowasjee Jehangir, 1st Baronet
- Q. 3 What is the name of mission, launched by our Bank for quick resolution of NPAs ?
- A. Mission Success
 - B. Mission Sampark
 - C. Mission Paramarsh
 - D. Mission Samadhan
- Q.4 Our Bank has issued equity shares to our employees under ESPS, 2019 at the discounted rate of__
- A. 34.28%
 - B. 24.28%
 - C. 44.28%
 - D. 14.28%

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- Q.5 What was the Provision Coverage Ratio (PCR) of our bank as on 31.03.2020?
- A. 76.15%
 - B. 76.76%
 - C. 83.74%
 - D. 86.76%
- Q. 6 Our Bank has launched a closed facebook group titled StarParivar@112 for all serving employees on :-
- A. 07.09.2018
 - B. 07.09.2017
 - C. 07.09.2015
 - D. 07.09.2016
- Q. 7 Mission associated with activation of scale IV & V headed branches, is named as:-
- A. Mission Dynamic
 - B. Mission Prime
 - C. Mission Rocket
 - D. Mission Mahotsav
- Q. 8 What was the amount mobilized by our Bank for ESPS 2019?
- A. Rs 510.44 Crore
 - B. Rs 500.44 Crore
 - C. Rs 505.44 Crore
 - D. Rs 495.44 Crore
- Q. 9 When Prompt Correction Action(PCA) was removed from our Bank ?
- A. 31.01.2019
 - B. 15.02.2019
 - C. 15.01.2019
 - D. 01.01.2019
- Q. 10 How many RRBs are sponsored by Bank of India?
- A. 4
 - B. 5
 - C. 3
 - D. 6
- Q.11. In our emblem the single elongated point of the Star, yearning upwards, conveys which among the following?
- A. Unceasing endeavour to achieve ever-ascending goals
 - B. It is a determinant of times to come.
 - C. Shines as a harbinger of a bright future for all
 - D. Continuing consciousness of the legacy of the national past.
- Q.12. What is the corporate mission of Bank of India?
- A. To become the Bank of Choice.
 - B. To provide pro-active banking services.
 - C. To become a superior Bank among the peers.
 - D. To role as a development bank by providing superior, Proactive Banking service

- Q13. What is the Reverse Repo Rate?
- A. RBI lends money to banks on this rate
 - B. RBI borrows money from the Banks on this rate
 - C. Govt lend the money to the Bank on this rate
 - D. None of the above
- Q14. What is the tag line of BOI?
- A. Relationship beyond banking
 - B. The Bank that cares
 - C. The Guiding Star
 - D. Relationships beyond banking
- Q15. What is the target date to reach 10 trillion Global Business Mix under **Mission Ten Trillion**?
- A. 30.06.2020
 - B. 31.07.2020
 - C. 31.08.2020
 - D. 30.09.2020
- Q16. BOI is the ____ largest PSB in the country after amalgamation of PSBs on 01.04.2020?
- A. IVth
 - B. Vth
 - C. VIth
 - D. VIIth
- Q17. What are the new features that customers of public sector banks may experience under EASE 3.0 reforms agenda?
- A. Palm Banking
 - B. End-to-end digital delivery of financial service
 - C. Banking on Go
 - D. All the above
- Q18. Who was the first lady chairperson of BOI?
- A. Mrs. Ranjana Kumar
 - B. Mrs. V R Iyer
 - C. Mrs. Nupur Mitra
 - D. None of the above
- Q19. What was the net NPA of BOI for the quarter ended June 2020?
- A. 3.58%
 - B. 5.91%
 - C. 3.88%
 - D. 5.87%
- Q20. Mr Atanu Kumar Das is _____ of BOI?
- A. Chairman & Managing Director (CMD)
 - B. Managing Director & CEO
 - C. Executive Director
 - D. Chief Executive Officer

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- Q21. How many posts of Deputy Governors are in RBI?
 A. 6
 B. 5
 C. 4
 D. 2
- Q22. What is full form of SLR?
 A. Standing Liquidity Reserve
 B. Statutory Liquidity Ratio
 C. Statutory Liquidity Reserve
 D. None of the above
- Q23. Which is correct about TLTRO?
 A. TLTRO has been introduced by RBI in India.
 B. TLTRO stands for Targeted Long Term Repo Operation
 C. TLTRO has been introduced to inject liquidity in the system
 D. All the above
- Q24. Who is the chairman of Indian Banks' Association (IBA)?
 A. Mr Sunil Mehta
 B. Mr A.K. Das
 C. Mr Rajnish Kumar
 D. Mr Rajkiran
- Q25. BOI has won SKOCH Order of Merit Award 2019 in GOLD Category for which service?
 A. BOI Mobile App
 B. Credit Card Shield App
 C. Star Token NG
 D. IMPS
- Q26. How many subsidiaries BOI have?
 A. 8
 B. 9
 C. 10
 D. 7
- Q27. "EASE" stands for?
 A. Enhanced Accounts & Service Excellence
 B. Enhanced Access & Service Excellence
 C. Excellent Account Service Employee
 D. Easy Access & Service Excellence

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	D	C	D	B	C	B	C	B	A	C	A	D	B	A	D
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	C	D	B	A	B	C	B	D	C	A	A	B			

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2. Types Of Customer

We need to understand some definitions before going to the topic:

CUSTOMER :-as per KYC/AML/CFT and PMLA 2002, a Customer is:

- a) a person or an entity that maintains an account and/or has a business relationship with the bank
- b) one, on whose behalf the account is maintained (i.e. the beneficial owner*).
- c) beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under the law, and
- d) any person or entity connected with a financial transaction which can pose significant reputational or other risks to the bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

**'Beneficial Owner' means the natural person who ultimately owns or controls the interest of a client and or the person on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a juridical person.*

BANK or Banking Company (Sect-5C of BR Act):-

“Banking Company” means any company which transacts the business of banking.

BANKING (Sect 5B of BR Act) :-

The accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise.

“Type of Customer”

- **Individual --- Single/Joint**

- Individual should be major, i.e. minimum 18 years of age.
 - Should be of sound mind
 - Should not be an undischarged insolvent (Not having enough money to meet the liabilities)
 - Should be in good sense while opening the account/entering into a contract.
 - ✓ **Single:** Personal account of individual & operated upon by himself. He may authorize another person to operate the account by giving him Mandate or Power of Attorney.
 - ✓ **Joint:** Account opened by more than one individuals for operational convenience or to avoid legal complications upon death of one of the joint account holders.
 - **Mode of Operation:**
Operational instructions in the joint account can be revoked only by all the account holders jointly. However, in joint accounts with operational instructions **“Former or Survivor”**, instructions can be changed/revoked **only by Former**
- In joint account, signatories required for transaction/activity are as under:

TRANSACTION	EITHER OR SURVIVOR	FORMER OR SURVIVOR	JOINT OPERATION
Sign on account Opening Form	All jointly	All jointly	All jointly
Stop Payment	Any one	Former	Any one
Request for Loan	All jointly	All jointly	All jointly
Premature Payment of Term Deposit	All jointly	All jointly	All jointly
Payment on maturity	Any one	Former	All jointly
Closure of account	All jointly	All jointly	All jointly
Nomination	All jointly	All jointly	All jointly

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• Minors

- Section 3 of Indian Majority Act, 1875 defines the *minor* as a person who has not completed 18 years of age
- As per Indian Contract Act, 1872, minor is not competent to enter into a contract and all agreements with a minor are *void ab-initio* and cannot be ratified upon attaining the age of majority
- Accounts can be opened in the name of minor in two ways :
 - 1) Operated upon by Guardian(s)
 - 2) Self Operated – Minor can operate the account by him/her self after her/his age of 10 years and should be able to sign.
- A minor can draw, endorse or negotiate a cheque or a bill but he can't be held liable.
- **Minor can't become partner. Can be admitted to the benefits only.**
- Minors' account will be operated upon by the Guardian. There are 3 types of Guardian:
 - 1) **Natural** - by birth (Father/Mother),
in case of Muslims:- Father/Father's Father
 - 2) **Testamentary** - appointed by Will
 - 3) **Legal** - appointed by Court

• Illiterate

- Left hand Thumb impression (LHTI) for male and Right Hand Thumb impression (RHTI) for female should be used in place of signature.
- Joint a/c of two illiterates is allowed (operational instructions will be "Jointly" only)
- Normally no cheque book or ATM to be issued.
- Two witnesses required for nomination.

• Blind

- All facilities should be provided to them because they are legally competent to contract, only thing risk element is higher.

• Pardanashin/Married Woman

- A Pardanashin Lady is a woman who remains in complete seclusion and does not transact any business with people other than her family members
- Bank has to take all precautions while opening the account of a 'Pardanashin' lady
- **Married Woman** has a legal entity separate from her husband.
- If a woman request for change of her name after marriage, bank can do it after obtaining copy of her marriage certificate and /or gazette notification with OVD.

• HUF (Hindu Undivided Family):

- One can save taxes by creating a family unit and pooling in assets to form a HUF
- HUF is taxed separately from its members.
- A Hindu family can come together and form a HUF.
- Buddhists, Jains, and Sikhs can also form a HUF.
- HUF is a separate entity. So, it requires its own PAN to file tax returns independent of its members.
- HUF can pay a salary to its members if they contribute to functioning of the HUF

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- Senior most member of the family (male/female) is called KARTA, provided he/she is capable to handle the account of HUF.
- Rest of family members are called 'Coparceners'.
- **Firm--- Proprietorship / Partnership / LLP**
 - **Proprietorship:**
 - 1) Basically there is no difference between individual and proprietorship accounts. Proprietorship accounts are meant for business.
 - 2) Personal assets of the proprietor are liable for credit to the firm.
 - 3) Hence in case of loan to a Proprietorship firm, document should be executed in individual capacity also
 - **Partnership:**
 - 1) Relationship between 2 or more persons (maximum 100 as per Company Act 2013), who agree to share the profits/ losses of business carried on by all and liabilities of all or any of them. Minors are excluded from count.
 - 2) Who cannot be a Partner:
Minor (can be admitted for the benefits only), HUF, NBFC, insolvent, insane
 - 3) **Some important points:**
 - **Stop payment-** by any partner. Payment of such cheque can be made on authority from any partner authorised to operate the account.
 - In case of dispute between partners, retirement/death of partner(s), insolvency of the Firm or any partner, operation in the account will be stopped.
 - **LLP (Limited Liability Partnership):**
 - A. Registration of Firm is mandatory for enforcing legal action in case of any dispute or claim in future.
 - B. A partner is not liable for another partners' misconduct or negligence
 - C. No unlimited liability of a partner except in case of fraud. A partner's liability is limited upto his/her contribution in LLP
- **Companies--Pvt. Ltd./Public Ltd./Govt/One Person Company**
 - **Pvt. Ltd.:**
 - Whose articles restrict the Company to invite Public to subscribe its shares.
 - Min and Max Members- **2** and **200** respectively
 - Min and Max Directors- **2** and **no ceiling** respectively. (But, if exceeding 15 then Board/AGM approval is required)
 - **Public Ltd.:**
 - Min and Max Members- **7** and **no ceiling** respectively
 - Min and Max Directors- **3** and **no ceiling** respectively. But, if exceeding 15 then Board/AGM approval is required.

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- **Govt. Company:**
 - Where 51% and more Paid-up Share capital in a company is held by the Central or State Govt. or both in totality
- **One Person Company (OPC):**
 - A new concept has been introduced in the Company Act 2013
 - Company can be formed with just 1 Director and 1 member
 - It is a form of a company where the compliance requirements are lesser than that of a private company.
- **Trust:**
 - TRUST is created when ownership of a property is transferred to someone for holding or managing it for the benefit of another person.
 - Three parties are there in a Trust:
 - 1) **Author:** the person transferring the ownership is called author
 - 2) **Trustee:** in whose favour possession is transferred is called trustee
 - 3) **Beneficiary:** The person who is benefitted through the trust is beneficiary
 - Trust is Public Charitable or Private, this is written in Trust Deed (Instrument of Trust).
- **Club/society**
 - Governed by Rules & Regulations which is called 'Bye Laws'
 - Like a firm, Cheques favouring society/club cannot be collected in individual a/c

KNOWLEDGE TEST

- Q.1. A Minor can independently open a SB A/c, which is correct :-
- a) All Minors, completed 15 years of age.
 - b) All Minors above the age of 10 years.
 - c) minors who can sign and have completed 10 years of age
 - d) Illiterate minors above 15 years of age.
- Q. 2. Which is incorrect?
- a) Minor cannot nominate in his account
 - b) Minor cannot nominate, but he can be nominated.
 - c) Two minors can operate the Joint A/c with instructions "Either of Survivor".
 - d) A contract by minor during minority, cannot be ratified upon attaining majority.
- Q. 3. Guardian of a minor under Mohammedan (Sunnite) Law (which is correct):
- a) Mother cannot be a natural guardian.
 - b) After death of Father → father's Father.
 - c) If Father (a Guardian) changes the religion, he ceases to remain natural guardian.
 - d) all are correct
- Q 4. The Number of partners in a partnership firm should not exceed:
- | | |
|--|--|
| A. 50 (20 for Banking business) | B. 10 (20 for Banking business) |
| C. 20 (10 for Banking business) | D. 100 |

Q.5. Which is not correct?

- A. HUF & NBFC cannot become partner
- B. A Minor cannot be a partner, but he can be admitted for his benefit in the firm.
- C. Stop Payment instructions of any cheque should be signed by all partners.
- D. Cheque payable in favour of the firm cannot be credited in the personal A/c of partner.

Q.6. Which is incorrect?

- A. Maximum paid up capital is Rs. 1.00 Lakh in Pvt. Ltd. Co. and Rs.5.00 Lacs in Public Co
- B. Minimum directors are 2 in Pvt. Co. and 3 in Public Co.
- C. Minimum members are 2 in Pvt. Ltd. Company and 7 in Public Limited Co.
- D. Transfer of shares are restricted in Pvt.Co. and No restriction in Public Co.

Q.7. Which document is not required in Pvt. Ltd. Co. For opening of account?

- A. Memorandum of Association
- B. Articles of association
- C. Certificate of commencement of business
- D. Both A & B

Q.8. Which is not correct?

- A. Joint owners of HUF are known as coparceners of Karta.
- B. HUF is a separate legal entity from its members
- C. Senior most coparcener is a Karta.
- D. Karta may be Female member of the family

Q.9. Who is called an Author in a Trust?

- A. Transferor of ownership of the property in favor of the beneficiary.
- B. Transferor of benefit to the beneficiary.
- C. The person transferring the ownership
- D. All the above.

Q.10 Who among the following cannot be a partner in a partnership firm ?

- A. a company
- B. a partnership firm
- C. NBFC
- D. All of the above

Q.11. Karta of an HUF is settled abroad. Choose the correct option?

- A. Karta alone can continue to operate the account
- B. Next senior most coparcener can become Karta if all others agree
- C. the eldest son of the Karta will become Karta now
- D. Karta can appoint the next senior most person as Karta

Q.12. Which is correct in case of illiterate Account Holder?

- A. Left hand Thumb impression (LHTI) for male and Right Hand Thumb impression (RHTI) for female should be used in place of signature.
- B. Jointly operated a/c of two illiterates is allowed
- C. Cannot open Current Account
- D. All are correct

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- Q13. Which is correct in case of a Visually Challenged Customer?
- A. Cheque facility can be provided because they are legally competent to contract
 - B. Debit cum ATM card can be provided
 - C. Bingo Card can be issued if his age is between 15 and 18 years
 - D. All above are correct
- Q14. . In what circumstances, a partnership firm should be compulsorily dissolved?
- A. A competent court has issued order for dissolution.
 - B. Any one or all partners become insolvent
 - C. Upon death of any partner
 - D. All of the above
- Q15. Which one is correct in case of Limited Liability Partnership
- A. Registration of Firm is not mandatory to get legal action in case of any dispute or claim
 - B. A partner is not liable for others' misconduct/negligence, if they are more than five
 - C. No unlimited liability of a partner except in case of fraud. His liability is limited upto his contribution in LLP
 - D. All the above are correct
- Q.16. LLP Act 2008 came into force from:
- A. 31.03.2009
 - B. 01.04.2008
 - C. 01.01.2009
 - D. 01.01.2013
- Q.17. Can two partnership firms make a new partnership firm through an agreement between them?
- A. Yes, but number of individual partners should not exceed the prescribed number
 - B. Yes, but there should be sleeping/non-active partner
 - C. No such firm cannot be formed.
 - D. None of the above
- Q.18. Minimum no. of Directors in a Public Ltd Co.?
- A. 2 B.3 C.4 D. 7
- Q .19. Minimum no. of Directors in a Pvt. Ltd Co.?
- A. 2 B.3 C.4 D. 7
- Q.20. What is the maximum number of share holders allowed in a Public Ltd. Co.?
- A. 50 B. 100 C. No such limit D. 200
- Q.21. A Karta of HUF does not have an implied authority to
- A. raise loan for personal use and pledge security of family
 - B. receive the Income of the HUF
 - C. To raise loan and create charge on family property for family business
 - D. All are correct
- Q.22. A trustee can raise loan for the benefit of the Trust, against the mortgage of property of the trust if.....
- A. Trust deed permits to do so
 - B. Trust deed is silent in this regard
 - C. No need to refer Trust deed
 - D. None of the above

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- Q.23. A 'Pardanashin' Lady is a woman....
- A. who remains in complete seclusion
 - B. does not transact any business with people other than her family members
 - C. both A & B are correct
 - D. No such definition is available.
- Q.24. When a Minor becomes Major, bank is required to.....
- A. obtain a fresh signature of the Major
 - B. obtain a fresh letter confirming the balance in the account
 - C. obtain the latest photo of the Major
 - D. all the above
- Q.25. One of the minors of a joint account holder, becomes Major. What will the branch do?
- A. After obtaining a fresh mandate, operations will be allowed
 - B. Major will become the Guardian of remaining minor account holder
 - C. Account will be closed and amount will be paid jointly
 - D. all the above

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	C	C	D	D	C	A	C	A	C	C	A	D	D	D	C
Q. No.	16	17	18	19	20	21	22	23	24	25					
Answer	A	A	B	A	C	A	A	C	D	C					

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3. KYC/AML/CFT

Our bank board has approved the KYC/AML/CFT policy as per RBI directions and the latest guidelines have been issued vide HO-BC 113/096 dated 13.08.2019.

The objective of the policy is to enable the Bank understand their customer and their financial dealings and also

- 1) To prevent the Bank from being used , intentionally or unintentionally, by criminal elements for money laundering or terrorist activities;
- 2) To put in place a proper control mechanism for detecting and reporting of suspicious transactions in accordance with the statutory and regulatory provisions;
- 3) To ensure that all the provisions of prevention of money Laundering Act 2002 and the Rules made there under and all subsequent amendments thereto are duly complied with
- 4) To ensure compliance with guidelines/instructions issued by the regulators, including FIU-IND and RBI.

Under KYC/AML/CFT policy the four key elements are:

1. Customer Acceptance Policy (CAP)
2. Risk Management (RM) /Risk Categorisation of Customers.
3. Customer Identification Procedure (CIP)
4. Transaction Monitoring of the customers as per their profile. (TM)

At the time of opening an account, Customer Due Diligence (CDD) must be completed. CDD means identifying and verifying the customer and the beneficial owner, authorised signatory or the power of attorney holder related to any legal entity. Customer identification" means undertaking the process of CDD.

The process of CDD is as under: -

- a) A certified copy of any OVD containing details of the customer's identity and address
- b) Recent photograph
- c) Permanent Account Number (PAN) or Form No. 60 / 61 as defined in Income-tax Rules, 1962
- d) Such other documents pertaining to the nature of business or financial status specified by the Bank in their KYC policy
- e) Customer Profile Sheet (CPS)

The Officially Valid Documents (OVDs) are:

1. Passport (within validity)
2. Driving licence(within validity)
3. Proof of possession of Aadhaar number,
4. Voter's Identity Card issued by the Election Commission of India,
5. Job card issued by NREGA duly signed by an officer of the State Government
6. Letter / ID issued by the National Population Register containing details of name and address.

Note: If current address is different, with the address mentioned in Aadhar Card, then, a self-declaration in this regard must be obtained for opening the account. In case of other OVDs (other than Aadhar Card), Account to be opened by obtaining any of the following documents for proof of address for limited period of three months, and **within this 3 months period, OVD must be obtained with updated current address.**

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- i. Utility bill which is **not more than two months old** of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- ii. Property or Municipal tax receipt;
- iii. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation.

Where the OVDs presented by a **foreign national** does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

FINANCIAL INTELLIGENCE UNIT OF INDIA (FIU-IND) is a central agency and an independent body reporting directly to the Economic Intelligence Council headed by the Finance Minister.

(a) Its functions are to act as the central reception point for receiving CTR, STR, CCR, NPOTR and **Cross Border Wire Transfer (CBWT)** reports. It analyses information received from banks to uncover pattern of transactions suggesting suspicion of money laundering and related crime.

(b) It disseminates the information to appropriate national / international authorities to support anti- money laundering efforts.

(c) It monitors and identifies key strategic areas on money laundering trends, typologies and developments.

(d) Director of FIU-IND is vested with the powers of a civil court under the code of Civil Procedure, 1908, accordingly has the power to seize, direct, penalize reporting entities and its employees for breach or violation of PML Act.

Obligations under Prevention of Money Laundering Act, 2002 (PMLA).

(a) Appointment of a Principal Officer (PO) and Designated Director (DD) in no case, PO shall be designated as DD;

(b) Maintaining records of prescribed transactions;

(c) Furnishing information of prescribed transactions to the specified authority;

(d) Verifying and maintaining records of the identity of its clients and shall include updated records / data pertaining to identification, account files and business correspondence;

(e) Preserving records in respect of (b) and (c) above for a period of at least **five years** from the date of each such transaction between the Bank and the client;

(f) Preserving records in respect of (d) above for a period of at least **five years after the business relationship has ended or the account is closed, whichever is later.**

The policy stipulates **Three Lines of Defence** while implementing KYC-AML guidelines.

First Line of Defence: Guidelines and directions from regulators to front line staff at all our branches.

Second Line of Defence: The administrative and supervisory lines in the branches and controlling offices shall provide necessary support and ensure putting necessary control mechanisms,

Third Line of Defence: The internal auditors to conduct independent audit function to assess the compliance level to ensure effective compliance function in the Bank.

The process of money laundering being done generally in **three stages.**

(i) **'Placement'** (i.e. introduction of the funds into the banking system)

- (ii) **'Layering'** (i.e. creating a web of transactions and rotating the funds among various accounts so as to hide / extinguish its true source), and
- (iii) **'Integration'** (i.e. after rotating the funds, the money, now 'washed' appears to have legitimate source).

The following risks arise out of Money Laundering activities:

- A) **Reputation Risk:** Risk of loss due to severe impact on bank's reputation which is the most valuable asset of the organization.
- B) **Compliance Risk:** Risk of loss due to failure to comply with key regulations governing the Bank's operations.
- C) **Operational Risk:** Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- D) **Legal Risk:** Risk of loss due to any legal action, the Bank or its staff may face due to failure to comply with the law resulting in adverse judgments, unenforceable contracts, fines and penalties generating losses, increased expenses for an institution or even closure of such institution.

Our Bank has installed “**AMLOCK**” software at DC (HO), to filter and scrutinize various data and other details so that various mandatory compliances must be done with timely reporting to various agencies.

Abbreviation	Full Form
KYC	Know Your Customer
AML	Anti Money Laundering
CFT	Combating of Financing of Terrorism
PEP	Politically Exposed Persons
NPO	Non Profit Organisation
NPOTR	Non Profit Organisation Transaction Report
STR	Suspicious Transaction Report
CRS	Common Reporting Standard
V-CIP	VIDEO BASED CUSTOMER IDENTIFICATION PROCESS.

KNOWLEDGE TEST

- Q.1. In KYC, the EDD stands for?
 - A. Enhanced Due diligence B. Electronic due diligence
 - C. Enhanced data detection. D. None of the above

- Q. 2. OFAC Stands for.....?
 - A. The Office of Foreign Assets Company B. The Office of Foreign Assets Control
 - C. The Office of Foreign Accounts Control. D. None of the above.

- Q. 3. As per PML Act 2002 records to be preserved for Years.
 - A. 10 years B. 5 years C. 3 years D. None of the above.

- Q. 4 What is the time limit for review of Medium Risks customers?
 - A. 10 years B. 8 years C. 5 years D. 2 years

- Q 5. The limit of inward & outward CBWT report is?
 - A. above Rs 5.00 lacs B. above Rs10.00lacs
 - C. above Rs25.00lacs D. None of the above.

- Q.6. High net worth customers are bank's potential customers and categorised under?
A. Low Risk B. Medium Risk C. High Risk D. All the Above
- Q.7. Who is the beneficial owner (BO) in legal entities?
A. In case of company, ownership of/entitlement to more than 25 % of the shares or capital or Profits of the company, which is not listed on a stock exchange.
B. In case of partnership firm, ownership of/entitlement to more than 15 % of capital or profits of the partnership.
C. In case of the trust, the trustee, the beneficiaries with 15% or more interest in the trust.
D. All of the above.
- Q.8. Which type of report is mandatory for opening a Current Deposit Account ?
A. FIU-IND Report B. CRILC Report C. IBA Report D. HO Report
- Q.9. FATCA stands for?
A. Financial account Tax Compliance Act. B. Foreign Account Tax Compliance Act.
C. Both are correct. D. None are correct.
- Q10. FATF Stands for?
A. Foreign Account Tax Fraud. B. Financial Action Task Force.
C. Foreign Accounts Tax Fine D. None of the Above
- Q.11 What is the frequency for KYC updation / Re-KYC for a high Risk account ?
A. 5 years B. 10 years C. 2 years D. 8 years
- Q.12 Which type of transactions are reported by the Banks under Cash Transaction Report (CTR) ?
A. Cash Transactions more than Rs 10 Lakhs B. All Transactions more than Rs 10 Lakhs
C. Only Cash Receipts more than Rs 10 Lakhs D. Only cash payments more than Rs 10 Lakhs
- Q.13 What should be the maximum balance in a deposit account, if it is opened on the basis of e-KYC with OTP base and on a non-face to face mode ?
A. Rs 10 Lakhs B. Rs 1 Lakh C. No such cap D. Rs 50,000
- Q 14. What is the frequency for KYC updation / Re-KYC for a High Risk account ?
A. 5 years B. 2 years C. 10years D. 8 years
- Q15. As per the latest guidelines, Utility Bills are valid only for Months if the address given on OVDs is different?
A. 12 Months B. 9 Months C.6 Months D. 3 Months
- Q16. As per direction of FATF Pakistan is in..... List.
A. Red B. Black C. Grey D. Orange

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Q.17 Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy of OVD, certified by

- A. Authorized officials of overseas branches of Scheduled Commercial Banks registered in India
- B. Branches of overseas banks with whom Indian banks have relationships,
- C. Notary Public abroad, Court Magistrate, Judge, Indian Embassy/Consulate General in the Country where the Non-Resident customer resides.
- D. Any one of the above.

Q.18 Who is authorised in BOI to approve opening of the account of Non-Profit Organisation ?

- A. Zonal Manager
- B. Branch Manager
- C. Dy Zonal Manager
- D. Chief Manager & above

Q.19 Which type of transactions are reported for NPO to FIU-IND every month?

- A. All payments above Rs 10 Lakhs
- B. All receipts more than Rs 10 Lakhs
- C. All Transactions more than Rs 10 Lakhs
- D. None of the above

Q.20. Auctioneers and Venture capital companies are Risk Customers?

- A. Low
- B. Medium
- C. High
- D. None of the above

Q21. IGA Stands for.....?

- A. Inter Global Agreement
- B. Inter-Governmental Agreement
- C. International Government Act
- D. None of the Above.

Q22. What is the frequency for review of risk categorisation of the customers ?

- A. Quarterly
- B. yearly
- C. Half yearly
- D. Once in two years

Q23. "Non-profit organizations" (NPO) means any entity or organization that is registered as.....?

- A. Trust or a society under the Societies Registration Act, 1860
- B. Any similar State legislation
- C. company registered under Section 8 of the Companies Act, 2013.
- D. Any of the Above.

Q.24.Under FATCA/CRS, if Bank furnishes inaccurate information in the statement of reportable account, the penalty is.....?

- A. Rs1,000.00
- B. Rs10,000.00
- C. Rs25,000.00
- D. Rs50,000.00

Q.25. Phishing and identity theft by criminals to gain illegal access to deposit accounts by recruiting third parties, which act as ?

- A. Cash Mules
- B. Fish Mules
- C. . Black Mules
- D. Money Mules

Q.26. Students with..... nationality shall require prior approval of the Reserve Bank for opening the account?

- A. Pakistani
- B. Bangladeshi
- C. Both
- D None of the above

Q.27. "Shell bank" means a bank which is incorporated in a country where it has.....and is unaffiliated to any regulated financial group.

- A. Physical presence
- B. No physical presence
- C. Both A and B
- D. None of the Above.

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Q28. FIR should be filed at local police Station in case of receipt ofcounterfeit currency notes per transaction.

- A. 4 & above B. 5 & above C. Both A & B D. None of the above.

Q29. CTR, NPOTR & CBWTR are generated atthrough AMLOCK software and reported to FIU-IND by 15th day of succeeding month?

- A. Branch level B. ZO level C. HO Level D. None of the above.

Q.30.STR should be reported to FIU-IND within..... days after detection.

- A. 30 days B.45 days C. 90 Days D. 7 Days

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	A	B	B	B	A	C	D	B	B	B	C	A	B	B	D
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	C	D	B	B	B	B	C	D	D	D	A	B	B	C	D

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4. Various Deposit Products

Various deposit products of our bank are as under:

SAVINGS BANK ORDINARY ACCOUNT

Eligible

Individual - Single Accounts, Two or more individuals in Joint Accounts, Illiterate Persons, Blind persons, Minors, Associations, Clubs, Societies, etc. Trusts, Institutions/Agencies specifically permitted by the RBI

AQB

Rs.500/- for Cheque book operated (rural/semi urban branches)

Rs.1000/- for Cheque book operated (metro/urban branches)

Other features

Internet banking facility, Bharat Bill Payment System

Online Income Tax return filing facility

Personalised cheque book

Free utility bills payment facility through Epay

Normal Current Account

Minimum Average Quarterly Balance (AQB) of Rs.7500/- for Metro Branches , Rs. 5000/- for Urban Branches and Rs 2000/- for Semi-Urban & Rural Branches.

BOI SUPER SAVING PLUS & SAVING PLUS ACCOUNT **SUPER CURRENT DEPOSIT PLUS & CURRENT DEPOSIT PLUS ACCOUNT**

Scheme/parameters	Super Saving Plus	Saving plus	Super Current Plus	Current plus
Initial deposit	Rs 20 lakhs	Rs 50,000	Rs.50 Lakh	Rs.4 Lakh
Quarterly Average Balance	Rs.5 Lakh	Rs.50,000	Rs.35 Lakh	Rs.4 Lakh
Minimum Balance in Term Deposit Account	Rs.15 Lakh	Rs.10,000	Rs.15 Lakh, period of deposit 1 year	Rs.75,000/
Sweep in	Daily	Daily	Daily	Daily
Sweep out	On 1 st and 16 th of Month	Daily	Daily	On 1 st and 16 th of Month
Multiple Amount	Rs.15 Lakh, Period of deposit – less than 6 months	Rs.10,000/-min. in SDR and DBD*	Rs.15 Lakh	Rs.75,000/-min in SDR, Minimum 15 days and maximum 91 days

*Deposit period SDR-15days to 179 days, DBD-6months to 120 months

Double Benefit Deposit-DBD

Deposits under Double Benefit Deposit Scheme are accepted for a fixed period from six months upto a maximum period of 120 month. Interest is compounded on quarterly basis.

Quarterly /Monthly income certificate -QIC/MIC

Moneys invested in this type of deposit (Quarterly/Monthly Income Certificate) provides fixed monthly income by way of interest to the depositor for a specified period leaving the deposit amount intact. The Quarterly/ monthly interest will be credited to the savings or current account of the depositor according to the instructions.

Recurring deposit

A Recurring deposit or RD is an investment plan meant for long-term wealth creation in which investment is made in small instalments at fixed intervals systematically. A Recurring deposit is accepted for periods in multiples of three months only up to the maximum period of ten years. The core monthly instalment should be minimum Rs. 500/ in Metro and urban Branches and Rs.100/- in Semi urban/Rural

Star Flexi Recurring Deposit offers

Star Flexi Recurring Deposit scheme is a Recurring Deposit scheme which offers flexibility to the customer to choose core instalment and to also choose monthly flexi instalments.

Minimum Core Monthly instalment amount:

Rs.500/- and in its multiples - In respect of Metro and Urban branches
Rs.100/- and in its multiples - In respect of Rural and Semi-Urban branches

Period

Minimum 12 months & Maximum 10 years. (In multiples of 3 months only)

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Summary of other deposit products are as under:

<i>Type of A/C</i>	Sche me code	Minimum AQB	Free cheques	Free DD/PS	Free group personal accidental death insurance cover	OD Facility	Others
Diamond SB	SB101	1,00,000 for all categories of branches	All Free	Free up to 1,00,000 Per DD/PS	Rs.5,00,000		100% waiver on processing charges on home, vehicle and personal loan. Ac should be in diamond category for 6 months prior to sanction of above loan.
Pensioner SB	SB121	Nil	50 Leaves Free	6 DD free Per QTR	Rs.5,00,000	2 months Pension. (the net credit in SB a/c in the previous month will be taken as base)	Demat 1 year AMC Charges -Nil
Yuva SB Age 10 to 18 years	SB116	Nil	50 leaves free			No OD facility	Bingo card to all ac holders. No issuance and maintenance charges for 1 year
Yuva SB Age 18 to 35 years	SB116	Metro / Urban Rs. 5000 Semi Urban / Rural Rs. 2500	No Free		Rs.50,000- age 18 to 21 Years Rs.5,00,000 – age 21 to 35 years		Pro -rata term insurance for first year is waived (premium amt Rs 125+ GST)
Mahila SB	SB167	Rs.5,000	50 Leaves Free	6 DD free Per QTR AQB Rs.10,000	Rs.5,00,000	1 Month Salary (Net credit to SB account in the previous month)	

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Gurukul SB Minimum 10 employees and each employee having minimum take home salary of Rs. 5000/- p.m.	SB163	Nil	50 Leaves Free	24 DD for Rs.50,000 each free in a calendar year	Rs.5,00,000	Rs. 2 Lakhs or net salary amount of last four months(whichever is lower)	ROI 0.25% concession in Home Loan and Auto Loan. 50% PPC concession in Home Loan, auto Loan and Personal loan
Senior citizen SB	SB166	Rs.10,000	50 Leaves Free	6 DD free Per QTR if AQB Rs.10,000 maintained	Rs.5,00,000		
Jai Jawan SB	SB161	Nil	All Free	50000 per DD/PS	PTD-Rs 30 lakhs, PPD- Rs 15 lakhs, Air Accidental insurance of Rs. 1 cr (subject to 10 times of gross annual salary)	4 months net salary or maximum Rs. 2 lakhs	Platinum debit card-free, ROI 0.50% concession in retail loan.
BOI Salary Plus (Minimum take home salary Rs.10,000/- for at least 70% of Employees whose salary accounts are to be opened)	SB163	Nil	100 leaves free per calendar year	24 per year free	PTD- Permanent Total Disability PPD- Permanent Partial Disability	4 months net salary or maximum Rs. 2 lakhs	Platinum debit card-free Gold credit card -free & Gold international card for salary above 25,000
BOI Saral Salary . Minimum take home salary Rs. 5,000/-	SB165	Nil	100 leaves per calendar year Free	One DD/PS free for Rs.50,000 per month	Rs.1,00,000 lakhs free		Platinum Debit card free, 50% PPC waived in home loan, auto loan & personal loan, Gold credit card for salary up to 10,000 & Gold international card for salary above 25,000

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KNOWLEDGE TEST

Q1. What is the penalty for delay in core instalment of RD account per month for deposit period upto 5 years?

- A. 50 paisa per Rs. 100 B. Rs.1.50/per Rs.100 C. Rs.1.00/per Rs.10
D. Rs.2.00/per Rs.100

Q2. What is the penalty on Domestic term deposit in case of premature withdrawal for amount more than Rs five lakhs?

- A. 0.50% B. 1.00% C. 1.50% D. 2.50%

Q3. Minimum and Maximum period for term deposit portion in Current Plus account scheme is

- A. 15 days and 120 Month B. 15 days and 360 days
C. 15 days and 180 day D. 15 days and 91 days

Q4 Select the Scheme meant for teaching and non-teaching staff of school / college

- A. Star School Account B. Star Mahila Account
C. Star Gurukul Account D. Star Teacher Account

Q5. Which of the following accounts are covered under Star RERA (Real Estate Regulatory Authority) Scheme?

- A. RERA Collection A/c (RCA) B. RERA Project A/c (RPA)
C. Operative A/c D. All of the above

Q6. What is the minimum percentage of collection proceeds to be transferred from RCA to RPA under RERA norms?

- A. 30% B. 50% C. 70% D. No such provision

Q7. Which is incorrect regarding Star Savings plus Account?

- A. Combination of SB and TDR B. AQB – 50,000 in SB portion
C. Sweep out in multiples of Rs. 10,000 D. Minimum balance of Rs 2 Lakhs in SB portion

Q8. What is the initial deposit in star super savings plus scheme?

- A. Rs 30lakhs B. Rs 50lakhs C. Rs 20lakhs D. Rs 10lakhs

Q9. What is the minimum core monthly instalment in Recurring deposit account in rural and semi urban branches?

- A. Rs 100 B. Rs 500 C. Rs 200 D. Rs 300

Q10. What is the minimum balance required in JAI JAWAN SALARY PLUS account?

- A. Rs 5000 B. Rs 1000 C. Rs 500 D. Zero
balance

Q11. BOI SARAL SALARY account facility is available for the employees of

- A. Central/State govt B. PSU C. Pvt. Sector D. All of the above

Q12. What is the minimum AQB required in BOI Star Mahila SB account?

- A. Rs 1000 B. Rs 2000 C. Rs 3000 D. Rs 5000

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Q13. Who among the following is eligible customer for BOI STAR Senior Savings Account?

Bank Of India, STC-NOIDA- 'Sandipani', B-32, Sector-62, NOIDA-201309

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- A. Citizens completed 57 years of age and drawing pension
B. Citizens completed 55 years of age and drawing pension
C. Citizens completed 52 years of age and drawing pension
D. None of the above
- Q14. What is the minimum AQB Criteria in BOI Star Senior Savings account?
A. Rs 10,000 B. Rs 5,000 C. Rs 1,000 D. Rs 500
- Q15. What is the transaction limit in Star Yuva account of minor?
A. Total debit of Rs 2.00 lakh per financial year
B. Total debit of Rs 2.00 lakh per month
C. Total debit of Rs 5.00 lakh per financial year
D. None of the above
- Q16. What is the minimum period for opening of RD account?
A. 6 Months B. 9 Months C. 12 Months D. 3 Months
- Q17. What is the minimum period for Star Sunidhi Tax Saving Deposit Scheme?
A. 1 Year B. 6 Months C. 3 Years D. 5 Years
- Q 18. What is the minimum amount that can be deposited in Star Sunidhi Tax Saving Deposit Scheme?
A. Rs.5,000 B Rs. 25,000 C. Rs 50,000 D. Rs 10,000
- Q19. The product which is designed to cater to the banking needs of the youth is
A. Star Teacher Account B. Star Young SB Account
C. Star Yuva SB Account D. Star New Account
- Q20. What is the full form of MACT (regarding deposit accounts)?
A. Motor accidents changes tribunal B. Motor accidents claims tribunal
C. Motor annual claims tribunal D. Motor accidents clean tribunal
- Q21. What is the minimum period for Star Flexi RD Account?
A. 3 Months B. 6 Months C. 12 Months D. 24 Months
- Q22. Interest in SB Accounts is credited on.....
A. Daily basis B. Monthly basis C. Half yearly basis D. Quarterly basis
- Q23. What is BSBDA?
A. Basic Senior Bank Deposit Account
B. Basic Savings Bank Deposit Account
C. Basic Saving Bank Drawing Account
D. Basic Syndicate Bank Drawing Account
- Q24. What is the minimum AQB required in normal current account maintained at rural branches?
A. Rs 2,000 B. Rs 5,000 C. Rs 10,000 D. Rs 7,500
- Q25. What is the Initial deposit required in Star Super current plus account?
A. Rs 35 lakhs B. Rs 50 lakhs C. Rs 10 lakhs D. Rs 75 lakhs
- Q26. Normal Savings Bank account holder should maintain balance to avoid which of the minimum balance charges :-
A. Daily B. Monthly C. AQB D. None of the above

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Q27. Bulk Deposit as per RBI means:

- a. Rs. 10 Crore and above
- b. Rs. 100 Crore and above
- c. Rs. 1 Crore and above
- d. Rs. 2 Crore and above

Q28. Full form of RERA :-

- a. Real Estate Registration Authority
- b. Real Estate Regional Authority
- c. Real Estate Regulatory Authority
- d. None of the above

Q29. Dormant Accounts (SB/CD) means :-

- a. Not operated for a period of One year
- b. Not operated for a period of Two years
- c. Not operated for a period of Six months
- d. None of the above

Q30. If a customer has closed his account with the bank, the banker's duty to maintain secrecy of the account?

- A. Is relinquished
- B. Continues
- C. Ceases, because the contractual relationship has come to an end
- D. Only b and C

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	B	B	D	C	D	C	D	C	A	D	D	D	A	A	A
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	A	D	D	C	B	C	D	B	A	B	C	D	C	B	B

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5. BCSBI /Ombudsman/COPRA/RTI & BANKING OMBUDSMAN SCHEME

The Banking Ombudsman Scheme was introduced by RBI under **Section 35 A of the Banking Regulation Act, 1949** with effect from 1995. Presently the Banking Ombudsman Scheme 2006 (As amended up to July 1, 2017) is in operation and shall extend to whole of India.

Who is a Banking Ombudsman?

The Banking Ombudsman is an officer in the rank of **Chief General Manager or General Manager** appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services. He is appointed for a period not exceeding **three years** at a time.

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

Jurisdiction:

For Credit card matters, the Ombudsman has jurisdiction over the billing address of the card holder, for other services, it is as per location of the branch.

Any person may file a complaint with the Banking Ombudsman under whose jurisdiction the branch bank comes, on account of deficiency in any banking, card products services, including loans & internet banking.

Complaints can be filed within 1 year if the reply to the complaint is not received from the bank within a period of one month, or the bank rejects the complaint, or if the complainant is not satisfied with the reply given by the bank.

Procedure for filling complaint

One can file a complaint with the Banking Ombudsman simply by writing on a plain paper, himself/ or through his authorised representative (other than an advocate). The Ombudsman can also entertain complaints, received through electronic media (e-mail or on line) or forwarded by RBI or Central Govt. The Banking Ombudsman does not charge any fee for complaints.

Compensation by Banking Ombudsman

- Maximum ₹ 20 lakhs as compensation for any loss suffered by the complainant out of the act or omission of the bank.
- Maximum ₹ 1 lakh for mental agony and harassment.

Reason for Rejection of Complaint by Banking Ombudsman:

- Complaint is not on the grounds as referred above
- Compensation sought from the Banking Ombudsman is beyond ₹ 20 lakh.
- It requires consideration of elaborate documentary and oral evidence and the proceedings before Banking Ombudsman is not appropriate for adjudication of such complaint
- Complaint is without any sufficient cause
- Complaint that it is not pursued by the complainant with reasonable diligence
- If in the opinion of the Banking Ombudsman there is no loss or damage or inconvenience caused to the complainant.
- if it appears at any stage of the proceedings that the complaint pertains to the same cause of action, for which any proceedings before any court, tribunal or arbitrator or any other forum is pending or a decree or Award or order has been passed by any such court, tribunal, arbitrator or forum.

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Effect of award

Award shall be binding on a bank only if the complainant accepts the award in full and final settlement, within 30 days from the date of receipt of the award.

Appellate Authority

Deputy Governor of the RBI: One can file the appeal against the award or decision of the Banking Ombudsman rejecting the complaint within 30 days of the date of receipt of the Award. The appeal by banks should be filed with the sanction of the Chairman/MD/ED/CEO.

The Consumer Protection Act, 2019

An Act to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective redressal and settlement of consumers' disputes.

Coverage under the Act:

- 1) All banking services, and all goods & service in insurance, transport, processing, & professional services in private, public & co-operative sector.
- 2) On line purchases of items through e-commerce platform, tele-shopping, multi level marketing etc.
- 3) Product manufacturer, product service provider & product seller are also liable to claim for compensation in respect of product liability.
- 4) Sharing of personal information given by consumer "in confidence" & other unfair trade practices.
- 5) Misleading / false advertisements. (Endorser has to take the onus and exercise due diligence to verify the veracity of the claims made in the advertisement)

Who is a consumer eligible, to file complaint as per the Act:

- 1) Any individual who buys goods or hires services for consideration i.e. for a price for his use and not for resale is a consumer.
- 2) Any user of such goods and services with the permission of the buyers is also a consumer

Who is a not a consumer?

- 1) Person buying goods for resale.
- 2) Person buying goods for any commercial purpose.
- 3) Person receiving goods/services free or gifts.
- 4) Person enjoying personal service under a contract (i.e.- service by employees/maid servants) etc.

Who can file complaints?

A consumer, defined hereinabove (jointly or severally), any voluntary consumer organisation, central or State Govt.

Limitation period for filing complaints:

2 years from the date of cause of action i.e. purchase of goods/hiring of services.

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Procedure for filing complaints:

1. Simple application with details / facts and supporting documents if any, to be filed with concerned consumer commission.
2. No court fee is chargeable.
3. Consumer or his representative can plead the case in commission. Lawyer's services not necessary.
4. There is provision for e-filing of complaint with concerned consumer commission located either at work place or residence of consumer. The Commission will hear / examine the parties through Video Conferencing, for reducing hardships to consumer & for procedural ease.

Set up of the three Level consumer commissions:

Commission	Pecuniary jurisdiction	Presiding authority/ Judicature format
District Commission (Can be more than one & are set up by State Govt.)	Not exceeding Rs. 1 crore	Headed by President & minimum 2 other members
State Commission (State Consumer Disputes Redressal Commission (SCDRC)) (are set up by State Govt)	> Rs.1 crore up to Rs.10 crore	Headed by President & 4 other members.
National Commission (National Consumer Disputes Redressal Commission (NCDRC)) (Set up by Central Govt)	Above Rs.10 crore	Headed by President & 4 members.

Relief awardable by the Consumer Commission:

Rewards of default for goods, removal of deficiencies in services, replacement by new goods free from defects, refund of price/ charges, award of Compensation for losses or injuries suffered, if any.

Other relief/ redressal mechanism/ Punishment under the act:

- 1) Mediation as an Alternate Dispute Resolution mechanism, making the process of dispute adjudication simpler and quicker.
- 2) For Misleading / false advertisements, manufacturer or endorser are punishable with fine of Rs 10 lac & also imprisonment up to 2 yrs, which are extendable.
- 3) The Central Consumer Protection Authority (CCPA) established under the act has wide enforcement powers; it can investigate into customer grievance, take *suo-moto action*, recall products, order reimbursement of the price of goods/services, cancel licenses and file class action suits, if a consumer complaint affects more than one individual.

Penalty for non compliance of Commission's order:

- Cash fine between Rs. 25,000 to Rs.1,00,000 and/or imprisonment 1 month to 3 yrs.

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Procedure for Appeal against order of the Consumer Commission:

- A. Appeal to State Commission against the award of District Commission, Deposit amount is **50%** of the order amount.
- B. Appeal to National Commission against the award of State Commission, Deposit amount is **50%** of the order amount
- C. Appeal to Supreme Court against National Commission, Deposit amount is **50%** of the order amount,

Limitation Period for filing appeal, against the order of the Commission:

45 days from date of order, against order of District Commission and 30 days against order of State & National Commissions respectively.

RIGHT TO INFORMATION ACT 2005

An Act to provide for setting out the practical regime of right to information for citizens to secure access to information under the control of public authorities, in order to promote transparency and accountability in the working of every public authority.

The Act is applicable to all over India and every citizen of India can get information. The applicant is not required to give any reason for RTI application.

Meaning of information:

"Right to Information" means the information accessible under this Act which is held by or under the control of any public authority and includes the right to—

- (i) inspection of work, documents, records;
- (ii) taking notes, extracts or certified copies of documents or records;
- (iii) taking certified samples of material;
- (iv) obtaining information in the form of diskettes, floppies, tapes, video cassettes or in any other electronic mode or through printouts where such information is stored in a computer or in any other device;

A person, who desires to obtain any information under this Act, shall make a request in writing or through electronic means in English or Hindi or in the official language of the area in which the application is being made.

Public Authority: means an authority established under the law or by notification issued or order made by the appropriate Govt.

Authority: Public authority is to appoint Public Information Officer (PIO) to provide information.

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Time Limit: in any case within 30 days, Provided that where the information sought for concerns the life or liberty of a person, the same shall be provided within forty-eight hours of the receipt of the request.

Penalty for failure to provide information: PIO to pay penalty of Rs.250 per day, max. Rs.25,000.

Fee for seeking information: application fee of Rs.10 by way of cash against proper receipt or by DD or Bankers' cheque, online payment or Indian Postal Order.

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Cost chargeable for supply of information

1. Rs.2/- for each page (in A-4 or A-3 size paper) created or copied.
2. Actual charge or cost price of a copy in larger size paper.
3. Actual cost or price for samples or models.
4. For inspection of records, no fee for the first hour; and a fee Rs.5 for each subsequent hour (or fraction thereof)
5. Rs.50/- per diskette or floppy
6. For information in printed form at a price fixed for such publication or Rs.2/- per page of photocopy for extracts from the publication.

Banking Codes and Standards Board of India

The **Banking Codes and Standards Board of India (BCSBI)** is an independent banking industry watchdog that protects consumers of banking services in India. The board oversees compliance with the "Code of Bank's Commitment to Customers". It is not a compensation mechanism but looks into an individual's complaint only to the extent it points to any systemic compliance failure. It is an independent and autonomous body, registered as a separate society under the Societies Registration Act, 1860 as on 18 February 2006.

Main aims:

- The plan evolves, prepares, develops, promotes and publishes voluntary, comprehensive Code and Standards for Banks, to provide fair treatment to their customers.
- To function as an independent and autonomous watchdog to monitor and ensure that the Codes and Standards are adhered to.
- To conduct and undertake research of Codes and Standards currently in use around the world.
- To enter into covenants with banks on observance of codes and standards and to train employees of such banks about the Codes.
- To help people affected by natural calamities.
- Mr.S S Tarapore (Former Deputy Governor of RBI) came up with an idea to form a committee for the benefit of customer so that they can get better financial services.

KNOWLEDGE TEST

Q.1. Banking Ombudsman may award compensation not exceeding _____ to the complainant for mental agony and harassment.

- | | |
|------------------|------------------|
| A. 1 lakh | B. 2 lakh |
| C. 3 lakh | D. 5 lakh |

Q. 2. As per banks commitment under Banking Codes and Standards Framed by BCSBI what information is required to be given by banks to the customer regarding interest in a saving bank account?

- | | |
|---|---|
| A. Rate of interest | B. Method of calculation of interest |
| C. Periodicity of interest payment | D. All of the above |

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- Q. 3. Cap on amount of compensation under the Banking Ombudsman Scheme is-
- A. Rs. 10 lakh B. Rs. 18 lakh
C. Rs. 15 lakh D. Rs. 20 lakh
- Q. 4. One can file the appeal against the award or decision of the Banking Ombudsman within _____ of the date of receipt of the Award.
- A. 25 days B. 45 days C. 15 days D. 30 days
- Q 5. Banking Ombudsman is appointed by _____:
- A. Central Finance Minister B. Reserve Bank of India
C. SEBI D. Govt. Of India
- Q.6. Appellate Authority against award of Banking Ombudsman is:
- A. Deputy Governor of RBI B. Governor of RBI
C. Finance Ministry D. Civil Court
- Q.7. What remedy is available to the bank against award passed by Ombudsman?
- A. Bank can go in for appeal in a court of law
B. Bank can make appeal to Finance Ministry within 30 days
C. Bank can appeal within 30 days of receipt of acceptance of award by the customer
D. Bank can file a suit against the decision with a civil court
- Q.8. For a bank to appeal against decision of Ombudsman, which bank official's approval is required:
- A. Board of Directors B. Chairman/MD/ED/CEO C. ALCO D. General Manager
- Q.9. RTI Act 2005 came into force w.e.f
- A. 12 October 2005 B. 15 August 2005
C. 15 June 2005 D. 1 November 2005
- Q10. Which of the following areas were covered by Ghosh Committee Report of 1992?
- A. Fraud & Malpractices in Banks B. Lending to Priority sector
C. Lending to MSMEs D. Expansion of Technology in Banks
- Q.11 What is the time limit to get the information concerning matters other than life & liberty of a person, under RTI Act 2005?
- A. 15 days B. 45 days
C. 60 days D. 30 days
- Q12. What is the time limit to get the information concerning the life and liberty of a person under RTI Act 2005?
- A. 48 hours B. 24 hours
C. 5 days D. 30 days
- Q13. What is the fee payable for getting information under RTI Act?
- A. Rs.10 B. Rs.50
C. Rs.20 D. Rs.100
- Q14. First appeal to the first appellate authority under RTI Act can be preferred by the applicant , in case of non receipt of " sought information" within ___days, from the expiry of the prescribed time limit or from the receipt of the decision from the PIO:
- A. 45 days B. 90 days C. 30 days D. 60 days

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Q15. According to the BCSBI codes bank has to inform the customer classifying his account as DORMANT / INOPERATIVE _____ before an account is classified as Dormant or inoperative:

- A. 1 month
- B. on becoming dormant
- C. 3 months
- D. 2 years

Q16. RTI application should be applied in.....language.

- A. English
- B. Hindi
- C. Official language of the area of the applicant
- D. Any of the above

Q.17. If the information is sought and provided in a floppy or diskette, a maximum of Rs. _____ can be charged from the applicant for the same:

- A. 35
- B. 25
- C. 50
- D. 20

Q.18. If Central Information Commission (CIC) finds a PIO to have provided incomplete, misleading information or denied the request with malafide intention, the penalty will be Rs. _____ per day, subject to a maximum of Rs. _____.

- A. Rs.250 Max. Rs.10000
- B. Rs.250 Max. Rs.20000
- C. Rs.250 Max. Rs.15000
- D. Rs.250 Max. Rs.25000

Q.19. Which of the following areas were covered by Jilani Committee Report of 1995?

- A. Lending to Priority sector
- B. Expansion of Technology in Banks
- C. Lending to MSMEs
- D. Internal Control, Internal Inspection & Audit in Banks

Q.20. The fee chargeable from the persons under RTI, who are of below poverty line is---?

- A. Rs.10
- B. Rs.2
- C. Nil
- D. Rs.5

Q21. Who shall be the Chairperson of the District Consumer Protection Council?

- A. District Judge
- B. Member of Parliament
- C. President of Distt Commission
- D. District Collector /Magistrate

Q22. The maximum age of a member in National commission can be...years.

- A. 67
- B. 70
- C. 60
- D. 58

Q23. Appeal against the district commission can be done in _____.

- A. State commission
- B. National commission
- C. High court
- D. Supreme court

Q.24. Any appeal against order of District Commission must be made within _____ days.

- A. 45
- B. 30
- C. 60
- D. 90

Q.25. Who shall be the Chairman of the State Consumer Protection Council?

- A. The Minister in charge of consumer affairs in the Central Government
- B. The Minister in charge of consumer affairs in the State Government
- C. The Chief Minister of the State
- D. The Governor of the State

26. The Central Council shall convene at least _____ meeting in every year.

- A. One
- B. Two
- C. Three
- D. There is no such condition

Q.27. Goiporia Committee was set up for

- A. Lending to MSME Sector
- B. Digital Banking
- C. Customer Service
- D. Priority Sector Advances

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Q28. Which of the following is correct with regard to financial jurisdiction of various consumer courts

under the Consumer Protection Act:

- A. Distt. Commission – Up to Rs.1 Crore
- B. State Commission – above Rs.1 crore and up to Rs.10 Crore
- C. National Commission – above Rs.10 Crore
- D. All of the above

Q29. Appeal against the State commission can be done in ____days.

- A. 45 B. 90 C. 60 D. 30

Q.30. Minimum punishment of fine Rs----- and/or imprisonment up to---- months, for non compliance of a order passed by any Consumer Commission is-

- A. 10000/3month B. 25000/ 1month
- C. 10000/1 month D. 25000/3month

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	A	D	D	D	B	A	C	B	A	A	D	A	A	C	C
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	D	C	D	D	C	D	A	A	A	B	A	C	D	D	B

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6. Reserve Bank of India Act 1934

The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of Reserve Bank of India Act, 1934. The RBI is managed by Central Board of Directors & 4 local boards at Mumbai, Delhi, Chennai, and Kolkata. The Official Directors consists of the Governor and 4 Deputy Governors who are appointed by the Government of India for a period of 4 years. The other Non-Official Directors appointed by GOI are 10 from various fields and 2 government officials. Besides this 4 directors are appointed for 4 local boards.

The main functions of the RBI are

- 1) It formulates, implements and monitors the Monetary Policy
- 2) It prescribes the broad parameters within which the banking and financial system of the country should function.
- 3) RBI facilitates the external trade and promotes orderly development and maintenance of foreign exchange market in India.
- 4) Issues currency
- 5) It performs the promotional functions to support national objective.
- 6) It acts as a Banker to Central and State Government.
- 7) It maintains banking account of all the Scheduled Banks.

The Board Directors of the RBI presently are :

Shri Shaktikanta Das	Governor
Shri B.P Kanungo	Deputy Governor
Shri Mahesh Kumar Jain	Deputy Governor
Shri M.D Patra	Deputy Governor

The important sections of RBI are listed below:

Section 7	Provides authority to the Central Government to give directions to the RBI in public interest from time-to-time with the consultation of the RBI Governor.
Section 20	Obligation of the Bank to transact Government business.
Section 21	Bank to have the right to transact Government business in India.
Section 21A	Bank to transact Government business of States on agreement.
Section 22	Right to issue bank notes
Section 24	Bank notes denomination shall be of Rs 2, Rs 5, Rs 10, Rs 20, Rs 50, Rs 100, Rs 500, Rs 1000, Rs2000, Rs 5000 and Rs10000 or of such other denominational values, not exceeding ten thousand rupees.
Section 26(2)	Withdrawal of legal tender of notes (Demonetisation)
Section 27	The Bank shall not re-issue bank notes which are torn, defaced or excessively soiled.
Section 29	Bank exempt from stamp duty on bank notes.
Section 42	Cash reserves of scheduled banks to be kept with the Bank.
Section 45(U)	Defines repo, reverse repo, derivative, money market instruments and securities
Section 48	RBI shall not be liable to pay income-tax or super-tax on any of its income, profits or gains.

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BANKING REGULATION ACT, 1949.

The banking regulation act 1949 extends to the entire nation. It came into force w.e.f. 16th March, 1949 The Banking Regulation Act is not pertinent to primary agricultural credit societies, non-agricultural primary credit societies and cooperative land mortgage bank.

IMPORTANT SECTIONS:

Section 3	Co-operative Bank under RBI Regulation (Amendment 2020)
Section 9	No banking company shall hold any immovable property howsoever acquired, except such as is required for its own use, for any period exceeding seven years from the acquisition thereof. The time limit of 7 years can be augmented by the RBI for another 5 years
Section 17	Every banking company incorporated in India shall create a reserve fund every year, out of the profit, before any dividend is declared, transfer to the reserve fund a sum equivalent to not less than twenty percent.
Section 20	No banking Co shall grant any loans or advances on the security of its own shares,
Section 22(1)	Licensing of banking companies
Section 24.	Statutory Liquidity Ratio
Section 26	Every banking company to submit an annual return to RBI in respect of all accounts in India which have not been operated upon for 10 years. These funds are used for Depositors Education & Awareness Fund (DEAF).
Section 47A	Power of Reserve Bank to impose penalty

THE COMPANIES ACT 2013

The Companies Act 2013 was notified in the Official Gazette on 30th August 2013.. A Company is a legal entity separate from its shareholder members.

DIFFERENT TYPE OF COMPANIES

Private Limited Company:

Directors: Minimum -2, Maximum – No ceiling, but if the number goes above 15, they need to pass a special resolution in general body meeting of shareholders.

Share Holders: Minimum -2, Maximum -200.

The shares are not quoted in the stock market and restrictions on right of transfer of shares.

Public Limited Company:

Directors: Minimum -3, Maximum – No ceiling, but if the number goes above 15, they need to pass a special resolution in general body meeting of shareholders.

one-woman director is compulsory.

1/3 of the total number of directors shall be independent directors.

At least one of the directors shall be resident Indian.

A person cannot be director of more than 20 companies at a time out of which for Public companies maximum can be 10 at a given point of time.

The shares are quoted in the stock exchange and no restrictions on right of transfer of shares.

Government Company: A Company with at least 51% of share holding by Government.

Associate Company: A company over which some other company has significant influence i.e. control of at least 20% of total share capital or business.

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Small Company:

Other than a public company with a paid-up share capital not exceeding Rs.50 lakh or such higher amount as may be prescribed which shall not be more than Rs 5 five crore. or Turnover of which as per its last profit and loss account does not exceed Rs 2 crore or such higher amount as may be prescribed which shall not be more than Rs 20 crore

One Person Company: Where the number of shareholders & directors is ONE.

Significant Beneficial Owner (SBO). A person whether acting alone, together or through one or more individuals or trust holds a beneficial interest of at least 10%. The beneficial interest could be in the form of a company's shares or the right to exercise significant influence or control over the company.

Corporate Social Responsibility (CSR) is applicable to companies with Net Worth of Rs.500 Crore or more or turn over Rs 1000 crore or more or Net Profit Rs. 5 Crore or more. The company should spend 2 % of average Net Profit during the last 3 years.

Memorandum of Association:

The **Memorandum of Association (MOA)** is the legal document that has to be filed with the Registrar of Companies at the time of incorporation of the Company. It comprises of following important clauses-

- 1) **Name Clause**
- 2) **Registered Office Clause**
- 3) **Objective Clause**
- 4) **Liability Clause**
- 5) **Capital Clause**
- 6) **Association Clause**

Articles of Association: It is a document of **indoor management**. It contains the rights and powers of the directors, rules of conducting meetings, use of common seal, borrowing powers of directors, nature of business etc.

Certificate of Incorporation: it's similar to Birth Certificate, i.e. document relating to formation of a Company/Corporation, issued by the Registrar of Companies.

Certificate of Commencement of Business: Issued by Registrar of Companies mandatory for Public Limited Company having Share Capital.

The doctrine of Ultra vires-Company's any activity done out of the purview of Memorandum of Association shall be ultra-vires which can never be rectified or validated.

Doctrine of Indoor Management: means that, company's indoor affairs are the company's problem. It protects external members from the company and internal proceedings as per the document with ROC.

INDIAN CONTRACT ACT, 1872

A contract is an agreement enforceable by law. A valid contract is a written or expressed agreement between two or more parties to provide a product or service. There are essentially six elements of a contract that make it a legal and binding document which are (1) offer (2) acceptance (3) consideration (4) mutuality of obligation (5) competency and capacity and, in certain circumstances, (6) a written instrument.

Section 11 -Competent to contract: Act specifies that every person is competent to contract provided: he/she should not be a minor i.e. an individual who has not attained the age of majority i.e. 18 years in normal case and 21 years if guardian is appointed by the Court, A person with sound mind, not disqualified from contracting by any other law. Alien enemy, Foreign sovereigns, diplomatic staff etc, and Artificial persons i.e. corporation, companies etc. Insolvents, Convicts, Pardanashin Women cannot enter into contract.

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Section 13 - Free Consent: Where two or more persons are said to be in consent when they agree upon the same thing in the same sense. According to Section 14, Consent is said to be free when it is not caused by coercion (Sec-15) or undue influence (Sec-16) or fraud (Sec-17) or misrepresentation (Sec-18) or mistake (Sec-20).

1. Coercion (Section 15): "Coercion" is committing, or threatening to commit, any act forbidden by the Indian Penal Code 1860 under Section 45, or the unlawful detaining, or threatening to detain

2. Undue influence (Section 16): "Where a person who is in a position to dominate the will of another enters into a contract with him and the transaction appears on the face of it, or on the evidence, to be unconscionable

(Section 16(2)) States that "A person is deemed to be in a position to dominate the will of another;

3. Fraud (Section 17): "Fraud" means and includes any act or concealment of material fact or misrepresentation made knowingly by a party to a contract, or with his connivance, or by his agent, with an intent to deceive another party thereto or his agent or to induce him to enter into the contract. Mere silence is not fraud. There are **two exceptions**, one is where there is a **duty to speak**, and then **keeping silence** or when silence is in itself **equivalent to speech**, such silence is fraud.

4. Misrepresentation (Section 18): "causing, however innocently, a party to an agreement to make a mistake as to the substance of the thing which is the subject of the agreement".

5. Mistake of fact (Section 20): Where both the parties to an agreement are under a mistake as to a matter of fact essential to the agreement, will be void.

LIMITATION ACT, 1963

The Limitation Act, 1963 contains provisions regarding limitation, which applies to entire India.

Limitation Period: Is the time limit within which the parties to a legal agreement can take action in a Court of Law to enforce their legal right. Expiry of limitation period does not take away the right of recovery of the debt, as it bars only the remedy of filing a suit. Hence there is no limitation period for exercising the right of lien or set off and selling the securities pledged.

The following period to be excluded for computation of limitation:

Closure of Courts (Sec-4): If the limitation period expires on the day when court is closed.

Absence from India: The period of absence from India will be excluded.

Court Jurisdiction (Sec-14): Where a case is pursued/ filed bonafide in good faith, in a court having no jurisdiction, that period will be excluded.

Injunction (Sec-15): Where a person is restrained by way of injunction from a court to enforce a legal remedy, such period is excluded.

Extension of Limitation Period: It can be extended by acknowledgement (Sec-18) or by part payment (sec-19), but it should be before expiry of the limitation period.

Revival of Limitation which has expired: Even after the expiry of limitation, the liability can be enforced, if there is a fresh promise to pay the outstanding debt already barred by limitation.

Limitation Period against Guarantor: Does not begin unless a demand is made on the guarantor to repay the debt.

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INDIAN STAMP ACT-1899

Stamp Act: Instruments executed in India.—all instruments chargeable with duty and executed by any person shall be stamped before or at the time of execution. The following 10 instruments will carry the same stamp duty across the India. The D P Note, Bill of Exchange, Cheque, Bill of Lading, LC, Share Transfer Form, Debenture, Proxy, and Insurance Policy & Money Receipts.

Power of State Governments: The State Governments can amend the act or enact a new act and prescribe the rate of stamp duty for instruments **other than those in the Union List**. The total income from stamp duty is assigned to the state where it is levied. There are 3 types of Stamps, Judicial (Used for Court Fee for filing suits), Non-Judicial (Used for Commercial Transactions) & Postal Stamps.

E-Stamping is a computer-based application and a secured way of paying non-judicial **stamp** duty to the government. The prevailing system of physical **stamp** paper/franking is replaced by **E-stamping** system.

Value of Stamp Duty: Where there is a doubt with regard to proper value of stamp duty payable, Collector of Stamp duty will decide the proper amount of Duty.

Effect of non-stamping or under stamping (Sec-35): All documents can be validated before filing the suit, the duty should be paid so that, they may be admitted in evidence on payment of duty including deficit, with penalty @ 10 times of deficit, minimum Rs.5/-.

Cancellation-The adhesive stamps affixed on a document or instrument should be cancelled by the executants by writing across the stamp his name or initials, so that the stamp cannot be used again.

Effect of non-cancellation of Stamps –Any instrument bearing adhesive stamps which have not been effectively cancelled shall be deemed to unstamped (**section 12**).

Execution of documents outside India: Any document other than Bill of Exchange or Promissory note executed out of India and stamped at the time of execution is subsequently brought to India, will have to be stamped again by the first holder within 3 months of its arrival in India.

Execution in more than one State: The document should be stamped according to the stamp duty applicable to a state where it is signed first, then sent to the 2nd state for signatures. In case the duty in 2nd state is higher, the difference amount of stamp duty will have to be paid before execution of document.

KNOWLEDGE TEST

Q1. The rate at which the central bank provides funds to commercial banks is called.....?

- A. MCLR B. Repo rate C. Reverse Repo Rate D. None of the above

Q2.refers to a certain percentage of total **deposits** the commercial banks are required to maintain in the form of cash reserve with the central bank under RBI Act Section 42(1)

- A. Cash Reserve Ratio B. Statutory Liquidity Ratio C. Both A & B D None

Q3. RBI has recently transferred Rs.176,051 Crore to Central Government under which section of RBI Act?

- A. 6 B. 7 C. Both A & B D. None

Q4. RBI Issue licence to carry out banking business under section of BR Act, 1949 Section.....?

- A. 22(1) B. 35A C. Both A & B D. None

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- Q.5. A bank cannot grant any loans and advances on the security of its own shares
As per Banking Regulation Act, 1949 section.....?
A. 20 B. 35 C. Both A & B D. None
- Q.6. In a recent move RBI superseded the board of Yes bank and appointed Mr. Prashant Kumar as Administrator by exercising powers under BR Act 1949 Section.....?
A. 20 (1) B. 35A C. 36ACA D. None
- Q7. A Garnishee Order is issued in two stages, first as an Order Nisi and then an Order Absolute. On receipt of Order Nisi:
**A. Bank should allow operations in the account.
B. Bank should stop operations in the account
C. Bank should not take cognizance of the order
D. None of the above.**
- Q.8. The rule in Clayton's Case is based upon the notion ofto determine the effect of payments from an account.
A. First in, first out B. Last in, Last out C. First in, Last out D. Last in, first out
- Q.9. The State Governments can amend the act or enact a new act and prescribe the rate of stamp duty for instruments like.....?
A. Agreement B. Hypothecation C. Mortgage D. All of the Above
- Q.10. Which one of the following documents should be obtained before deciding sanction of an unsecured loan?
A. DP Note B. L516 C. L515 D. Application
- Q.11. Which One of the following documents should be stamped as per Indian Stamp Act?
A. DP Note B. L440 C. L515 D. None of the above
- Q.12. Which of the following documents is not necessary in case of opening an account of Public Limited Company.
**A. Memorandum of Association B. Articles of Association
C. Director's information number. D. Certificate of Incorporation.**
- Q.13. The objective of Banking Regulation Act is
**A. to regulate the opening of branches
B. ensure balanced development of banks through the system of licensing.
C. to protect the interest of the depositors and public at large
D. all of the above**
- Q.14. Guarantors limitation period start from the date of.....?
**A. DP Note B. Guarantee Letter
C. Date of receipt of notice D. None of the Above**
- Q.15. When there is a default by the borrower for payment of loan , the guarantor's liability is?
A. Primary B. Secondary C. Co-exist with borrower D. None of the Above
- Q.16. What is the maximum time limit available to file appeal in any other Court (Other than High Court) against the decree of lower court?
A. 30 days B. 60 days C. 90 days D. None of the above

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- Q.17. **What** is the maximum time available to file an appeal in High Court against the decree of lower court in civil suit?
A. 30 days **B.** 60 days **C.** 90 days **D.** None of the above
- Q.18. Promises which form the consideration or part of the consideration for each other are called '..... promises.
A. Void **B.** Enforceable
C. Reciprocal **D.** All the Above
- Q.19. The garnishee order is issued by.....?
A. The Income Tax Department **B.** The court
C. Enforcement Directorate **D.** Central or State Govt.
- Q.20. Any contract automatically terminated or closed after certain date or particular event if incorporated in the contract, is.....
A. Red Clause **B.** Green Clause
C. Sun set Clause **D.** None of the above.
- Q.21. Where a person who is in a position to dominate the will of another enters into a Contract with him is called....?
A. Coercion **B.** Undue influence
C. Both A & B **D.** None of the above
- Q.22. Consent is said to be free when it is not caused by.....?
A. Coercion or undue influence or **B.** Fraud or Misrepresentation or
C. Mistake **D.** All of the above
- Q.23. Review of monetary and credit policy is conducted by RBI on :
A. Bi-monthly basis **B.** Half yearly **C.** Quarterly **D.** Yearly
- Q.24. Which of the following are tools of the monetary policy .
A. Open Market Operations **B.** CRR
C. SLR **D.** All of the above.
- Q.25. The attachment order is issued by Government authorities for recovery of Government Dues under
A. Income tax Act **C.** ESI Act
B. Wealth Tax Act **D.** all of the above

KNOWLEDGE TEST

Questions	1	2	3	4	5	6	7	8	9	10
Answers	B	A	B	A	A	C	B	A	D	D
Questions	11	12	13	14	15	16	17	18	19	20
Answers	A	C	D	C	C	A	C	C	B	C
Questions	21	22	23	24	25	26	27	28	29	30

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7. Negotiable Instrument Act, 1881

The Negotiable Instrument Act was enacted on 9th December 1881 and commenced from 1st March 1882. It has presently 148 sections and applicable all over India. In the year 2018 Section 143A & 148 were added for compensation relief in case of cheque bounce/dishonour`

- **Section 4** defines Promissory Note an unconditional undertaking signed by the maker, to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of the instrument.
- **Section 5** – defines Bill of Exchange as, 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, a certain person or to the bearer of the instrument.
- **Section 6** – defines Cheque as a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand.
- **Section 13** - Negotiable Instrument means and includes promissory note, bill of exchange and cheque payable to bearer or order.
- **Section 85 (a)** of NI Act has subsequently included the bank draft / pay order as negotiable instruments.
- **Section 137** of Transfer of Property Act specifies documents of title to goods such as bill of lading, railway receipts, dock warrant, warehouse receipt, GRs (approved by IBA) etc. as negotiable instruments. It also called as **quasi negotiable instruments**.

All Negotiable instruments must be written and signed by the maker, unconditional, definite/fixed place, date, currency and definite parties like drawer, Drawee, payee, acceptor or beneficiary. Promissory notes and bill of exchange can be payable on demand (within 48 hours) or usance bills (as term fixed). Usance bills of Exchange need acceptance before maturity.

- **Section 8 Holder** means any person entitled to Negotiable Instruments in **his own name** to the possession thereof **and to receive or recover** the amount due thereon from **the parties thereto**.
- **Section 9 Holder in Due Course** means any person who **for consideration** becomes the **possessor of Negotiable Instruments** if payable to bearer, or the payee or endorsee thereof, if payable to order, before the amount mentioned in it becomes payable, and **without having sufficient cause** to believe that **any defect exists** in the **title of the person** from whom the title is derived.
- **Section 10- Payment in Due Course** - a payment of a cheque by the banker will be said to be in order i.e., payment in due course only if **Payment is in accordance** with the **apparent tenor** of the instrument, in **good faith** and **without negligence**, to the person in possession of the instrument, under circumstances which do not afford a reasonable ground for believing that he is **not entitled to receive** the payment.
- **Section 14** - When **Negotiable Instrument is transferred to any person**, so as to constitute the person the holder thereof, the instrument is said to be **negotiated**.

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- **Section 15** - When the maker or holder of a negotiable instrument signs the same, otherwise than as such maker, for the purpose of negotiation on the back or face thereof or on a slip of paper annexed thereto, or so signs for the same purpose a stamped paper intended to be completed as a negotiable instrument, he is said to endorse the same, and is called the **endorser**.

Protection available to paying bankers

- ✓ **section 85** (1) order cheque: Regularity of endorsement
 - ✓ **Section 85** (2) All endorsement on a bearer cheque is meaningless. Once a bearer always a bearer.
 - ✓ **Section 85** (A) similar to section **85(1)** for Demand Draft.
 - ✓ **section 87**: Material alteration renders Negotiable Instrument void.
 - ✓ **Section 89**: Material alteration not visible with naked eye.
 - ✓ **Section 128**: For a crossed chq, if payment is in due course paying bank gets protection.
 - ✓ **Section 99: Noting.**
When a **promissory note or bill of exchange** has been dishonoured by non-acceptance or non-payment, the **holder may cause such dishonour to be noted** by a **notary public** upon the instrument, or upon a paper attached there to, or partly upon each
 - ✓ **Section 100: Protest -**
The holder may, within a reasonable time, because such **dishonour to be noted** and certified **by a notary public**. Such certificate is called a **protest**.
- **Section 123 - General crossing**- when two parallel transverse lines are drawn without the name of the bank in between lines.
 - **Section 124 - Special Crossing**: When there is a name of the bank in between two lines.
 - **Section 130 - Not negotiable Crossing**: The holder in due course concept is lost. All subsequent holders get only a **defective title if the earlier endorsee's title is defective**. Opening/cancellation of crossing only by drawer.
 - **Section 131 - protection to the collecting banker** is available only if the cheque is collected in good faith and without negligence. This means the account is properly opened (KYC compliant), only for the account holder the bank should collect, cheque is properly crossed in its favour.
 - **Section 138-147** Cheque bounce/dishonour is a punishable offence.
 - **Section 143 A**
The Sec 143 A has been added to various sections of NI acts which is dealing in **cheque bounce cases** which are given below-
 - (1) The Court may order the drawer of the cheque to pay **interim compensation** to the complainant.
 - (2) The interim compensation under sub-section (1) shall not exceed **20%** of the amount of the cheque.
 - (3) The interim compensation shall be paid within 60 days from the date of the order under sub-section (1), or within such **further period not exceeding 30 days** as may be directed by the Court.
 - (4) If the drawer of the cheque is **acquitted**, the Court shall direct the complainant to repay to the drawer the amount of interim compensation, with **interest at the bank rate** as

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published by the Reserve Bank of India, within 60 days from the date of the order, or within such further period not exceeding 30 days as may be directed by the Court

- **Section 148 - (new section added w.e.f. 1st Sep 2018 in NI Act 1881)** seeks to provide the following:
- that in an appeal by the drawer against conviction under Section 138 of the **NI Act**, the appellate court may order the appellant to deposit such sum which a minimum of shall be **20%** of the fine or compensation awarded by the trial court

Cheque Truncation System, Electronic Systems:

After amendment in NI Act in 2002 the cheque also means a cheque in electronic form (exact mirror image of paper cheque & signed with digital signature) and electronic image of a truncated cheque where physical movement of cheque is stopped. The presenting bank takes full responsibility for collection on behalf of the intended payee and exercises due diligence as per the conditions laid down in the amended NI Act.

Cheque issued on date	Cheque dated as	Type of Cheque
January 15, 2020	December 15, 2019	Ante-dated
January 15, 2020	February 15, 2020	Post-dated
January 15, 2020	September 15, 2019	Stale

KNOWLEDGE TEST

- Q.1.** Negotiable instrument is defined in Negotiable Instrument Act 1881 (NIA 1881) under section.....?
A. 4 B.5 C.6 D. 13
- Q.2.** Promissory notes & Bills of Exchange can be.....?
A. Demand Payable B. Usance Payable C. Both A & B D. None of the above.
- Q.3.** Promissory Note & Bills of Exchange are.....?
A. Signed by the maker
B. Unconditional
C. Bears certain date, place, fixed amount in currency and Parties.
D. All the above
- Q.4.** Which of the following comes under Negotiable Instrument?
A. promissory note,
B. bill of exchange
C. cheque payable
D. All the above.
- Q.5.** 'At Sight' under Sect 21 of NI Act 1881 means:
A. On Presentation
B. On maturity date.
C. Within seven days
D. none of the above

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- Q.6. Which section of the Negotiable Instruments Act deals with Cheque?
- A. Section 6
 - B. Section 5
 - C. Section 118
 - D. Section 7
- Q7. In case of a Promissory Note, there are:
- A. 3 Parties
 - B. 5 Parties
 - C. 2 Parties
 - D. 4 Parties
- Q8. Which of the following statement qualifies a Promissory Note?
- I. ***'I Promise to pay Shyam Rs. 50,000 on demand'.***
 - II. ***'I Promise to pay Shyam Rs. 5,00,000 along with my car on demand'.***
 - III. ***'I Promise to pay Shyam Rs. 50,000 and rest of the fines on demand'.***
- A. Only I
 - B. Only II
 - C. Only III
 - D. Both I and II
- Q9. What is a Cheque?
- A. A type of bill of exchange
 - B. Includes electronic image of a truncated cheque
 - C. Payable on demand
 - D. All of A,B,C
 - E. Only A and C
- Q 10. Which section of the NI Act, 1881 deals with "Drawer", "Drawee"?
- A. Section 4
 - B. Section 3(i)
 - C. Section 6
 - D. Section 7
- Q11. Which of these is not a Negotiable Instrument according to NI Act, 1881?
- A. Cheque
 - B. Bill of Exchange
 - C. Currency Note
 - D. Promissory Note
 - E. None of these
- Q 12. Section 4 of the NI Act, 1881 deals with:
- A. Cheques
 - B. Promissory Note
 - C. Bill of Exchange
 - D. Both 2 and 4
- Q13. Parties to a bill of exchange are:
- A. Drawer
 - B. Drawee
 - C. Payee
 - D. All of above

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Q14. Which section of Negotiable Instruments Act deals with Dishonour by non-payment of all instruments?

- A. Section 92
- B. Section 29
- C. Section 9
- D. Section 19

Q15. If a Minor draw, endorses, delivers and negotiates a Negotiable Instruments, it binds ____

- A. All the parties except minor
- B. All the parties including minor
- C. Minor Only
- D. Minor and Only Drawer

Q16. Which of the following section in Negotiable Instruments Act deals with the 'Bill of Exchange'?

- A. Section 5
- B. Section 6
- C. Section 4
- D. Section 13

Q17. Which of the following is/are true about Bill of Exchange?

- (I) A bill of exchange requires in its inception two parties.
- (II) A bill of exchange or "draft" is a written order by the drawer to the drawee to pay money to the payee.
- (III) Bills of exchange is used in domestic/international trade, and is a written order by one person to his bank to pay the bearer a specific sum on a specific date.
- (IV) Definition of ' Bill of Exchange' is mentioned in Section 6 of the Negotiable Instrument Act.

- A. (I) and (IV)
- B. (I), (II) and (IV)
- C. (II) and (III)
- D. (III) and (IV)

Q18. A cheque with name of the bank in between the crossing will be called as?

- A. General Crossing.
- B. Special Crossing.
- C. Not negotiable Crossing.
- D. Inchoate Cheque.

Q19. A negotiable Instrument is easily transferable, by delivery if it is a/an instrument.

- A. Order
- B. Bearer
- C. Both A & B
- D. None of the above

Q20. . A negotiable Instrument is easily transferable, by endorsement and delivery, if it is a/an instrument.

- A. Order
- B. Bearer
- C. Both A & B
- D. None of the above

Q21. What is the time given to drawee for acceptance of a 'Bill of Exchange'?

- A. 12 hours
- B. 24 hours at sight
- C. 48 hours
- D. On coming into vision

Q.22. Mr. Pran received an order cheque endorsed in his favour. This cheque was originally issued in favour of Mr. Rana, who endorsed it in favour of Mrs. Sheetal. She misplaced this cheque and Mr.Satish who found this cheque, and endorsed it in favour of Mr.Pran by forging Mr. Rana's signature. The holder of the cheque will be:

- A. Mrs. Sheetal
- B. Mr. Satish
- C. Mr. Pran
- D. Mr.Rana

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Q23. A collecting bank gets protection u/s 131 of NI Act only if:

- A. The collection is in good faith and without negligence
- B. The Bank collects only on behalf of the customer
- C. The Bank collects only crossed cheques.
- D. All the above.

Q24. What will be the punishment for dishonor of Cheque, under NI Act?

- A. 3 years imprisonment or amount of Cheque
- B. 10 years imprisonment or three times of Cheque
- C. 12 years with rigorous imprisonment or four times of Cheque
- D. 2 years imprisonment or twice the amount of cheque

Q25. Mr. Vinay asks to Mr. Nishit to pay the amount to Mr. Vivek only when he completes his education. This is an example of:

- A. Conditional endorsement
- B. Sans Recourse endorsement
- C. Restrictive endorsement
- D. Partial endorsement.

Q26. Mr. Shakal draws a bill on Mr. Nobert who accepts it for payment. Actually no sale or purchase has taken place. This bill is called as:

- A. Clean bill of Exchange
- B. Foreign bill
- C. Documentary bill of exchange
- D. Accommodation bill

Q.27. Three days of grace for payment of usance bills or promissory notes are allowed as per section.....of Negotiable instrument Act,1881.

- A. 23
- B. 22
- C.21
- D.20

Q28. Mr Ram issued a cheque on 12.07.2020 dated 10.03.2020 to Mr Laxman. Such cheque will be called as?

- A. Ante-dated
- B. Post dated
- C. Stale Cheque
- D. Possible date

Q29. Mr. Shyam presented a cheque signed by Mr. Ram, the drawer's signature is correct but date and place over the cheque is missing. Such cheque will be termed as:

- A. Complete Cheque
- B. Wrong Cheque
- C. Conditional Cheque
- D. Inchoate Cheque

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Q.30. A cheque was returned 3 times due to technical reasons. There was no space left for endorsement on the back of instrument. Now the endorsement was duly placed on a paper attached to the instrument, such arrangement with Cheque will be stated as....

- A. Cheque with bank seal
- B. Cheque with Allonge
- C. Cheque with authorisation
- D. Blank cheque

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	D	C	D	D	A	A	C	A	D	D	C	B	D	A	A
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	A	C	B	B	A	C	A	D	D	A	D	B	C	D	B

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8. Govt. Deposit Schemes

Public Provident Fund 2019

- ✚ A resident Indian Individual can open PPF a/c.,
- ✚ HUF are not allowed to open PPF account from 13.05.2005
- ✚ Pre mature closure of PPF account is allowed on change in residency status becomes (NRI) of the account holder on production of copy of Passport and visa or Income- tax return (the rule shall not apply for the PPF account opened before 12th December 2019):
- ✚ Only one account can be opened in a single name
- ✚ Subscription can be min. Rs.500/- and in multiples of Rs. 50/- subject to maximum. Rs.1,50,000/- in a F.Y.
- ✚ If minimum subscription of Rs. 500/- is not made in a FY, account will be treated as irregular, which can be regularized by paying a penalty of Rs. 50/- along with the minimum subscription of Rs. 500/- per FY.
- ✚ **Rate of Interest** is decided by GoI on a quarterly basis and paid annually & credited on 31st March every year. Interest in PPF a/c. is paid on the minimum balance between 5th day of the month and last day of the month.
- ✚ **Tenure of the account** is 15 years and can be extended in blocks of 5 years at a time
 - ❖ Application for extension should be made within 12 months from the date of maturity.
- ✚ **Loan facility** is available any time after the expiry of one year from the end of the year in which the initial subscription was made but before expiry of five years from the end of the year in which the initial subscription was made
- ✚ **Withdrawal** is allowed only once in a year and can be made after the expiry of 5 years from the end of the year in which the account is opened,
 - ❖ Provided the account is regular.
 - ❖ The amount of withdrawal is limited to 50% of the balance to the credit at the end of the 4th year immediately preceding the year of withdrawal or at the end of the preceding year whichever is lower.
 - ❖ In the extended blocks of 5 years:
 - Amount of withdrawal is 60% of the balance outstanding at the opening of the block or at the end of the preceding year whichever is lower.
- ✚ **Nomination:** Mandatory. Nomination can be made for one or more persons but not exceeding four individuals.

Sukanya Samriddhi Account Schemes (SSA Scheme), 2019

- ✚ Govt. Of India introduced Sukanya Samriddhi Account Scheme under **Campaign “बेटी बचाओ बेटी पढ़ाओ” –‘Beti Bachao, Beti Padhao’** on 2nd December 2014
- ✚ Every beneficiary (girl) can have a single account.
- ✚ Minimum deposit is Rs. 250/- and maximum is Rs.1.50 lakh in multiple of Rs. 50/- per FY
- ✚ If minimum subscription of Rs. 250/- is not made in a FY, account will be treated as irregular, which can be regularized by paying a penalty of Rs. 50/- along with the minimum subscription of Rs. 250/- per FY.
- ✚ Interest in Sukanya Samriddhi a/c. is paid on the minimum balance between 5th day of the month and last day of the month.

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- ✚ Account can be opened for maximum of two girl child in a family.
- ✚ More than two accounts may be opened in a family if such children are born in the first or in the second order of birth or in both, on submission of an affidavit by the guardian supported with birth certificates of the twins/triplets regarding their birth.
- ✚ **Nomination:** Mandatory from 01.04.2018. The guardian in SSA Account, may nominate one or more but not exceeding four individuals:
- ✚ The account shall be operated by the account holder herself after attaining the age of eighteen years by submitting necessary documents.
- ✚ **Withdrawal** up to maximum fifty percent of the balance in the account at the end of the financial year preceding the year of application for withdrawal. It shall be allowed for the purpose of education of the account holder. Such withdrawal is allowed provided the account holder attains the age of eighteen years or passed the tenth standard whichever is earlier.
- ✚ **Prematurity:**
 - ❖ Allowed on ground of her life threatening disease without any penalty provided the account should have completed 5 years from date of opening..
 - ❖ Death of the guardian the operation or continuation of the account is causing undue hardship to the account holder
 - ❖ May also be permitted before completion of twenty-one years if the account holder on an application makes a request for such closure for the reason of intended marriage of the account holder subject to undertaking and proof of having completed 18 years.
- ✚ The account shall mature on completion for a period of twenty-one years from the date of its opening.

Senior Citizen's Savings Scheme (SCSS), 2019

- ✚ An individual who has attained the age of 60 years & above can open SCSS account.
OR
Who has attained the age of fifty-five years or more but less than sixty years, and who has retired on superannuation or otherwise (VRS etc.) on the date of opening of an account. In this case his/her residual age of service should be less than 5 years. Such accounts should be opened within one month from the date of receipt of the retirement benefits.
- ✚ Retired Defense personnel of 50 years & more are eligible to open SCSS account.
- ✚ HUF & NRI are not eligible to open these accounts.
- ✚ Nomination can be made for one or more persons subject to maximum of 4 (four) individuals.
- ✚ An account holder may open more than one account under this Scheme subject to the condition that the deposits in all the accounts taken together shall not exceed the maximum limit of Rs. 15 Lakh(in multiple of Rs. 1000/-).
- ✚ An individual may open an account in individual capacity, or jointly with spouse

Sovereign Gold Bond (SGB) 2020-21 (Series I to VI) (38th to 43rd Tranche) (Series started from 20th April 2020 to 04th Sep 2020)

- ✚ Issued by RBI on behalf of Govt. of India

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- ✚ PAN No. is mandatory
- ✚ The Bonds will be available to resident individuals, HUFs, Trusts, Universities and Charitable Institutions in Physical as well as Demat form.
- ✚ Subscriptions in the name of NRI, Firms and Companies are not allowed
- ✚ The tenor of the Bond will be for a period of 8 years with exit option in 5th, 6th and 7th year to be exercised on the interest payment dates.
- ✚ Minimum investment in the Bonds shall be 01 gm and in multiples of 01 gm
- ✚ The maximum limit of subscribed shall be 4 Kg for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities per fiscal (April-March) notified by the Government from time to time.
- ✚ Rebate of Rs. 50/- per gram on offer price is available, if paid digitally.
- ✚ The Capital Gains tax arising on redemption of SGB to an individual has been **exempted**.
- ✚ Nomination facility is available upto max. two nominees
- ✚ The Gold Bonds are issued as Government of India Stock under **Govt. Securities (GS) Act, 2006**.
- ✚ **Interest** – Fixed @ 2.5% p.a., payable semi-annually (half yearly)

KNOWLEDGE TEST

Q1. A PPF A/c opened as on 12.05.2005 will mature on:-

- A. 31.03.2020
- B. 12.05.2020
- C. 31.03.2021
- D. 12.05.2021

Q2. Initial Subscription in a PPF Account was made on 01.02.2011. The subscriber can avail a loan against PPF Account during the period

- A. Between 01.04.2013 and 31.03.2016
- B. Between 01.04.2014 and 31.04.2017
- C. Between 01.04.2015 and 31.03.2018
- D. Between 01.04.2012 and 31.03.2016

Q3. What is the minimum annual deposit to be made in an account under the PPF account?

- A. Rs. 1000
- B. Rs. 500
- C. Rs. 750
- D. Rs. 250

Q4. What is the maximum quantity of gold bond that can be issued to individual/HUF and Trust?

- A. 500 gm to Individual/HUF and 4 Kg to Trust
- B. 1 Kg to individual/HUF and 4 Kg to Trust
- C. 4 Kg to Individual/HUF and 20 Kg to Trust
- D. 2 Kg to Individual, 4 Kg to HUF and 20 Kg to Trust

Q5. Existing Public Provident Fund Scheme is known as

- A. Public Provident Fund Scheme 2019
- B. Public Provident Fund Scheme 2020
- C. Public Provident Fund Scheme 1968
- D. None of the above

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Q6. Account under Senior Citizen Savings Scheme (SCSS) 2019 can be opened with a maximum deposit of....

- A. Rs 10,000
- B. Rs 50,000
- C. Rs 5,00,000
- D. Retirement benefits received, or fifteen lakh rupees, whichever is lower

Q7. If Account under Senior Citizen Savings Scheme (SCSS) 2019 is closed within one year from the date of opening, the interest will be payable

- A. Applicable rate of interest
- B. Applicable rate of interest after deducting penalty
- C. Closure before one year is not allowed in the scheme
- D. No interest shall be paid

Q8. Under SCSS 2019, on completion of 5 years, account holder requests for extension of further 3 years. After completion of one year of extension period, the account holder requests for withdrawal and closure of account. Now, what will be the penalty?

- A. 1.5 %
- B. 1%
- C. 2%
- D. NIL

Q9. Account under Senior Citizen Savings Scheme (SCSS) 2019 can be opened with a minimum deposit of....

- A. Rs 1000
- B. Rs 50,000
- C. Rs 15,00,00
- D. Rs 20,000

Q10. A Depositor (Single/Joint holder) in a SCSS Account can nominate maximum

- A. 1 individuals as nominee
- B. 2 individuals as nominee
- C. 4 individuals as nominee
- D. Cannot nominate

Q11. An account under SCSS scheme can be further extended

- A. Any number of times in a block of three years.
- B. Only once for three years
- C. Cannot be extended
- D. For 5 years

Q12. What is the maturity period of Senior Citizen Savings Scheme (SCSS) Account?

- A. 3 years
- B. 5 years
- C. 8 years
- D. 10 years

Q13. Sukanya Samridhi Account shall mature on completion of a period of -----from the date of its opening.

- A. 21 Years
- B. 18 Years
- C. 14 Years
- D. 15 Years

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Q14. What is the minimum deposit required under Sukanya Samriddhi Scheme Accounts in a financial year?

- A. Rs 250
- B. Rs 1,000
- C. Rs 5,000
- D. Rs 10,000

Q15. Deposits may be made in the Sukanya Samriddhi Account till the completion of a period of ----- from the date of opening of the account

- A. 10 Years
- B. 18 Years
- C. 14 Years
- D. 15 Years

Q16. In Sukanya Samriddhi Account, amount should be deposited upto to get interest on the deposited amount in the same month.

- A. 5th of the month
- B. 10th of the month
- C. 30th of the month
- D. any day in the month

Q17. Which is correct in case of Sukanya Samriddhi Scheme

- A. The account may be opened by one of the guardian in the name of a girl child, who has not attained the age of ten years as on the date of opening of the account
- B. Both guardian and girl child shall be resident citizen of India at the time of opening of account.
- C. The account opening application shall be accompanied by birth certificate of the girl child in whose name the account is to be opened,
- D. All of the above.

Q18. In Sovereign Gold Bond 2020-21 Minimum investment in the Bonds can be for :

- A. 5 gm
- B. 1 gm
- C. 2 gm
- D. 10gm

Q19. According to the newly notified rules, the SSY account cannot be operated by the girl child till she attains the age of

- A. 10 Years
- B. 14 Years
- C. 18 Years
- D. 21 Years

Q20. Mr A and Mr B opened PPF account on 25th Feb 2012 and 01st April 2012 respectively. Choose the correct option when the accounts will be matured?

- A. Both will mature on 31st March 2027
- B. The accounts will mature on 31st March 2027 and on 31st March 2028 resp
- C. Both will mature on 31st March 2028
- D. None of the above.

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TEST KEY

Q No	1	2	3	4	5	6	7	8	9	10
Ans.	C	D	B	C	A	D	D	D	A	C
Q No	11	12	13	14	15	16	17	18	19	20
Ans.	B	B	A	A	D	A	D	B	C	B

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9. Settlement of Claim in Deceased Depositor's Accounts, Safe Deposit Vault (SDV)- Lockers & Safe Custody Accounts

Settlement of Claim in Deceased Depositor's Accounts

1. **In case of single accounts**
 - a. **with nomination** facility the balance outstanding in the account will be paid to nominee on verification of his identity and death certificate **on or before maturity**.
 - b. **without nomination** facility the balance outstanding will be paid to legal heirs (or any one of them as mandated by all of the legal heirs) on verification of the authority of the legal heirs and proof of death of depositor **on or before maturity**.
2. **Joint account operated jointly by all depositors:** In case of accounts **without nomination** facility the balance outstanding will be paid to remaining joint depositors and legal heirs of deceased depositor (or any one of them as mandated by all of the legal heirs) jointly on verification of the authority of the legal heirs and proof of death of depositor **on or before maturity**. In case of **nomination**, nominee will come in the picture only after death of all joint depositors otherwise nominee has no right for claim.
3. **Survivorship-**

A joint account opened as "Either or Survivor" or "Anyone or Survivors" or "Former or Survivor" or "Latter or Survivor" will permit the surviving account holder(s) to have unimpeded access to the credit balance in the account for withdrawal if one of the co-account holders dies. In these cases, the Nominee comes in the picture when **all the survivors die**, otherwise in case of death of one or more account holders (but not all), survivor(s) will get the access to outstanding of the account. In short, payment to survivor(s) can be made as above subject to the only rider that there is no order from a competent court restraining the bank from making such payment.

But in such cases **pre maturity payment** of TDR cannot be made to the survivors. All survivors will have to claim the deposit (**before maturity**) along with legal heirs of the deceased. However, prematurity claim may be given to the survivors only, if, such consent was given by all the depositors at the time of opening of the account or at any time there after but before death of any co account holder.
4. **Time Norms for Settlement of Claims**

Branches should settle the claims in respect of deceased depositors and release payments to survivor(s)/ nominee in case of accounts with survivor/ nominee **within a period not exceeding 15days** from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) to the member bank's satisfaction. In case of accounts without survivor/ nominee clause the claim should be settled **within 1 month** from the date on which the requisite documents have been submitted. The claim should be settled by following the procedure in vogue and after obtaining permission of the Competent Authority as per the delegation of Powers. With a view to avoid inconvenience and undue hardship to common public in obtaining a court order, Bank has fixed threshold limit of **Rs.40.00 lakh** for settlement of claims in deposit accounts without insisting upon a court order/Succession Certificate. Indemnity Documents to be obtained in such deposit accounts.

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5. **Missing person:**

A missing person (depositor) may be treated as deceased after seven years from the date of reporting missing and after declaring him as dead by the court of law. We have to obtain such court order in case of payment. (Section 107,108 of Indian Evidence Act 1872)

6. **Splitting of Term Deposit:**

On specific request from the claimant/s (Survivors/Legal Heirs), branch may split the amount of term deposit and issue two or more separate receipts in the name of the claimant(s), provided the period and the aggregate amount of the deposit do not undergo any change.

Payment of interest in deceased account:

- a. **Upon maturity**, Bank will pay contracted rate of interest.
- b. **Before maturity**, contracted rate or rate of actual period (on the date of deposit) whichever is less, without charging penalty.
- c. **After maturity**: In the event of death of the depositor, before the date of maturity of deposit and where the amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the **contracted rate**, till the date of maturity and thereafter at simple term deposit interest rate applicable as on the date of maturity, for the period for which deposit remained with the Bank beyond the date of maturity.

In the event of death of the depositor, after the date of maturity, contracted rate till the maturity and SB rate (on the date of maturity) after maturity date shall be paid.

In case of auto renewal of TDR, prevailing rate of interest for actual period (simple term deposit interest rate as applicable on renewal date) will be paid.

- d. **Where the account holder or the first account holder is a Senior Citizen/ Staff/Ex-Staff:** nominee / survivors or the legal heirs have a privilege to continue the existing deposit(s) till maturity to get the benefit of extra interest given to the Sr. Citizen/Staff/Ex-Staff at the time of depositing the money.

Enhanced Access and Service Excellence (EASE) directive

Online tracking of timeline for settlement of deceased claim cases

Department of Financial Services (DFS) under EASE Reforms has published roadmap for Customer Convenience in Banking Services. One of the roadmaps for customer convenience is "online tracking of average number of days taken beyond regulatory prescribed timeline of **15 calendar days** for closure / settlement of accounts of deceased depositor" by the Bank. The menu DECCLAIM for online tracking of timeline taken by branches for settlement of deceased claims.

In case of dispute among the legal heirs, succession certificate is required in all cases irrespective of claim amount.

Settlement of claims in Deposits Account(s) with various operational instructions

With Nomination

A/c in name of	Operational instructions	Nominee	Situation	What to be done/ option available
A	SELF	X	X DIES	'A' can change the nominee
A	SELF	X	A DIES	'X' will receive the balance amount
A & B	E or S	X	A DIES	Balance amount will be payable to 'B'
A & B	E or S	X	B DIES	Balance amount will be payable to 'A'
A & B	E or S	X	A & B DIES	'X' will receive the balance amount
A & B	Jointly	X	A DIES	Payable to 'B' and legal heirs of 'A' jointly
A & B	Jointly	X	B DIES	Payable to 'A' and legal heirs of 'B' jointly
A & B	Jointly	X	A & B DIES	Payable to 'X'

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Without Nomination

A/c in name of	Operational instructions	Situation	What to be done/ option available
A	SELF	A DIES	Balance will be payable to legal heirs of 'A' or any one of them mandated by all the legal heirs
A & B	E or S	A DIES	Balance amount will be payable to 'B'
A & B	E or S	B DIES	Balance amount will be payable to 'A'
A & B	E or S	A & B DIES	Jointly payable to legal heirs of 'A' & 'B' (or any one of them mandated by all the legal heirs)
A & B	Jointly	A DIES	Jointly payable to 'B' and legal heirs of 'A' (or any one of them mandated by all the legal heirs)
A & B	Jointly	B DIES	Jointly payable to 'A' and legal heirs of 'B' (or any one of them mandated by all the legal heirs)
A & B	Jointly	A & B DIES	Jointly payable to legal heirs of 'A' & 'B' (or any one of them mandated by all the legal heirs)

SAFE DEPOSIT VAULT (SDV)- LOCKERS

Definition

- **Safe deposit Vault- lockers** - One of the ancillary services extended by bank providing Lockers in 11 sizes (A,B,C,D,E,F,G,H,H1,L & L1) as per requirement of the customers .
- **Custodian**- Officer in-charge of the Safe Deposit Vault.
- **Renter**- A person who has taken on hire a locker in a SDV.
- **Relationship between Banker and Renter is of lessor and lessee**. Hence, a separate customer ID has to be opened only for locker by putting value in field- "Free_Text_5" under option 'V' as "**SDVLOCKER**"
- **Master / Custodian Key**-This key is held by Custodian.
- **Renter's Key**- Key of the locker allotted to Renter
- **Password/ Code Word** - Confidential word to identify the renter in case of doubt.
- **Locker** keys must be embossed as it gives identification code of the branch and the **bank**.
- **KYC norms** are applied to all **locker** hirers.
- **Minors** are not allowed to hire a **locker** either individually or jointly
- Unauthorised entry in the Vault is not allowed.

Type of Renter

- **Individuals ,Joint Renters ,Partnership Firms, illiterate Persons, Limited Companies, Societies, Associations, Clubs can be a renter** with the instructions "Self" , "Either or Survivor" or "Jointly or Survivor" or "Authorised Signatories".

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Settlement of claims in SDV Lockers with various types of operational instructions With Nomination

A/c in name of	Operational instructions	Nominee	Situation	What to be done/ option available
A	SELF	X	X DIES	'A' can change the nominee
A	SELF	X	A DIES	'X' will be given access to the Locker and liberty to remove the contents
A & B	Jointly	X	A DIES	'B' and 'X' will be given access to the Locker and liberty to remove the contents, jointly
A & B	Jointly	X	B DIES	'A' and 'X' will be given access to the Locker and liberty to remove the contents, jointly
A & B	Jointly	X	A & B DIES	'X' will be given access to the Locker and liberty to remove the contents
A & B	Jointly	X & Y	A DIES	'B' along with 'X' and 'Y' will be given access to the Locker and liberty to remove the contents, jointly
A & B	Jointly	X & Y	B DIES	'A' along with 'X' and 'Y' will be given access to the Locker and liberty to remove the contents, jointly
A & B	Jointly	X & Y	A & B DIES	'X' and 'Y' will be given access to the Locker and liberty to remove the contents, jointly

Without Nomination

A/c in name of	Operational instructions	Situation	What to be done/ option available
A	SELF	A DIES	legal heirs of 'A' or any one of them mandated by all the legal heirs
A & B	E or S	A DIES	'B' will be given access to the Locker and liberty to remove the contents.
A & B	E or S	B DIES	'A' will be given access to the Locker and liberty to remove the contents.
A & B	E or S	A & B DIES	legal heirs of 'A' & 'B' will be given access to the Locker (or any one of them mandated by all the legal heirs) and liberty to remove the contents, jointly
A & B	Jointly	A DIES	'B' and legal heirs of 'A' (or any one of them mandated by all the legal heirs) will be given access to the Locker and liberty to remove the contents, jointly.
A & B	Jointly	B DIES	'A' and legal heirs of 'B' (or any one of them mandated by all the legal heirs) will be given access to the Locker and liberty to remove the contents, jointly.
A & B	Jointly	A & B DIES	legal heirs of 'A' & 'B' (or any one of them mandated by all the legal heirs) will be given access to the Locker and liberty to remove the contents, jointly

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Safe Custody Accounts

The Bank accepts from its customers for safe custody securities such as Government Promissory notes, bonds, term deposit receipts and sealed packages and boxes. Safe custody business undertaken by the Bank is in the nature of a contract (sec 148 of Indian Contract Act) of bailment and legal relationship between the Bank and the customer is that of bailee and bailor. The Bank shall take only ordinary care and precautions and shall not be liable or responsible for any loss or damage resulting from any reason.

Knowledge Test

- Q. 1. Mr and Mrs Desai maintain locker with us and operation are E or S. Mr Desai informs the Manager not to allow Mrs Desai to operate the account. In such a case what would you do?
- A. Allow Mrs Desai to operate the locker as operational instructions are E or S
 - B. Allow Mr and Mrs Desai to operate the locker jointly
 - C. Allow only Mr Desai to operate the locker
 - D. Ask for the court order for operating the locker
- Q. 2. In case of SDV accounts?
- A. Nomination is mandatory
 - B. Nomination is optional
 - C. Minimum two Nominations are must in Joint account
 - D. All the above are correct
- Q. 3. If the claim amount in case of deceased account is more than Rs 2 crore then which is correct?
- A. It should be vetted by Bank's panel advocate
 - B. It should be certified by Notary
 - C. No need of vetting if documents are in order
 - D. It should be certified by Gazetted Officer
- Q. 4. Counting of settlement days will start from the date when.....
- A. Information about death is given orally
 - B. Information about death is given in writing
 - C. all the required documents are submitted
 - D. Bank gets the information from any source.
- Q 5. As per new Policy, our Bank has introduced a menu in Finacle for settlement of Deceased claim.
- A. DESSCLM
 - B. DECCLAIM
 - C. DESCCLAIM
 - D. DESSCLAIM
- Q.6. A claimant has filed deceased claim online, who will be able to see the status of the claim after it is lodged in Finacle?
- A. Nodal Officer in ZO and HO-GOD
 - B. The settlement branch
 - C. The claimant(s).
 - D. All of the above
- Q.7. If the claim is for Rs. 40 lakhs excluding interest, the branch will.....
- A. ask for Succession Certificate.
 - B. not ask for Succession Certificate
 - C. call for legal heirs, even though nomination is there.
 - D. refuse to pay as the amount is huge.
- Q.8. If a joint account in the name of 'A' & 'B' is running with the instructions "E or S" and nomination facility is there. Mr. 'A' dies. The amount will be paid to
- A. Nominee
 - B. Survivor
 - C. the both, nominee and Survivor jointly
 - D. Avoiding further dispute branch will pay amount to the Legal Heirs.

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- Q.9.** A is having a locker and sends the key by post, with an intention to surrender the locker:
- A.** bank will be discharged of its liability, if key is accompanied by a letter stating the contents of the lockers is NIL
 - B.** The bank will not be discharged of its liability
 - C.** The bank should not accept
 - D.** bank can accept subject to its rights under reserve
- Q. 10.** Mr. A is a nominee of a deceased depositor's account, and he claims TDR amount before maturity. Bank will pay the interest-
- A.** As per contracted rate up to the period for which deposit remained with the Bank
 - B.** As per prevailing ROI on the date of deposit for actual period of deposit remained with the Bank, less applicable penalty
 - C.** As per contracted rate or prevailing ROI on the date of deposit for actual period of deposit remained with the Bank, whichever is lower, without penalty.
 - D.** As per prevailing ROI on the date of deposit for actual period without penalty.
- Q.11.** A TDR account holder is reported dead. One nomination is there in the account. The TDR is maturing after 3 years. Nominee can request.....
- A.** for premature payment
 - B.** to continue till its maturity
 - C.** to replace the name of deceased with his name
 - D.** for either A or B above
- Q.12.** Settlement of deceased claim to the legal heirs should be done within of receipt of necessary documents . if nomination is not available.
- A)** 15 working days **B)** 30 working days **C)** 1 month **D)** as per suitability of the branch
- Q.13.** If the settlement amount is Rs. 2.00 Lakh, which is correct from the following:
- A.** Stamped Indemnity letter signed by all the heirs and two or more Sureties of good standing for **twice the amount**.
 - B.** Stamped Indemnity letter signed by all the heirs and one or more Sureties for **twice the amount** involved.
 - C.** Stamped Indemnity letter signed by all the heirs and one or more Sureties of good standing for **thrice the amount** involved
 - D.** Unstamped Indemnity letter signed by all the heirs and one or more Sureties of good standing for **twice the amount** involved
- Q.14.** Embossing of Bank and branch code is compulsory on locker keys. How many digits are embossed on the locker key.
- A.** 5 **B.** 6 **C.** 4 **D.** 3
- Q.15.** A customer approaches your branch for hiring of a locker. To record the terms and conditions which are to regulate the relationship, the lease deed will be executed, which will be required to be stamped as:
- A.** Same as power of attorney
 - B.** Same as an agreement
 - C.** Same as pledge agreement
 - D.** Will not be required to be stamped
- Q.16.** A nominee of a Deceased Account wants to split the deposit in two parts. Branch will.....
- A.** Go with his request provided the principal amount should not change
 - B.** Go with his request provided the principal amount and tenure should not change

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- C. Go with his request for splitting and for any period
- D. Deny such request

Q.17. Your branch has a locker in the joint names of Mr. A and Mr. B operated as Either or Survivor. You receive the information about death of Mr. B:

- A. Mr. 'A' can operate the locker with legal heirs of B
- B. For operations of locker permission of court is needed
- C. Mr. 'A' can operate the locker
- D. A and B

Q.18. For Customer Convenience in Banking Services, DFS has issued an “EASE” directives for on-line tracking of the status of claim. What is the full form of “EASE”?

- A. Enhanced Access and Service Excellence
- B. E- Access and Service Excellence
- C. Excellence All time and Service Enhancement
- D. To make services easy, name “EASE” is given.

Q.19. If a SDV is allotted in the name of Mr. 'A' & 'B' with the instructions “Jointly” and with two Nominees Mr. X & Y. Mr. 'A' and Mr. 'B' both expire. The amount will be paid to

- A. the legal heirs of Mr. 'A' and Mr. 'B' jointly
- B. the first nominee Mr. X
- C. Both nominees jointly (Mr. X & Y)
- D. Both nominees and the Legal Heirs jointly

Q.20. If a SDV is allotted in the name of Mr. 'A' & 'B' with the instructions “Jointly” and without nominee Mr. 'A' and Mr. 'B' dies. The amount will be paid to.....

- A. the legal heirs of Mr. 'A' and Mr. 'B' jointly
- B. the Legal Heirs of Mr. A`
- C. the Legal Heirs of Mr. B
- D. bank will ask for court order.

Q.21. How many times a locker can be operated free in a year?

- A. Once a week
- B. Once every day
- C. 50 times in a year
- D. 12 times in a year.

Q.22. When a locker is broken open, who among the following has to be present?

- A. Locker hirer or his legal heirs
- B. Two independent witnesses
- C. Branch officials
- D. All of the above.

Q.23. When Bank accepts sealed packet from a customer for keeping in safe custody then the relationship between Bank and customer is of

- A Lessor and lessee
- B Bailor and bailee
- C Trustee and beneficiary
- D Agent and Principal

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Q.24. A locker should not be drilled open unless the rent is overdue for

- A. One complete year from the due date
- B. After 10 Years from the due date
- C. After 5 Years from the due date
- D. None of the above.

Q.25. Locks of the lockers must be changed under the following circumstances, as a precautionary measure, to protect the renter as well as the Bank: -

- A. When a locker is surrendered or when a locker is exchanged
- B. When an overdue locker is drilled open due to loss of key
- C. Cancellation of the name of a joint renter.
- D. All the above

Test Key

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	B	B	A	C	B	D	A	B	A	C	D	C	A	B	B
Q. No.	16	17	18	19	20	21	22	23	24	25					
Answer	D	C	A	C	A	D	D	B	A	D					

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10. Clean Note Policy

The RBI introduced clean note policy asking banks not to pass on the soiled, torn or scribbled notes to the customers and deposit the same with the RBI.

The objective of the clean note policy is to withdraw non-issuable notes well in time and put fresh notes in to circulation in their place in a timely manner.

The Bank's Clean Note Policy clearly defines the procedure for Facility for Exchange of Notes and Coins and Detection and Impounding of Counterfeit Notes.

Facility for exchange of notes and coins at bank branches:-

(a) All branches of banks are mandated to provide the following customer services, more actively and vigorously to the members of public:

(i) Issuing fresh / good quality notes and coins of all denominations on demand,

(ii) Exchanging soiled / mutilated / defective notes,

(iii) Accepting coins and notes either for transactions or exchange.

(b) All branches should provide the above facilities to members of public without any discrimination on all working days. The scheme of providing exchange facility by a few select currency chest branches on one of the Sundays in a month will remain unchanged.

All branches of banks have been delegated powers for exchange of mutilated / defective notes free of cost.

Liberalized definition of a Soiled Note

A 'soiled note' means a note which has become dirty due to normal wear and tear and also includes a two piece note pasted together wherein both the pieces presented belong to the same note and form the entire note with no essential feature missing.

Mutilated Notes – Presentation and Passing

A mutilated note is a note of which a portion is missing or which is composed of more than two pieces.

Extremely brittle, burnt, charred, stuck up Notes

Notes which have turned extremely brittle or are badly burnt, charred or inseparably stuck up together and, therefore, the holders may be advised to tender these notes to RBI (Issue Office) where they will be adjudicated under a Special Procedure.

Procedure for exchange of soiled/mutilated/imperfect notes

Exchange of soiled notes

Notes presented in small number: Where the number of notes presented by a person is up to 20 pieces with a maximum value of Rs.5000 per day, banks should exchange them over the counter, free of charge.

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Notes presented in bulk: Where the number of notes presented by a person exceeds 20 pieces or Rs.5000 in value per day, banks may accept them, against receipt, for value to be credited later.

Exchange of mutilated and imperfect notes

Notes presented in small number: Where the number of notes presented by a person is up to 5 pieces, non-branch branches should normally adjudicate the notes as per the procedure laid down in Part III of NRR, 2009 and pay the exchange value over the counter.

Notes presented in bulk: Where the number of notes presented by a person is more than 5 pieces not exceeding Rs.5000 in value, the tenderer should be advised to send such notes to nearby currency chest branch by insured post giving his / her bank account details (a/c no, branch name, IFSC, etc.) or get them exchanged thereat in person. Currency chest branches receiving mutilated notes through insured post should credit the exchange value to the account of sender by electronic means within 30 days of receipt of notes.

Notes with slogans/ scribbling/ stain etc

Any note with slogans and message of a political or religious nature written across it ceases to be a legal tender and the claim on such a note will be rejected under Rule 6(3) (iii) of NRR, 2009. Similarly, notes which are disfigured may also be rejected under Rule 6(3) (ii) of NRR, 2009.

All Bank notes with scribbling / stain (including colour stain) on them continue to be legal tender. Such notes can be deposited or exchanged in any bank branch.

Deliberately cut notes

The notes, which are found to be deliberately cut, torn, altered or tampered with, if presented for payment of exchange value should be rejected under Rule 6(3)(ii) of the NRR, 2009.

Display of Notice Board

All bank branches are required to display at their branch premises, at a prominent place, a board indicating the availability of note and coin exchange facility with the legend, "SOILED/MUTILATED NOTES AND COINS ARE ACCEPTED AND EXCHANGED HERE".

Detection and Impounding of Counterfeit Notes

No credit to customer's account is to be given for Counterfeit Notes, if any, detected in the tender received over the counter. In no case, the Counterfeit Notes should be returned to the tenderer or destroyed by the bank branches.

Impounding of Counterfeit Notes

Notes determined as counterfeit shall be stamped as "COUNTERFEIT NOTE" and impounded in the prescribed format. Each such impounded note shall be recorded under authentication, in a separate register.

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Issue of Receipt to Tenderer

When a bank note tendered at the counter of a bank branch is found to be counterfeit, an acknowledgement receipt in the prescribed format must be issued to the tenderer. The receipt, in running serial numbers, should be authenticated by the cashier and tenderer.

Detection of Counterfeit Notes - Reporting to Police and other bodies

For cases of detection of Counterfeit Notes up to 4 pieces, in a single transaction, a consolidated report in the prescribed format should be sent by the Nodal Bank Officer to the police authorities, along with the suspect Counterfeit Notes, at the end of the month.

For cases of detection of Counterfeit Notes of 5 or more pieces, in a single transaction, the Counterfeit Notes should be forwarded immediately by the Nodal Bank Officer to the local police authorities for investigation by filing FIR in the prescribed format.

The banks should re-align their cash management in such a manner so as to ensure that cash receipts in the denominations of Rs.100 and above are not put into recirculation without the notes being machine processed for authenticity. The said instructions shall be applicable to all bank branches, irrespective of the volume of daily cash receipt.

All bank branches should be equipped with ultra-violet lamps / other appropriate banknote sorting / detection machines.

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Question No. 1. Note of which denomination does not come under definition of Bank Note?.

- A. Rs. 1 note
- B. Rs. 2 note
- C. Both Rs. 1 & 2 note
- D. All notes below Rs 100/

Question No. 2. Clean note policy of RBI does not mandate-

- A. No writing on bank note to be made
- B. No stapling of bank notes to be done
- C. Only new notes to be fed in the ATMs
- D. All bank branches have to exchange soiled/mutilated/defective notes

Question No. 3. Upon receiving counterfeit note-

- A. We should not accept it & return it to the tenderer.
- B. We should return it after drawing two parallel lines thereon
- C. We must impound the note tendered
- D. We must impound the only if more than 4 notes are tendered.

Question No. 4. Which is not a step in impounding counterfeit note?

- A. Putting rubber stamp denoting it as a counterfeit note
- B. Issuing receipt to the tenderer of note regarding impounding
- C. Crediting customer's account with amount of counterfeit notes marking lien there against
- D. Detail of impounding to be entered in the register

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Question No. 5. Which procedure will not be followed after impounding of counterfeit note?

- A. Counterfeit notes will be handed over to the District Nodal Officer of the bank.
- B. District Nodal Officer of the bank will hand over these notes to the police officer against acknowledgement.
- C. Police/court will return counterfeit notes to bank after investigation / conclusion of court case respectively.
- D. Counterfeit notes will be returned to RBI by Police dept. / court

Question No. 6. Clean note policy of RBI mandates about deposit of coins in banks-

- A. Bank will not accept coins of below Rs 1 denomination
- B. Any number of coins of Rs 1 & above denomination can be deposited in bank.
- C. Coins of 50 paise & above can be deposited within certain limit.
- D. Bank branch has to accept coins of any denomination

Question No. 7. Which of following is not a feature of soiled note?

- A. Old & dirty
- B. "Full note" in two pieces
- C. "Full note" in more than two pieces
- D. Coloured note or writing on the note

Question No. 8. What is not correct about exchange of notes?

- A. Bank will have to pay full (100%) value of soiled notes.
- B. Bank will pay full or part value of mutilated note on the basis of its denomination & size of the largest piece of note.
- C. If note is mutilated, then full (100%) value will not be given in any case.
- D. Imperfect and badly damaged notes which cannot be identified as genuine cannot be exchanged.

Question No. 9. Bait money should be maintained at-

- A. Payment & receipt counters.
- B. All cash counters & strong room
- C. All cash counters, strong room & in the cash box during cash in transit.
- D. One packet at any cash counter & other in the strong room

Question No. 10. Soiled / mutilated notes can be exchanged at-

- A. Regional Rural Bank
- B. Private & Public sector banks
- C. Issue office of RBI
- D. Any of the above.

Question No. 11. Which of the following set of Notes can be exchanged per day over the bank counter free of charge?

- A. Up to 20 piece with a maximum value of Rs.5000/-
- B. Up to 05 piece with a maximum amount of Rs.2000/-
- C. Up to 25 piece with a maximum amount of Rs. 25000/-
- D. Up to 10 piece with a maximum amount of Rs.5000/-

Question No.12. Which of the following statements is correct as regards opening of branch / currency chest on one of the Sunday in the month for exchange of soiled notes?

- A. Main branch of the bank
- B. Service branch
- C. All Currency chest branches
- D. A few select currency chest

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Question No. 13. Which of the following is mandatory as per clean note policy regarding exchange / acceptance of soiled/ mutilated notes/coins?

- A. Display of Notice Board for such facilities
- B. Facility is available for customers and others
- C. Facility is available to money changers / dealers in defective note
- D. Both A & B are correct

Question No. 14. Which of following is feature of mutilated note?

- A. Old & dirty
- B. "Full note" in two pieces
- C. It is composed of more than two pieces
- D. Coloured note or writing on the note

Question No. 15. Up to 4 pieces FIR need to be filed. Instead a consolidated monthly statement is send to the concern Zonal Office.

- (A) True
- (B) False

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	A	C	C	C	D	C	C	C	C	D	A	D	D	C	B

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11. Type of Advances

Credit is an essential function of banking. Our bank's credit policy provides guidelines, directives, framework of lending norms to achieve credit growth with assets quality, optimum yield and enduring business relationships. Balanced credit growth is achieved by providing advances across various industrial sectors, type of facility, range of products, asset liability profile and adhering to the prudential norms.

Lending is a business associated with the risk of default. Bank follows cautious approach based on following principles:

- a) **Principle of safety of funds** means borrower should be able to repay the loan without default.
- b) **Principle of Profitability** emphasis on the ability of the business to earn a profit i.e. bank should invest in such loans/activities which earn sufficient profit.
- c) **Principle of Liquidity** Bank advances loan on the security of assets which are easily marketable and convertible into cash at a short notice.

The bank provides loans and advances against securities, so that in case of non-payment, these can be enforced to recover their dues. These securities are classified into following categories:-

- a) **Primary Securities:** These are created by the finance made available by the bank, Say machineries purchased by the unit through a Term Loan.
- b) **Collateral Securities:** These are securities against which finance is not made available. It is additional security. Say in the given term loan along with machineries borrower mortgages his house. Here house will be a collateral security.
- c) **Personal security:** it provide right of action against the borrower personally. Security of a promissory notes or bill of exchange or security bond etc.,
- d) **Tangible securities:** Land, buildings, machineries are the form of impersonal security which can be enforced or sold through intervention of court.
- e) **Other classification of securities:**
 - i. Liquid Security: Which can be easily converted into cash.
 - ii. Government Securities: Bonds, promissory notes, Treasury bills issued by Govt.
 - iii. Stock Exchange securities: Shares, debentures
 - iv. Blue chip securities: Shares of good companies
 - v. Trustee Securities: securities enlisted under Section 20 of Indian Trust Act.

The bankers insist on margin against securities i.e. margins are contribution of borrower against a security.

The commercial bank manages their credit portfolio through **Credit Appraisal** (Pre-sanction set of procedures emphasises on risk, returns, default, end use of funds, inspection, insurance, methods of calculation of maximum permissible finance etc., in Credit Policy), **Credit Monitoring** (Post-sanction continuous measures through monitoring policy) and **Credit Recovery** (controlling the default through NPA Management Policy)

In either the **credit exposure** i.e. Fund based or Non-Fund based the bank ensures that, the purpose of exposure is approved one. Highly speculative activities or whose financial viability are not ascertainable would not be a part of credit exposure.

The bank's credit business has been broadly segmented into following **verticals**:

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- 1) **Corporate Credit:** Customer with turnover of Rs.100 Crore & above serviced through Large Corporate & other large branches.

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- 2) **SME Credit:** Customer with turnover up to Rs.100 Crore serviced through SME city centres and SME hubs.
- 3) **Retail Credit:** serviced through Retail business centres.
- 4) **Rural Credit:** customers serviced through Rural & Semi Urban branches.
- 5) **International Credit:** serviced through branches office/abroad.

The **type of facility** comprises of as under:

Fund Based (Bank parts the funds)	Non-Fund based (Bank undertakes Guarantee)
<ul style="list-style-type: none"> • Demand Loans/Term Loans • Overdrafts/Cash Credit • Working Capital Demand/Term Loan • Advance against Bills (DP/DA) with or without Letter of Credit. • Channel Finance • Invoice discounting/Financing • Discounting of future cash flow/rent receivables • Line of Credit • Cash Management Services • Commercial Papers • Forex Limits 	<ul style="list-style-type: none"> • Letter of Credit • Guarantees • Co-Acceptance facilities

Fund based facility

Demand Loans: these are short term loan to be repaid within 3 years on demand. It is granted as working capital to acquire current assets for business, purchase of fixed assets like machineries, equipment etc.,

Term Loan: these loans are repaid over 3 years. The loans sanctioned for repayment period of above 3 to 5 years are called as “Medium term loan” and with repayment period of above 5 years are called as “Long Term loan”. It is granted for purchase of fixed assets like land, building, plant, heavy duty machineries etc.

Cash Credit: a type of credit facility sanctioned for operating cycle or working capital cycle of a business to maintain continuous availability of current assets to conduct day to day business smoothly. Example Cash Credit against Stock or book debts. CC limits are sanctioned as per the needs, operating cycle, financials and agreed by the bank depending on the nature of activity of the firm. It is sanctioned for a period of one year and repayable on demand. If the conduct of the account is satisfactory then only the CC limits are renewed by the bank.

Overdrafts: It is a running account whereby a drawing limit is made available against acceptable security such as shares, debentures, National Saving Certificates, Kisan Vikas Patra, LIC policies, bank’s own deposits, and Government Securities. In some cases this limit may be provided on clean basis based on available risk mitigation measures. The maximum debit is made available against the drawing limit sanctioned.

Let’s see example of calculation of Drawing Power (DP) in Cash Credit Account (CC):

Items	CC-1 against Stock only	CC-2 against Stock with sundry creditors	CC-3 against Stock & Book Debts with Sundry Creditors

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a) Sanctioned Limit	20	20	20
b) Value of stock	32	32	32
c) Less Sundry Creditors (a)-(b)	Nil	12	12
d) Paid stocks (b)-(c)	32	20	20
e) Less Margin @25% [dx25%]	8	5	5
f) DP for Stocks (d)-(e)	24	15	15
g) Book Debts	NA	NA	10
h) Less Margin @40% {gx40%}	NA	NA	4
i) DP for Book Debts (g)-(h)	NA	NA	6
Total Drawing Power (f)+(i) or SL whichever is lower.	20	15	20

Drawing Power calculations in Term Loan of Rs 30 lakh with monthly EMI of Rs.64,110.79 @ 10.25%, sanctioned on 01.08.2020 payable after 1 month of disbursement over 5 Years:

Amt in Lakhs	1 st year	2 nd year	3 rd year	4 th year	5 th year
Drawing Power	25.15	19.80	13.86	7.25	0 (Fully repaid)

Drawing Power calculation in Overdraft against a National Saving Certificate of Rs. 10 Lakh maturing after 4 months, with margin of 25% and interest @10% (say Rs.7, 500 per month):

	1 st month	2 nd month	3 rd month	4 th month	5 th month
SL =7.50 DP= 7.50 (Value of security) – (margin@25%)	Unutilised	Withdrawn Rs.6 lakh	Not paid interest in this month	Interest not paid for this month too	Maturity proceeds =Rs 10.15 Lakh
ODA outstanding (Debit)	0	6.00	6,07,500	6,15,000	0 (Credit of Rs.4 Lakh repaid)
Limit available	7.50	1.50	1,42,500	1,35,000	0 (Fully repaid)

Working Capital Demand/Term Loans: a short term/long term loan given to meet the working capital margin needs of a borrower.

Advance against Bills (DP/DA): a seller of goods (Drawer) draws a bill of exchange on buyer (Drawee), as per agreed payment terms for the goods supplied. The buyer accepts the bill for payment and the seller requests his banker to provide finance against this bill along with other document to the title of the goods. The banker of the seller **purchases** this bill if it is a demand bill or **discounts** it if it is a usance bill.

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Channel Financing: Bank's offer short term working capital facilities to the buyer and the supplier of the goods. The need of channel financing arises only when the supplier or the

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dealer is not in a position to get finance on their own and the corporate wants to ensure that the raw material is supplied to them regularly and they can sell their finished product through the dealer on the other side. The need of the buyer and seller of goods are met by Channel Financing.

Invoice discounting/Financing: TReDS i.e. Trade Receivable Discounting System through RXIL –Receivable Exchange of India. On boarding of duly acknowledged receivable invoice on portal and immediate flow of part of funds to the Manufacturer's account (factoring) and balance on date of maturity of invoice or due date (reverse factoring).

Line of Credit: A **line of credit** (LOC) is a preset borrowing limit that can be used any time during the tenure of the credit. It is a Revolving credit limit, whereby the account holder can draw, repay and redraw funds continuously. Interest is charged only for period the amount utilized

Discounting of future cash flow/rent receivables: Under this process, the present value of future cash flow at a particular discount rate is considered for basis of financing. Example: a loan sanctioned to the land lord of our branch premises on the basis of agreed monthly rent. The EMI is based on the amount to be received in future.

Commercial Papers: Unsecured short term debt instrument issued by Corporates, primary dealers and All India Financial Institutions for meeting their short term liabilities for the maturity period of 7 days to 1 year. The maturity date of the instrument should typically not go beyond the date up to which the credit rating of the issuer is valid.

Cash Management Services: **Cash management** refers to a broad area of finance involving the collection, handling, and usage of **cash**. Financial instruments involved in **cash management** include money market funds, treasury bills, and certificates of deposit.

Non-Fund based facility

Letter of Credit: It is a written instrument issued by a bank at the request of its customer/ Importer (Buyer) to pay the beneficiary (Exporter/Seller) provided all the documents presented are as per the terms of LC. It's a popular tool to procure Raw Material, Plant & Machineries . It helps the importer as they do not have to pay amount upfront for the goods.

Guarantee: Section 126 of Indian contract Act defines guarantee as –a contract to perform the promise or discharge liability of a third person in case of his default.

Co-acceptance: “an undertaking from the third party (Bank) to make payment to the drawer of the bill (seller/exporter) on due date even if the buyer/importer fails to make the payment on that date”.

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KNOWLEDGE TEST

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Q.1. Mr. Ram Sons availed a term loan of Rs.15 Lakhs for automated stitching machine. He had deposited a LIC policy of Rs.5 Lakh with present surrender value of Rs.2.50 Lakhs. What will be the value of primary security and Collateral Security?

- A.** Rs.10 Lakhs & Rs.5.00 Lakhs
- B.** Rs.5 Lakhs & Rs.10.00 Lakhs
- C.** Rs.10 Lakhs & Rs.2.50 Lakhs
- D.** Rs.15 Lakhs & Rs.2.50 Lakhs

Q.2. An overdraft account with reducing limit means?

- A.** No fix repayment, paid on demand
- B.** Not allowed, no such facility
- C.** Periodically repaid to ensure that outstanding is as per sanction terms.
- D.** Account limit varies with transactions in account.

Q.3. Which of the following sector is called as a Growth Engine of Economy?

- A.** Agriculture Sector
- B.** Retail Business
- C.** Infrastructure and social projects
- D.** MSME Sector

Q.4. A reputed firm runs an Industrial Ice Factory with turnover of Rs. 200 crore and above. It will be segmented into which credit vertical as per Credit Monitoring Policy (2020)?

- A.** SME Credit
- B.** Agro Industries Credit
- C.** Retail Credit
- D.** Corporate Credit.

Q.5. CRISIL, SMERA, ICRA, CARE, FITCH, D&B, etc are called as?

- A.** External Credit Rating Agency
- B.** Internal Credit Rating Agency
- C.** Off-site Credit Rating Agency
- D.** On-site Credit Rating Agency

Q.6. M/s Anokhee Jewelers were reputed gold smiths having current account/TDR with your branch. Now they desire to renovate shop with new brand look, POS machines and purchase computer readable metal detector spectrometer. Which type of advance shall be the most suitable for the firm?

- A.** Term Loan
- B.** Overdrafts
- C.** Cash Credit
- D.** Revolving limit

Q.7. Pick the odd man out with regards to the Guarantee?

- A.** Principal Debtor
- B.** Guarantor
- C.** Trustee
- D.** Beneficiary

Q.8. M/s Ajay runs a cafeteria in a state engineering college with a Cash Credit limit against stock of Rs.20 Lakh, & C/C against Book Debts of Rs.10Lakh, with maximum limit of Rs.25 Lakh. The margins for both the facility are 25% & 40%. During the current month the value of the Stock was Rs. 30 Lakh, Book debts of Rs.12 Lakh(up to 90 days), & Sundry Creditors of Rs.4 Lakh, What will be the DP of the firm?

- A.** Rs.25 Lakh

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- B. Rs.26 Lakh
- C. Rs.26.20 Lakh
- D. Rs.25.20 Lakh

Q9. How we can reduce a risk weighted Assets?

- A. Increase lending in RAM sector
- B. Increase in Gold loan with zero risk weight
- C. Replacing accounts with Risk weight over 100% by Risk weight of 20% to 50%.
- D. All of A,B,C

Q10. Under Multiple Banking arrangements we may permit borrower to bank with other bank who agrees to furnish timely details of facilities and periodical exchange of credit information. What is the percentage of tolerance for working capital limit as per credit policy?

- A. 15%
- B. 20%
- C. 25%
- D. 10%

Q11. M/s. Amphi-pure produces/consume ozone depleting substance like Halon; Chloro Fluoro Carbon (CFC). Such firms will be not financed as per credit policy and kept in which of the following list?

- A. Confirmed list
- B. Exchangeable list
- C. Negative List
- D. Innovative Trade list

Q 12. Bank will not finance against which of the following activities?

- A. Software exports
- B. Booking a Derby ticket
- C. Import of precious metals
- D. Short term loans for export tariffs

Q13. What are the restrictions on loans? Pick the correct options:

- A. Advances against bank's own share
- B. To any company/firm in which any of Bank's director is a Director/ partner
- C. Granting loans and advances company Directors
- D. Loan for speculative purpose
- E. All of the above

Q14. The sum of all exposure values to a counterparty or a group of counter parties, which is equal to or above 10% of bank's eligible capital base (Tier I capital). What it is called?

- A. Large Exposure
- B. Corporate Exposure
- C. Total Capital Exposure
- D. Medium Exposure

Q15. In consortium finance, if the account deviates from entry level norms and Risk weight is more than 100%, what we should do?

- A. Exit from the consortium in a time bound manner.
- B. Hold the account as exposure is more
- C. Minutes should be recorded for recapitalization from promoters
- D. Promoters should be asked to change the management.

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Q16. What do you mean by "D-SIBs"?

- A. Domestic Systemically Important Banks
- B. Domestic Systemically Important Businesses
- C. Dow Jones Systemically Important Banks
- D. Double Systemically Important Banks

Q17. Which of the following is available for Securitization?

- A. Revolving Credit facility
- B. Mortgaged or asset backed securities
- C. Loans with bullet repayment of loan & Interest
- D. All of the above

Q18. M/s K'clik Masters digital Photographers were provided with a Long term loan of Rs.8 Lakh. What will be the repayment period?

- A. 1 year and above
- B. Over 5 years
- C. Up to 3 years
- D. Over 10 years

Q19. In a CIBIL report of a borrower, who approached for takeover of a term loan, contains a remark SUB. What it indicates?

- A. Sub limits B. Substandard C. Subdue D. Subjugated

Q20. What is the cut off limit for maximum loan/OD limit that can be sanctioned against Term Deposit at Semi-urban branch?

- A. Rs.100 Lakh B. Rs.10 Lakh C. Rs.500 Lakh D. Rs.50 Lakh

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10
Answer	D	C	D	D	A	A	C	A	D	D
Q. No.	11	12	13	14	15	16	17	18	19	20
Answer	C	B	D	A	A	A	D	B	B	A

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12. Retail Credit Products-I (Star Home loan /Star LAP/Star Top up Loan etc.)

Retail Credit - Need and Importance:

Risk diversification, Low level of NPA, Better Profitability, Less Risk Weight-Less Capital requirement, Building up of long term banking relations & larger customer base, Easy & hassle free Credit Appraisal

Star Home loan :

Purpose :-

To purchase/construct house/flat and to renovate/extend/repair existing house/flat.

For furnishing the house and installation of Solar PV(Max. Rs.5 lakhs for furnishing & max.Rs 10 lakhs for Solar PV (maximum Rs 10 lakhs for both facilities). subject to max. of 15% of total sanctioned amount.

Takeover of home loan accounts from other banks/FIs- subject to Bank's laid down norms.

Income based quantum-

Salaried Employees: 72 times of gross monthly salary

Self-employed/ Professionals etc: 6 times of Gross annual income

For firms etc. 6 times of cash accruals (Profit after Tax (PAT) + Depreciation)

Points to be noted-

- I. Residual life of House should be at least 1.5 times of repayment period of loan.
- II. If not constructed within the moratorium period, then commercial interest @ 3.5% over MCLR(or as per latest ROI) will be levied from the date of first disbursement till completion of the house. When the construction is completed, the rate of interest will be charged as per original sanction from the date of completion certificate.
- III. In case of permanent Govt/PSU employees, having 12 months of confirmed service, home loan can be availed without submitting ITR, but submission of salary slips and/or form 16 is required, subject to verification of Bank's statement showing at least 12 months salary credit.
- IV. Daughter's can be accepted as co-borrower.

Quantum of Loan :-

Rs.500 lakh in major cities & metros(within this limit, for plot Rs 200 lakh-for construction thereon)

Rs.300 lakh in other places(within this limit, for plot Rs 100 lakh- for construction thereon)

For renovation,repairs- Rs 50 lakh

Minimum loan 1 lakh in metro /urban. No minimum limit in Rural & semi urban areas

Margin :-

	1 st House	2 nd .House	On Reimbursement Basis
Loan up to 30 lakh	10%	20%	25%
Loan over 30 to 75 lakh	20%	20%	25%
Loan above 75 lakh	25%	25%	25%

Net Take Home Pay (NTHP) : For salaried people :-

Gross Monthly Income up to Rs.1 lakh

- NTHP Minimum – 40%

Gross Monthly Income over Rs.1 lakh up to Rs. 5 Lakh

- NTHP Minimum – 30%

Gross Monthly Income over Rs.5 lakh

- NTHP Minimum – 25%

For Firms/Corporates : DSCR – Min. 1.5 times (can be min. 1.25 times with ZLCC approval & personal guarantees of Directors/partners)

AGE : Minimum – 18 years (for availing loan) & Maximum 70 years (for repayment of loan)

In case of joint a/c age of the senior proponent to be reckoned.

Important point to be considered : Loan for 3rd & onward dwelling unit will be treated as Commercial Real Estate (RH) & 0.5% additional interest will be levied.

Star Diamond Home Loan Scheme

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Eligible proponents: HNIs, Firms/ Corporates for residential accommodation of their Partners/Directors having average annual gross income of Rs.1 crore & above based on audited Balance sheet/ITRs during last 3 years.

Margin- Min. 25% on pure value of property

Quantum of loan: More than Rs.5.00 crore

Net Take Home pay: (Net of EMI) for individuals: Min. 25% of Gross salary/income

For firms/corporate: min. DSCR of 1.5

Pradhan Mantri Awas Yojna

“Housing for All” Mission for Urban areas has been implemented from 2015.

The beneficiary of the loan will consists of husband, wife, unmarried daughter and unmarried sons.

Features:

No other pucca house in the name of any family member in India

Maximum carpet area /household income–

Category	Max carpet area	Max household income p.a
EWS	upto 30 sq. mtr	Rs 3 lakh
LIG	upto 60 sq. mtr	above Rs 3 lakh to Rs 6 lakh
MIG-I	upto 160sq. mtr	above Rs 6 lakh to Rs 12 lakh
MIG-II	upto 200 sq. mtr	above Rs 12 lakh to Rs 18lakh

EWS-Economically Weaker Section

LIG- Low Income Group

MIG-Middle Income Group.

Interest Subsidy is available upto 20 years

BOI Star Smart Home Loan Scheme (Home loan with OD Facility)

Eligible Customer: Existing SB/CD customer with average balance of Rs.5000/- for last one year and New customer who opens new SB/CD account with opening balance of Rs.5000/-.

Minimum home loan : For salaried — Minimum Rs. 5 Lakh

For others — Minimum Rs.10 Lakh

Maximum Limit — As per normal home loan scheme

OD facility : Loan A/c will be linked to SB/CD account of the customer and balance above a threshold limit is automatically transferred to the Home Loan Overdraft Account in multiples of Rs.5000.

Besides the above , the borrower can also directly deposit surplus amount to the loan account.

The deposit of surplus funds results in low interest liability, larger portion of EMI will go towards reduction in principal loan amount. This will ensure early closure of Home Loan Account.

Star Pravasi home loan scheme :

Eligible Borrowers: a) Non Resident Indians (NRI) holding valid Indian passport

b) Persons of Indian Origin (PIO) holding foreign passport.

Age and Net take home pay – same as applicable for Star Home Loan scheme

Margin- same as applicable for Star Home Loan scheme, but, entire margin should be paid by the borrower before first disbursement of loan.

Repayment : Remittance from abroad or from NRO/NRE/FCNR account in India.

close relative of the borrower (as per Company’s Act) can repay the loan.

income used for calculation of eligibility can be also credited to loan account.

The
Rental

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(for Promotion From Clerk to GBO- Sep 2020)

BOI Star Reverse Mortgage Loan

Features:

- Scheme is designed as additional source of income for senior citizen above 60 years.
- Loan given against the property owned / occupied by borrower.
- Min. loan amount is Rs.2 lakh & maximum of Rs.25 lakh, decided on the value of property.
- Loan tenure not to extend beyond the borrower's age of 80 years
- No specific repayment period.
- No monthly income criteria. Loan is granted against the security/mortgage of Property.
- The residual life of the property should be 1.5 times of the repayment period.

Repayment: a) The borrower can pay the dues and close the account before the tenure.
b) The account can be foreclosed due to various reasons such as borrower being bankrupt, property taxes not paid etc.
c) Within six months of the death of the borrower, balance to be paid by legal heirs or Bank will take action after that for recovery of dues through sale of property mortgaged.

Margin: Depending upon the age of the borrower, 35% to 55% of the value of the property.

Star Loan Against Property (LAP) :

Purpose : Business needs, education, renovation of house, purchase of property etc. (But not for any speculative purpose) .

Loan is sanctioned on the basis of value of the property & income of the customer.

Ineligible Persons: Builder, NBFC, Trust and Partnership firm where HUF is a partner

Calculation Of Quantum Of Advance:-

Individuals- 48 times of average net emoluments/salary.

For Others/firms- 4 times of average net annual income/ 4 times of average cash accruals (PAT+ Depreciation) and in case of OD(non reducible) limit will be calculated on the basis of 20% of annual turnover based on last financial year's audited balance sheet and audited balance sheet of last 2/3 years to be obtained.

Maximum Age Limit: For salaried- 60 years & for others- 70 years

Quantum Of Advance :

Related to the value of property/security, margin requirement, net take home pay and repayment capacity of the proponent , subject to Maximum Limit Rs 5 crore

Margin (Based on the Value Of Property):-

Based on	Margin	Loan Amount
Circle Rate/Registration	NIL	100%
Market Value	60%	40%
Distress Sale Value	50%	50%

The loan amount is lowest of the above 3

Repayment terms: For Term Loan/OD –Reducible - Max. 12 years

Non Reducible OD: Proprietorship- repayment upto 70 years of age and interest to be serviced on monthly basis.

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(for Promotion From Clerk to GBO- Sep 2020)

BOI Star Top Up Loan :

Eligible Customer :- All Existing as well as takeover Individual standard Home Loan borrowers having satisfactory conduct of account for the last 2 years are eligible.
(Firms, HUFs, corporate are not included).

Purpose of Loan :- All permitted bonafide purposes other than speculative purpose (*Suitable undertaking to be obtained in this regard*)

Quantum of Loan :- Min. Rs 2 Lakh, and Max. 75% of market value of property minus outstanding amount of existing home loan.

Repayment: - max. 15 years, but not to exceed home loan residual repayment period.

Extension of mortgage: For top up loans beyond Rs 5 Lakh

Knowledge Test

Q1.What is the importance of retail credit for our bank ?

- A. Building up long term banking relations & large customer base
- B. Low level of NPA
- C. Less turnaround time
- D. All of the above

Q2. What is the maximum Star Home loan amount that can be sanctioned in Jaipur city ?

- A. Rs 500 lakh
- B. Rs 300 lakh
- C. Rs 200 lakh
- D. Rs 100 lakh

Q3. Which among the followings can be considered as Rental Income for calculation of quantum of loan under Star home loan scheme?

- a. 10% of the notional rental income can be considered.
- b. 100% of the notional rental income can be considered.
- c. 50% of the notional rental income can be considered.
- d. 70% of the notional rental income can be considered.

Q4. For Purchase of old Flat / House, it should have at least future life equal to times of loan repayment period, certified by Bank's panel valuer ?

- A. 1.5
- B. 2.5
- C. 2
- D. 1.2

Q5. What is the eligibility of income criteria of Salaried employees under Star Home Loan ?

- a. 48 times of gross monthly salary or 6 times of gross annual income based on last I-T Returns
- b. 72 times of gross monthly salary or 6 times of gross annual income based on last I-T Returns
- c. 24 times of gross monthly salary or 6 times of gross annual income based on last I-T Returns
- d. 36 times of gross monthly salary or 3 times of gross annual income based on last I-T Returns

Q6 . What is the margin required for loan upto Rs 30 lakhs for purchasing second house under Star home loan is

- a.15%
- b.20 %
- c.10 %
- d.25%

Q7. What is the maximum loan amount sanctioned for renovation/repairs under Star Home Loan?

- A. Rs10 lakh
- B.Rs 20 lakh
- C. Rs 30 lakh
- D. Rs 50 lakh

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Q8.What is the maximum additional moratorium period that can be extended by ZLCC in Star Home loan?

- A.** 3 Months **B.** 6 Months **C.** 12 Months **D.** 18 Months

Q9. What is the maximum repayment period for a loan sanctioned under Star Home loan for construction of new house/new purchase from builder under township project ?

- a. 30 years including moratorium.
- b. 25 years including moratorium.
- c. 20 years excluding moratorium.
- d. 25 years excluding moratorium

Q10.What is the minimum home loan amount that can be given under Star Home loan at metro and urban branches?

- A.** Rs 50,000 **B.** Rs 1.00 lakh **C.** Rs 2.00 lakh **D.** No such minimum amount

Q11. What should be the maximum age for repayment of loan under Star LAP for a salaried employee ?

- A.**55 years **B.**60 years **C.**65 years **D.**75 years

Q12 . What is the maximum repayment period for a term loan under Star Loan Against Property ?

- A.**10 years **B.**15 years **C.**20 years **D.**12 years

Q13 . Which of the following purposes are not covered under Star Loan Against Property scheme?

- A.** To meet educational expenses of family members including near relatives
- B.** To undertake repair/renovation/extension to the residential /commercial property
- C.** To purchase/construct residential house/flat
- D.** For speculative purpose including investing in equities

Q14.Who among the followings is not eligible for loan under Star Loan Against Property Scheme?

- A.** Professionals, self employed individuals with high net worth
- B.** Salaried people
- C.** Societies
- D.** NBFC, Trust & Partnership firm where HUF is a partner

Q15. What is the maximum age limit (end of repayment period) for Self employed/non-salaried persons under Star Loan Against Property scheme ?

- A.** 60 years **B.**62 years **C.**65 years **D.**70 years

Q16. How quantum of advance is calculated for doctors under Star Loan Against Property scheme ?

- a. 2 times of average net annual income based on last 2/3 years ITRs
- b. 3 times of average net annual income based on last 2/3 years ITRs
- c. 4 times of average net annual income based on last 2/3 years ITRs
- d. 6 times of average net annual income based on last 2/3 years ITRs

Q17. What should be the net take home pay under Star Loan Against Property, for individuals having gross monthly income above 5 lakh ?

- a. 40% b. 30% c. 25% d. 20%

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- Q18.** What is the maximum loan amount that can be sanctioned to a Doctor under Star LAP?
- Rs 5 crore
 - Rs 2 crore
 - Loan Rs 5 crore or OD(Reducible) Rs 2 crore
 - Loan Rs 5 crore or OD (Not-Reducible) Rs 2 crore
- Q19.** Which type of credit facilities are available under Star Loan Against Property ?
- Demand/ Term loan repayable in installments
 - Over draft (OD) reducible – reducible drawing limit as per repayment schedule
 - Over draft (OD) Non reducible
 - All of the above
- Q20.** What is the maximum quantum of advance that can be given to a company under Star LAP?
- Rs 200 lakh
 - Rs 300 lakh
 - Rs 500 lakh
 - Rs 100 lakh
- Q21.** Quantum of advance to Individuals /salaried persons in Star LAP will also be based on ?
- 24 times of average monthly net emoluments
 - 36 times of average monthly net emoluments
 - 48 times of average monthly net emoluments
 - 72 times of average monthly net emoluments
- Q22.** What is the minimum loan amount that can be sanctioned under Star Top up loan scheme?
- Rs 1.00 lakh
 - Rs.2.00 lakh
 - Rs.3.00 lakh
 - Rs4.00 lakh
- Q23.** What is the minimum amount necessary in SB/CD account for availing loan under Smart Home Loan Scheme ?
- Rs 2,000
 - Rs 10,000
 - Rs 20,000
 - Rs 5,000
- Q24.** What is the maximum loan amount that can be sanctioned under Star Reverse Mortgage loan ?
- Rs 10.00 lakh
 - Rs.20.00 lakh
 - Rs.25.00 lakh
 - Rs30.00 lakh
- Q25.** What should be minimum average annual gross income under BOI Star Diamond Home loan?
- Rs 50 lakh
 - Rs.2.00 crores
 - Rs.1.00 crore
 - Rs25.00 lakh
- Q.26** What should be the minimum margin under Star Diamond Home Loan scheme ?
- 15%
 - 20%
 - 25%
 - 30%

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(for Promotion From Clerk to GBO- Sep 2020)

Q.27 What is the maximum carpet area allowed under Pradhan Mantri Avas Yojana for MIG-II category

- a. 60 sq. mtr b. 200 sq. mtr c. 90 sq. mtr d. 150 sq. mtr

Q.28 Pradhan Mantri Avas Yojana has been extended for MIG category beneficiaries upto

- a. 31.03.2020 b. 31.03.2022 c. 31.12.2020 d. 31.03.2021

Q.29 Which Home Loan scheme of BOI provides OD facility to its borrowers?

- a. Star Diamond Home Loan b. Star Smart Home Loan
c. Star Dynamic Home Loan d. Star Parvasi Home Loan

Q.30 Which among the followings is not eligible under Star Parvasi Home Loan scheme?

- a. NRIs b. PIOs c. foreign nationals d. All above

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	D	A	D	A	B	B	D	C	A	B	B	D	D	D	D
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	C	C	A	D	C	C	B	D	C	C	C	B	D	B	C

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(for Promotion From Clerk to GBO- Sep 2020)

13.RETAIL CREDIT PRODUCTS-II

Star Vehicle Loan

Eligibility :- Salaried employees, Professionals, Self-employed, Non-Resident Indians(for NRIs-jointly with close relative Resident Indians), Companies, Partnership Firms.

Note :- HUFs are not Eligible

Age: For an individual not to exceed **65 years** at the time of availing the advance.

Purpose:-

- i. For purchasing new vehicle
- ii. For purchasing Second hand vehicle.
- iii. Loan on reimbursement basis

(A) Maximum Limit for individuals :-

For Indian make vehicles :- Rs 50 lakh

For Imported vehicles :- Rs 100 lakh

For NRIs :- Rs 50 lakh

(B) Maximum limit for Company/corporate :

Rs 200 lakh (can be a fleet of vehicles, within this limit)

Second hand/used vehicle : For Two wheelers and four wheelers

Age of the vehicle should not be more than 3 years and all documents pertaining to the vehicle should be complete, updated and available.

Loan on reimbursement basis :

- (a) Vehicle purchased should not be 3 months old.
- (b) Vehicle should be purchased from own sources and through Cheque/Card/Electronic mode only;
- (c) Applicable for four wheelers only
- (d) There should be no history of accident of the vehicle
- (e) All documents of the vehicle should be available

Income Criteria: -

(a) For individuals - 24 times of gross monthly emoluments or 2 times of gross average annual income, as per last 3 years ITRs

(b) For others- Two times of gross average annual income as per last 3 audited Balance sheets

Repayment : (A) New Vehicles :-

For Individuals -

4 wheelers - Max. 7 years.

2 wheelers - Max. 5 years.

For Corporate /Firms, etc. - Max. 5 years.

(B) For second hand vehicles - Max. 3 years.

Margin: - Individuals, NRIs - **(For new vehicles)**

Upto Rs.10 lacs - NIL Margin (Loan upto Ex. show room price)

Above Rs.10 Lacs to Rs.25 Lacs – Min. 15% Margin (on Road Price)

Above Rs.25 Lacs and for corporate entities/firms, etc.: Min. 25% (on road price)

For second hand vehicles: Min. 30% (on depreciated value or value assessed by Valuer or sale consideration whichever is lower)

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Star Education Loan

Student's Eligibility: -

- Should be an Indian National or NRI
- Father/Mother should be co-borrower.
- And in case of need, any other close relative, who have interest in the child, should be a co-borrower.
- Student should have secured the admission through merit, entrance test after passing 10+2 or equivalent exam.
- Admission on marks basis- Min. 60% for General, and 50% for SC/ST/OBC student
- NRI- Indian passport with 100% collateral security in India

Studies abroad :-

Institutes/Universities- world rank should be within top 3000 (through Website-webometrics.info)

Quantum of Finance:-

Studies in India - Maximum Rs.10.00 lakh

Studies abroad – Maximum Rs.20.00 lakh.

Deviation: Need based higher limit by NBGLCC- with 100% Collateral security and min. 25% margin.

Margin: -Upto Rs.4 lakh : Nil (for study in India and abroad also)
Above Rs.4 lakh - Studies in India : 5% and for Studies Abroad: 15%.

Security:-

Loan Up to Rs. 7.50 lakh :-

Parents or Guardian to be joint borrowers (No collateral security or Third Party Guarantee. Loan will be covered under Credit Guarantee Fund Scheme for Education Loan- **CGFSEL**)

Loan above Rs.7.5 lakh:-

Co-obligation of Parents together with tangible Collateral security of suitable value along with assignment of future income of the student for payment of installments.

Moratorium:- Course period + 1 year (maximum)

Repayment Period: Max. 15 years after commencement of repayment.

Top up Loan: Facility also available within the overall above mentioned limits.

BOI Star Vidya Loan Scheme

Student's Eligibility : Indian National - Secured admission through entrance test/selection process

Quantum of Finance : Depending on the institute the loan amount ranges from Rs 7.50 lakh to Rs 20 lakh . ZLCC can consider upto Rs 30 lakh

Margin – Nil

Pradhan Mantri Kaushal Rin Yojana (Skill Loan Scheme)

Student's Eligibility: a) Indian National

b) Secured admission for recognized Technical education

Quantum of Finance: Rs. 5,000/- to Rs. 150,000

Age: No restriction except in case of minor documents will be executed by parent.

Repayment Period: 3 to 7 years depending on the loan amount.

Moratorium:

Course Duration	Moratorium
Upto 1 year	6 months from the completion of the course
above 1 year	12 months from the completion of the course

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(for Promotion From Clerk to GBO- Sep 2020)

BOI Star Personal Loan

Age: Salaried Person: Repayment up to the age of retirement.
Professional & others - repayment up to the age of 65 years.

Max. Loan :

Clean/Unsecured loans: - Rs.5 Lakhs

(Max. Rs 10 lakh for confirmed Govt/PSU employees under **approved schemes by ZLCC**)

Secured loans: - Rs.10 Lakhs

Minimum size of loan: - At Metro and Urban Centers: Rs.10, 000/-
At Rural and Semi Urban centers: **No minimum size of loan.**

Quantum of Advance :

Clean/Unsecured loans

10 times of monthly net emoluments (take home pay) in case of salaried employees
50% of Gross Annual Income as per last ITR for professionals/individuals of high net worth.

Secured loans :

20 times of monthly Gross Emoluments in case of salaried Employees.

100 % of Gross Average Annual Income as per last 3 years ITR for professionals/HNI.

Repayment :

Clean/Unsecured loans :

Repayable in max. 36 EMIs and it can be extended up to 60 months

Secured loans :-

Repayable in maximum 60 Equated monthly instalments

Star Pensioner Loan Scheme

Eligibility:- Regular or family pensioners drawing regular monthly pension through the branch.

Age : Loan amount upto Rs 1 lakh, the repayment period can be beyond 75 years.

Loan amount over Rs.1 lakh, the repayment period should not exceed 75 years .

Quantum of finance: equal to 15 months of Net pension

Loan Limit:-

a)Regular Pensioner/ Family Pensioner where PPO is held at Branch- Max. Rs.5lakh

b) Pensioners who are getting pension through Treasury/ Defense Pension Disbursing Office directly to the credit of their Savings Account with our Branch- Max. Rs.3 lakh and Rs 1.50 lakh for family pensioners.

Star Mitra Personal Loan (Loan Scheme For Physically Challenged)

Eligibility:- All Physically Challenged Individuals — both salaried and self-employed.
All Physically Challenged Minors through their Parents/Legal Guardians.

Amount : Max. Rs. 1 lac (No minimum stipulation)

Eligible Amount :

10 times of net salary for salaried persons and 50% of net annual income as per latest Income Tax Return for Self-employed/Professionals.

Net take home Income : Min. 40%

Margin – Min. 10% (may be waived by sanctioning authority in deserving cases, DRI)

Repayment : Min.12 months and max. 60 months.

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BOI Star Doctor Plus (Personal Loan And Vehicle Loan)

	Personal loan	Vehicle loan
Purpose	Any approved purpose except speculative and investment in shares	Purchase of Personal Vehicles
Eligibility	Qualified registered medical practitioner with minimum 3 years' experience	Qualified registered medical practitioner with minimum 3 years' experience
Age	25 years for availing advance and loan should be repaid upto 75 years of age	25 years for availing advance and loan should be repaid upto 75 years of age
Maximum loan amount	Rs 20 lacs	Rs.100 lacs (maximum 2 vehicles)
Quantum of Loan	Salaried: 24 times of gross monthly salary. Others : Two times of Gross Annual Income as per Income Tax Return	Salaried: 36 times of gross monthly salary. Others : Three times of Gross Annual Income as per Income Tax Return

COVID 19 Personal Loan (CPL)

This facility is for those customers who are

- Existing standard housing / personal loan customers (both salaried and self-employed)
- Permanent salaried employees drawing salary through our Bank canvassed and / or opened by our Bank before 24-03-2020 .
- Availing LAP (Individuals only) and whose accounts are standard (excluding SMA2 accounts) as on 28-02-2020, with minimum satisfactory repayment history of one year.
- Regular staff of our Bank(excluding staff who are on probation & staff against whom disciplinary action has been initiated/contemplated/pending) as eligible customers under the scheme subject to NTHP of 25%.

It is a demand loan and the scheme will be in force up to 30-09-2020

Maximum loan amount – 3 times of last drawn gross salary/monthly income, subject to max. of Rs 5.00 lacs, Net take home pay (NTHP) – Min. 25%

Repayment: max. 36 months

Covid 19 Pensioner Loan(COPL)

This facility is for various types of pensioners of the branch.

It is a demand loan and the scheme will be in force up to 30-09-2020.

Quantum of Advance : 10- times of last drawn pension subject to maximum of

- Regular pensioner — Rs.2.00 lakhs
 - Family pensioner — Rs.0.75 lakhs
 - Pensioner getting pension through Treasury/DPDO Rs.1.00 lakh
- NTHP- Minimum 35%, Margin –Nil
- Age:** The age at the end of repayment period should not exceed 75 years.

Star Holiday Loan Scheme

Purpose : Travel expenses for India/ aboard

Eligibility: Salaried employees/ Professionals/Self-employed /People engaged in business/Individuals with high net worth/Agriculturists/Pensioners/Staff members

Quantum of Advance: Pensioner : Maximum Rs 1 lakh

For others

Clean : Maximum Rs 2 lakh

Secured : Maximum Rs 10 lakh with 100% liquid collateral security

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Repayment : Maximum 24 months, special cases 36 months.

KNOWLEDGE TEST

- Q1. Under Star Personal loan net take home pay / income should not be less than -----%.
A. 50% B. 40 % C. 60 % D.25%
- Q2.What is the maximum amount of clean loan under star holiday loan?
A.1 lakh B.2 lakh C.5 lakh D. 4 lakh
- Q3.What is the maximum repayment period for a car loan to individual under star vehicle loan?
A. 5years b. 4years c. 6years d. 7 years
- Q4.What is the margin for loan amount of Rs.5 lakh for studies abroad under star education loan scheme?
A.10% B. 15% C. 5% D. 20%
- Q5. What is the maximum repayment period for 2 wheeler loan under Star Vehicle Loan?
A. 5years B. 4years C. 6years D. 7 years
- Q6. What is the minimum age for availing loan under BOI Doctor Plus vehicle loan scheme?
A. 25 years B. 28 years C.30years D. 35 years
- Q7. What is the threshold limit for online Star Vehicle Loan scheme ?
A.Upto Rs10 Lakhs B. Upto Rs1 crore C. Rs 10,000 to Rs 50Lakhs D. Upto Rs 5Lakhs
- Q8.What is the maximum loan amount under COVID19 Personal Loan (CPL)?
A.Rs.4 lac B.Rs.7 lac C. Rs. 5 lac D. Rs.10 lac
- Q9. In case of borrower not having ITRs/ income proof , Branch Manager can access income upto Rs
A. Rs2 Lakh p.a. B. Rs 2.50 Lakh p.a. C.Rs 1 Lakh p.a. D.Rs 5 Lakh p.a.
- Q10. What should be the margin under Star Vidya Loan Scheme?
A. 10% B.5% C. Nil D. 20%
- Q11.What should be the maximum age of vehicle from date of first registration for financing 2nd hand vehicle under Star Vehicle Loan?
a. 1year b.5years c.2years d. 3 years
- Q12. Upto what amount of education loan no collateral security is required:
a.Rs.4 lac b. Rs.7.5 lac c. Rs.5 lac d. Rs.10 lac
- Q13. What should be the margin in star education loan for loan above 4 lakhs for study in India?
a.10% b.5% c.15% d. No margin
- Q14. What should be the maximum age for Professional and Self Employed borrower for star personal loan at the end of repayment period?

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- a. 55 years B.58 years c.65 years d.70 years

Q15.What is the maximum amount of secured loan that can be given under BOI Star personal loan?

- a. Rs.5 lakhs b.Rs.8 lakhs c.Rs.10 lakhs d.Rs.3 lakhs

Q16.What can be the quantum of advance for salaried employees in Clean/Unsecured loans under Star BOI personal loan scheme?

- a.10 times of monthly net Emoluments (take home pay)
b.20 times of monthly net Emoluments (take home pay)
c.12 times of monthly net Emoluments (take home pay)
d. 6 times of monthly net Emoluments (take home pay)

Q17.What is the maximum loan amount permissible under BOI Star doctor plus vehicle loan scheme?

- a.Rs.50lakhs b.Rs.75 lakhs c.Rs.100lakhs d.Rs.200 lakhs

Q18.What will be the repayment tenure(after moratorium period) for loans upto Rs 50,000 under Pradhan Mantri Kaushal Rin Yojana?

- a.Upto 3 years b. Up to 5 years c. Up to 7 years d. Up to10 years

Q19. What is the maximum loan amount under Star Mitra Personal loan scheme?

- a.Rs.1.00lakh b.Rs.1.50 lakh c.Rs.2.00lakh d.Rs.2.50 lakh

Q20. The guarantee cover is available under_____ in Star Education Loan scheme up to loan of Rs.7.50 lakh?

- a. CGTMSE b. CGFMU c.CGFSEL d.ECGC

Q21. What is the maximum repayment period for secured advance under Star Pensioner Loan Scheme

- a.60 months b.36 months c.24 months d.48 months

Q22 Repo Based Linked Rate (RBLR) applicable over retail loans along with what score?

- a. Institutional CIBIL b. Commercial CIBIL c. Personal CIBIL d. Credit Risk

Q23. What is the maximum loan amount sanctioned for non-conventional four wheeler where registration with RTO is not available, under Star Vehicle Loan scheme ?

- a.Rs 4 Lakhs b. Rs 5 Lakhs c. Rs 3 Lakhs d.Rs 1 Lakh

Q24.What is the maximum amount of education loan(without deviation) that can be given for studies abroad under star education loan scheme?

- a.10.00lakhs b.25.00 lakhs c.20.00lakhs d.15.00 lakhs

Q25.What is the repayment period under Star Vidya Loan scheme?

- A.** 15 years from the date of commencement of repayment
B. 18 years from the date of commencement of repayment
C 20 years from the date of commencement of repayment
D None of the above

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TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	B	B	D	B	A	A	C	C	B	C	D	B	B	C	C
Q. No.	16	17	18	19	20	21	22	23	24	25					
Answer	A	C	A	A	C	A	C	A	C	A					

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14. Priority Sector & Agriculture Advances

RBI exercises the powers conferred by Sec 21 & 35A of the Banking Regulation Act, 1949 for issuing guidelines for Priority Sector lending.

Categories under Priority Sector:

Agriculture, Micro, Small & Medium Enterprises, Export Credit, Education, Housing, Social Infrastructure, Renewable Energy & Others.

Priority Sector: Targets/sub targets for Domestic Scheduled Commercial Banks & Foreign Banks having 20 branches & above:

- A. **Priority Sector** : 40% of Adjusted Net Bank Credit (ANBC) or Credit equivalent amount of Off- Balance sheet exposure (CBE) , whichever is higher.
- B. **Agriculture** : 18% of ANBC or CBE , whichever is higher (within this 18%, 8% of ANBC or CBE, whichever is higher, is prescribed for Small & Marginal farmers)
- C. **Micro Enterprises** :7.5% of ANBC or CBE, whichever is higher
- D. **Weaker section** : 10% of ANBC or CBE, whichever is higher

Definition:

Marginal Farmer- Land holding upto 1 hectare

Small Farmer – Land holding more than 1 hectare & upto 2 hectares

Classifications under Priority sector:

1. Loans to farmers up to Rs 50 lakh against warehouse receipts upto 12 months
2. Education Loan up to Rs 10 Lakh (irrespective of sanctioned limit)
3. Loans to MSMEs (as defined under MSME Development Act), will be covered under Priority Sector, irrespective of limits.
4. Housing : Loans to individuals-
 - a) Loan –upto Rs 35 lakh, & dwelling cost- Rs 45 lakh, (in metro centres-i.e population 10 Lac & above) and
 - b) Loan –upto Rs 25 lakh, & dwelling cost- Rs 30 lakh at other centres.
5. Social infrastructure - Loan upto Rs 5 crore
6. Renewable Energy – Loan upto Rs 10 lakh for individual households, & For others- Rs 15 crore
7. Food & Agro Processing – Loan upto Rs 100 crore

No Processing Fee for loan amount upto Rs 25000

AGRICULTURE ADVANCES

(Farm activities & activities allied to agriculture)

Kisan Credit Card (KCC)

KCC scheme aims at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation, investment credit, and other needs such as animal husbandry etc. Five years (progressive KCC) needs of the farmers should be considered. Calculation of Crop financing is done on the basis of scale of finance, as decided by District Level Technical Committee (DLTC).

In agriculture accounts: Loan upto Rs. 1.60 Lakh – Margin –NIL & No collateral security.

Interest subvention (IS) for short term crop loans @2% & @3% for prompt repayment (PR) is allowed upto a limit of Rs 3 Lakhs.

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Interest subvention (IS) of 2% & 3% for prompt repayment (PR), is allowed for animal husbandry & fisheries working capital limits upto Rs 2 Lakhs.

The interest subvention should not exceed for limits beyond Rs 3 Lakhs for both facilities together (i.e. crop loan + working capital for animal husbandry & fisheries).

KCC facility is also extended for short term working capital requirements under “**Animal Husbandry and Fisheries**” for rearing of animal, birds, fish, shrimp, Inland fisheries, Marine fisheries etc. in the form of “**Revolving CC Limit**”.

Farm Mechanization

Purpose: For purchase of new or second hand tractor, power tiller, power thresher, sprayer, other equipment's etc.

Eligibility: Individual farmer having **8 acres** of perennially irrigated land for tractor, and **5 acres** for power tillers. ZM can allow relaxation for land upto 5 acres for tractor & 3 acres for power tiller.

Repayment:

- New Tractor : 9 Years
- New Power Tiller : 7 Years
- Second Hand Tractor : 4 Years

Minor Irrigation

Purpose: Lift / Well / Drip Irrigation, Electric motor & Pump set, Diesel engine, construction of pump house / water delivering channel etc.

Quantum:

As per unit cost approved by NABARD

Repayment:

Activity	Repayment Period	Moratorium
Dugwell & Pump set	11-15 Yr	23 months
Deepening of well	5 Yr.	11 months
Pump set / Oil Engine	9 Yr	11 months

Dairy Development

Purpose:

- To establish small dairy unit with 2 to 4 milch cattle
- To establish new medium / large unit
- Purchase of improved / crossbred milch cattle
- Collection, processing, distribution of milk & manufacturing of milk products
- Construction of cattle shed

Eligibility

Quantum of finance as per unit cost approved by the NABARD

- Repayment is to be made within 5 to 6 years, with 2 to 3 months moratorium

Poultry Development

Establishment of small poultry unit of 200 to 500 birds

- Establishment / expansion of layer farm / broiler farm / hatchery farm

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- A Education Loan of Rs 10 Lakhs B Personal Loan of Rs 2 Lakhs
C Loan of Rs 500 crore to a MSME D Loan of Rs 4 crore for sanitation facilities

Q. 4 Performances of banks under Priority Sector is assessed on.....?

- A Annual basis B Quarterly basis C Half-yearly basis D Monthly basis

Q 5. What is the ceiling of land holding to be categorised as a marginal farmer ?

- A 1 acre B 2 acre C 2 hectare D 1 hectare

Q.6.What is the maximum loan amount sanctioned to an individual household for renewable energy, which can be covered under Priority Sector?

- A. Rs. 5 lakh B. Rs. 10 lakh C. Rs. 15 lakh D. Rs. 20 lakh

Q.7.Loans to individuals for educational purposes including vocational courses up to _____ irrespective of the sanctioned amount are eligible for classification under priority sector.

- A. Rs.10 lakh B. Rs.5 lakh C. Rs.15 lakh D. Rs.20 lakh

Q .8 What is the maximum Home Loan amount for metro centre (population 10 Lakh & above) that can be covered under Priority Sector, if other conditions are satisfied ?

- A. Rs. 25 lakh B. Rs. 15 lakh C. Rs. 30 lakh D. Rs. 35 lakh

Q.9 Which of the followings can be allowed in case of shortfall in Priority Sector achievement?

- A Deposits with NHB/SIDBI/NABARD/MUDRA Ltd
B Purchasing of Inter Bank Participation Certificates
C Purchasing of Priority Sector Lending Certificates
D All of the Above

Q.10 What is the target for Marginal & Small farmers for Domestic Scheduled Commercial Banks (excluding Regional Rural Banks and Small Finance Banks) as percentage of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher?

- A 18% B 40% C 10% D 8%

Q.11 Which of the followings is covered under Weaker Section?

- A SC, ST B SHGs C Small & Marginal Farmers D All of the above

Q12. _____ are issued by banks that have exceeded their priority sector lending targets.

- A. Commercial Papers B. Certificate of Deposits
C. Priority Sector Lending Certificates D. Treasury Bills

Q13. Priority Sector Lending Certificates (PSLC) is valid till ?

- A. 31st March B. 1st April
C. June 1 D. January 1

Q14.The Priority Sector Lending Certificates (PSLCs) can be traded through _____

- A. OTC Portal B. BSE C.NSE D. RBI's e-Kuber Portal

Q15.How many types of PSLCs can be issued by the Banks?

- A. Four B. Five C. Six D. Eight

Q.16.Lending target for weaker section within the priority sector is.....% of priority sector?

- A 10% B 30% C 25% D 15%

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- Q.17. A farmer, with land holding between 1 to 2 hectare known as:
A. Marginal farmer B. Small farmer
C. Optimal farmer D. Medium farmer
- Q.18 Amount deposited by a Bank with National Housing Bank, in lieu of shortfall in priority sector, will be treated as part of..... under priority sector.
A Housing Loan B Agriculture Loan C MSME Loan D Loan to weaker section
- Q.19. Symbol used for purity of agricultural goods is:
A. Hallmark B. ISI C. AGMARK D. None of the above
- Q.20 Farmers can be granted loan under priority sector, against pledge of warehouse receipt, for a maximum amount of..... and for a maximum period upto.....months.
A Rs 50 Lakhs, 12 B Rs 10 Lakhs, 12 C Rs 25 Lakhs, 12 D Rs 50 Lakhs, 24
- Q.21. What should be the minimum margin for a dairy loan of Rs 1.50 Lakh ?
A 10% B NIL C 15% D 25%
- Q.22.What is the full form of DRI with regard to priority sector?
A Differential Rate of Interest B Direct Revenue & Income
C Differential Revenue & Income D Direct Regulations & Information
- Q23. What is Inter-cropping?
A. It is growing of different crops on a piece of land in a pre- planned succession
B. It is growing of two or more crops in random mixture
C. It is the time period between two cropping seasons.
D. It is growing of two or more crops in definite row patterns
- Q.24.What is the amount of "Individual project cost", in Agri. Clinics and Agri. Business Centre Scheme 2010?
A. Rs.20 Lakh B.Rs.100 Lakh C.Rs.50 Lakh D. Rs.25 Lakh
- Q.25.Which one of the following is a *Rabi* crop?
A. groundnut B. Maize
C. Arhar D. Mustard
- Q.26 Which of the followings is related to "Blue Revolution "?
A Sericulture B Aquafarming C Dairy farming D Poultry farming
- Q.27. Which one is an example of *Parallel Cropping*?
A. Potato + Rice B. Wheat + Mustard
C. Cotton + Wheat D. Sorghum + Potato
- Q28.Which State of India is called as Organic Farming *State*?
A. Punjab B. Uttar Pradesh C. Haryana D.Sikkim
- Q29. Karnal Bunt is a disease of -
A. Barely crop B. Bajra crop C. Wheat crop D. Jowar crop
- Q.30.Which of the following crop is transplanted?
A. Mustard B. Rice C. Wheat D. Maize

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TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	D	B	B	B	D	B	A	D	D	D	D	C	A	D	A
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	C	B	A	C	A	B	A	D	A	D	B	B	D	C	B

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15.Govt. Sponsored Loan Schemes

National Rural Livelihood Mission (DAY-NRLM)

The Ministry of Rural Development, Government of India launched a programme known as National Rural Livelihoods Mission (NRLM) with effect from April 01, 2013. NRLM was renamed as Deendayal Antyodaya Yojana — National Livelihoods Mission (DAY-NRLM) with effect from March 29, 2016.

NRLM was started for the purpose of poverty reduction through building Self Help Group (SHG). The SHG will consist of 10 to 20 women members from financial weaker section of rural area. In case of special SHG i.e. groups in the difficult areas, groups of disabled persons and groups formed in remote tribal areas this number may be a minimum of 5 persons. As a special case male members who are either disabled or elderly and Trans genders can join SHG along with women members.

250 Districts are identified. NRLM will ensure that 50% beneficiaries are SC/STs , 15% are minorities , 3% are persons with disability. Group should follow **Panchasutra i.e. regular meetings / savings/ internal lending/ recoveries / maintenance of proper books**. Revolving Fund (RF) may be extended between Rs.10,000/ to Rs15,000/ per SHGs. SHGs should be in active existence at least for last 6 months as per their books of account and 3 months in active existence, after revival, if defunct in the past.

Security & Margin: No collateral and no margin upto Rs.10 lakhs.

Interest Subvention: In 250 identified districts, Women SHGs will get loan @ 7% interest up to Rs.3.0 lakhs and additional interest subvention of 3% on prompt payment. Bank's will charge normal rate of interest and interest subvention will be received by Bank i.e difference between applicable rate minus 7% from Government.

In remaining districts, Bank's will charge to SHG the applicable rate of interest and on prompt payment interest subvention will be credited. The interest subvention would be applicable rate of interest less 7% but maximum benefit would be 5.50%.

National Urban Livelihood Mission (DAY NULM)

NULM has been implemented w.e.f. September 24, 2013. NULM focuses on providing financial assistance through provision of interest subsidy on loans to support establishment of Individual & Group Enterprises and Self-Help Groups (SHGs) of urban poor. The percentage of women beneficiaries under SEP shall not be less than 30 percent. SCs and STs of SHG will be to the extent of the proportion of the population in city/town.3% should be for disabled.

Loans to Individuals should not exceed Rs.2.00 lakh for any project.

Loans to Groups with minimum 3 members and 70% from urban poor families & more than one person from the same family should not be included. Project cost -@ Rs 2 Lakh per member, subject to maximum of Rs 10 Lakh for a group.

Margin: loan up to Rs 50,000 –NIL and above Rs 50000 @ 5% but not more than 10% of the project cost.

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Interest Subsidy would be difference between prevailing rate of interest charged by Bank minus 7% . An additional 3% interest subsidy will be given to all women SHGs, who repay their loan in time.

Security: No collateral or third party guarantee is required. CGTMSE cover is available in all eligible cases.

Repayment: in 5 to 7 years after initial moratorium of 6 to 18 months for Term Loan.

Prime Minister's Employment Generation Programme (PMEGP)

The scheme is implemented by Khadi and Village Industries Commission (KVIC) functioning as the nodal agency at the national level. At the state level, the scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and Banks.

The maximum cost of the project/unit admissible in manufacturing sector is Rs 25 lakhs and in the business/service sector, it is Rs 10 lakhs

Categories of beneficiaries under PMEGP	Beneficiary's Contribution (of Project Cost)	Rate of Subsidy	
Area		Urban	Rural
General Category	10%	15%	25%
Special(SC/ST/Minority/woman/Ex-service men/Phy.Handicapped, Hill & Border area	5%	25%	35%

As per GOI norms, SC 15%, STs 8.2% to be covered under PMEGP.

Second financial assistance under PMEGP :-

Eligibility conditions/ terms	All existing PMEGP/MUDRA units whose margin money claims are already adjusted and first loan (TL component only) is repaid within stipulated time. Repayment of CC component is exempted for availing 2 nd loan and Unit should be profit making for last three years.
Quantum, nature and margin	a) Max. project cost Rs 1.00 cr for mfg & Rs 25.00 lac for service/trading sector. b) Beneficiary contribution to project cost is 10%. Normally 40% of project cost to be for WC purpose & 60% as TL for capital expenditure. Construction cost of building usually not to exceed 25% of entire project cost.
Subsidy	20% in North East and Hilly region & 15% in other areas.

Overdraft Facility of Rs. 10000/- Under Pradhan Mantri Jan-Dhan Yojna

Eligibility (Individuals only)	a) BSBD accounts which are operated satisfactorily for at least six months b) OD to be granted to the only one account in the household, earning member of family, preferably to a lady member of the household. c) There should be regular credits under DBT/ DBTL scheme/other verifiable sources. d) Customer/Borrower Account must be seeded with his/her correct Aadhaar Number. e) BSBD account holder should not be maintaining any other SB account with any Bank/branch f) Age of applicant between 18 years to 65 years.
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Financial Inclusion

Origin	As per recommendations of Rangarajan Committee set up by RBI in 2006.
Meaning	It is delivery of financial products , at affordable cost to poor
RBI directives on FI	<ul style="list-style-type: none">• Opening of basic saving bank deposit account• Relaxed KYC norms for small accounts• Engaging business correspondents/BF• Issue of general Credit Cards and sale of pension & insurance products
PMJDY	Pradhan Mantri Jan-DhanYojana Launched on 28.08.2014, to ensure access to Banking Saving, Remittance, Credit, Insurance, pension in an affordable and transparent manner Benefits : No min balance, Govt DBT, OD of Rs.10000/-
Ultra Small Br	<ul style="list-style-type: none">• These branches may be set up between the base branch and BC location for about 8-10 BC units at a reasonable distance of 3-4 Kilometres.
APY	Atal Pension Yojana 1) Applicable to all citizens of India aged between 18 to 40 years 2) Aadhar Card will be the primary KYC, & Mobile number is to be obtained for ease of operations. 3) There is guaranteed minimum monthly pension for the subscriber ranging between Rs.1000 & Rs.5000 per month based on his monthly contribution. 4) Option for upgrading / down grading of pension amount is available in April each year. 5) After completion of 60 years of age the subscriber will get monthly pension.
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana For bank account holders aged between 18 to 50 years. Annual premium is Rs 330 for a life cover of Rs.2 lakh (death due to any reason). Risk cover starts after 45 days of paying the premium.
PMSBY	Pradhan Mantri Suraksha Bima Yojana Saving Bank Account holders aged between 18 to 70 years. It provides insurance cover of Rs2 lakh upon accidental death or loss of two eyes, hands or legs (full disability). Annual premium of Rs12 per year. Compensation will be Rs. 1 lakh in case of loss of one organ only(partial disability).
SHG	Financial Inclusion also includes Formation and linkage of the SHG. NRLM and NABARD are actively supporting the Banks in promoting SHGs.

Knowledge Test

Q1 SHG under NRLM may be consists of-

- A. 10-20 Female members
- B. Minimum 5 members in difficult areas
- C. Minimum 5 Male & female members in case of elders, disabled , transgenders
- D. All above are correct

Q 2 Each SHG should follow "Panchsutra". Which among the following does not come under panchasutra-

- A) Regular meeting
- B) Regular earning of the members
- C) Regular saving
- D) Inter loaning and its recovery

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- B.** Minimum Rs.2000/- **C.** Maximum Rs. 10000/- **D.** All above are correct
- Q 13** How much insurance claim will be given to a nominee, if deceased is insured under PMJJBY and PMSBY both ?
- A) Rs. 2 lakh in case of normal death
B) Rs. 4 lakh in case of accidental death
C) Rs. 2 lakh in case of loss of 2 organs (hands, legs, eyes) to an insured person
D) All above are correct
- Q 14** What is true regarding PM Suraksha Bima Yojana ?
- A) Eligibility- 18 to 70 years of age
B) Claim of Rs. 2 lakh is payable in case of accidental death
C) Claim of Rs. 1 lakh is payable in case of loss of one eye.
D) All above are true.
- Q 15** What is not true regarding PM Jivan Jyoti Bima Yojana ?
- A) Claim of Rs. 2 lakh is payable on death of an insured person upon accident.
B) Entry age is 18 to 60 years
C) Insurance cover starts wef. 1st June each year but one can enter in the scheme at any time.
D) No claim period is 45 days.
- Q 16** In DAY-NULM loan may be granted to
- A) Only to SHG of urban poor
B) Individuals as well as group of persons
C) Individuals, their groups and SHG also
D) Individuals and SHGs
- Q 17** Training before loan disbursement is essential in case of
- A) NULM and PMEGP B) NRLM and NULM
C) NRLM, NULM and PMEGP D) NRLM and PMEGP
- Q 18** Eligibility criteria for availing Overdraft facility in PMJDY includes-
- A) Satisfactory conduct of account for at least last 6 months
B) Age group is 18 to 65 years
C) OD will be granted to only one person of the family preferably to an earning woman.
D) All of the above
- Q 19** Under which scheme, capital subsidy is available?
- A) NRLM, NULM and PMEGP
B) NULM and PMEGP
C) PMEGP
D) NRLM and NULM
- Q 20** Corpus of an SHG includes-
- A) Savings and interest B) Revolving funds C) Interest on loans D) All above

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Test Key

Q	1	2	3	4	5	6	7	8	9	10
A	D	B	D	D	D	D	D	D	B	C
Q	11	12	13	14	15	16	17	18	19	20
A	C	D	D	D	B	C	A	D	C	D

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16. BALANCE SHEET AND RATIO ANALYSIS

Balance sheet is a statement of assets and liabilities of a business. It shows picture of a business on a particular date. Normally it is prepared at the end of a year or Half year or Quarter to know the present status of the business. All liabilities are on one side (Left hand side) and all assets are on other side (Right hand side). Liabilities show various sources of funds in the business while assets depict uses of these funds in the business.

Liability side is further divided into three parts i.e. **owner's capital (Net worth)**, **Long term loans** (payable after one year) and **current liabilities** (payable within one year).

Current liabilities consists of creditors, Bank borrowing (Cash Credit/overdraft), unpaid expenses, advance received from purchaser, term loan instalments due for payment within 12 months etc. These are of the current nature.

Assets are further divided into four parts viz. Fixed assets, Current assets, Non current assets and Intangible assets.

Fixed assets will remain in the business for a long time, such as Land, Building, Plant and Machinery, Furniture and fixture, Hardware, Vehicle etc.

Current assets are those assets which can be realised into cash within one year. Example- Stock, Sundry Debtors, Cash and bank balance, Bills receivable, Pre-paid expenses, Spare parts and consumable spares. Current assets are used in day to day operations in a business, hence these are known as gross working capital also.

Non-Current assets are those assets which do not come under fixed assets category nor they can be considered as current assets and remain in the business for a long time. Security deposit, investment in sister concern come under this category

Intangible assets are those assets which do not exist in tangible form or in physical form. Preliminary expenses, pre-operative expenses, accumulated losses, Patent or Trade mark or Goodwill come under this category.

More about Balance sheet:

- 1) Asset & Liability sides of the Balance sheet are always equal.
- 2) Owner's capital is also known as Net worth.
- 3) If we reduce Intangible assets from Net worth then we will get tangible net worth
- 4) Current assets= Gross Working capital
- 5) Current assets – Current liabilities= Net working capital
- 6) Long term sources- long term uses= Net working capital
- 7) Net worth can be utilised for acquiring fixed or current or non-current or intangible assets but long term liabilities should preferably be used in acquiring fixed assets. Remaining long term funds can be utilised for current, non-current or intangible assets. But current liabilities must be used in acquiring current assets only. Normally current assets should be more than current liabilities, therefore part of the current assets should be funded by the owner's contribution in the business.
- 8) **Contingent liability** is an off balance sheet item and not an actual liability which may or may not occur in the future. Example- court case filed against the owner by third person, Income tax penalty imposed by the I Tax Department but appeal is pending, LC, BG.

Profit & Loss Account:

It is a statement of income and expenditure for a particular period. All balances of **revenue** nature come in this statement for arriving at profit or loss occurred during the year (any given period).

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Gross Profit = Sales during the year - (Opening stock + Purchase during the year + manufacturing expenses- closing stock)

Net Profit or profit after tax (PAT) = Gross profit + Other income- Selling expenses- Interest cost – Tax- Depreciation.

Cash accrual= Net profit + Depreciation

Ratio Analysis

- 1) **Current ratio** (CR ratio) is used to find out the liquidity of the business
CR =Current assets / Current liabilities
Ideally it should be 1.33 but not less than 1
- 2) **Acid test ratio** (quick ratio)= Current assets- stock / Current liabilities.
The **acid-test ratio** is a strong indicator of whether a firm has sufficient short-term assets to cover its immediate liabilities.
- 3) **Debt Equity ratio** (DER) is used to measure the degree to which a company is financing its operations through **debt** versus wholly-owned fund (net worth).
DER = Total Outside Liabilities / Tangible Net Worth.
Ideally it should be 3:1. As per our credit Policy DER of 4:1 is permitted.
- 4) **ISCR** (interest service coverage ratio) .It measures how many times a Company can cover its current interest payable with its available earnings in a given period.

$$\text{ISCR} = \frac{\text{Profit after tax} + \text{Depreciation} + \text{Interest cost}}{\text{Interest cost}}$$

As per our credit Policy minimum ISCR of 1.5 is permitted.

- 5) **DSCR**(Debt service coverage ratio) is worked out to know the repaying capacity of the term loan installments along with interest

$$\text{DSCR} = \frac{\text{Profit after tax} + \text{Depreciation} + \text{Interest on TL}}{\text{Interest on TL} + \text{TL instalments}}$$

As per industry norms, bench mark DSCR is 1.5. Our credit policy permits minimum DSCR of 1.25.

6) Profitability ratio:

Net profit ratio = Net profit (PAT) / Sales (to know in% ,then ---x100)

Gross profit ratio= Gross profit / Sales (to know in%, then ---x100)

- 7) **Stock turnover ratio** is used to find out , how many times stock has been sold and replaced during the year

Stock turnover ratio= Cost of goods sold in the year / Average stock in the business

- 8) **Debtors velocity ratio (Receivable holding)** to know about the average period of realisation of debtors

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Debtors Velocity ratio = $\frac{\text{Average Debtors}}{\text{Total credit sales during the year}} \times 365$
(can be calculated for days/weeks/month)

- 9) **Creditors velocity ratio** denotes the number of days for which credit is received from the creditors during the year

Creditors Velocity ratio = $\frac{\text{Average creditors}}{\text{Total credit purchase during the year}} \times 365$
(can be calculated in days/weeks/month)

KNOWLEDGE TEST

Q 1 The balance sheet of a firm has shown total assets of Rs 20Lacs .The long term uses are 11 lacs and current ratio is 1.5:1 . What is the amount of current liabilities?

- A) Rs 11 Lacs
- B) Rs 9 Lacs
- C) Rs 6 Lacs
- D) Rs 4 Lac

Q 2 A business firm wants to purchase some additional land for expansion of its business. The money spent on such purchase will be called

- A. Source of fund
- B. Use of working capital
- C. Application of funds
- D. Surplus of uses

Q 3 Identify the item that is not included in Tangible Net Worth

- A. Paid-up Capital
- B. Free Reserves
- C. Profits retained/ploughed back in business
- D. Revaluation Reserve

Q 4 Cash generated in business or cash profit or cash accruals, means

- A. Net profit + Depreciation
- B. Gross profit minus taxes
- C. Net profit minus dépréciation
- D. Gross profit minus depreciation

Q 5 Which one of the following is not an intangible asset?

- A. Preliminary expenses
- B. Pre-operative expenses
- C. Accumulated debit balance of P&L account
- D. Prepaid expenses

Q 6 A decrease in Current Assets or an increase in Current Liabilities will result in

- A. Improvement in Current Ratio
- B. Deterioration of Current Ratio
- C. Increased funds in the business
- D. A better debt equity ratio

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Q 7 The Contingent Liabilities are

- A. Long Term Liabilities
- B. Part of total liabilities and are included in balance sheet total
- C. Assets shown on liability side with a minus sign
- D. Shown by way of foot-note and are not included in the balance sheet

Q 8 What will be the amount of net sales, if profitability ratio is 2.5% and profit is Rs 1 Lac ?

- A. Rs. 20 Lac
- B. Rs. 30 Lac
- C. Rs. 40 Lac
- D. Rs. 0.5 Lac

Q 9 From the following data of a business unit, ascertain the total of its Balance Sheet- Current Ratio – 1.5:1; Fixed Assets – Rs. 10.00 Lac; Current Liabilities - Rs. 6.00 Lac; Non-Current Assets – Rs. 2.00 Lac; and Intangible Assets - Rs. 1.00 Lac.

- A. Rs. 20.00 Lac
- B. Rs. 25.00 Lac
- C. Rs. 30.00 Lac
- D. Rs. 22.00 Lac

Q 10 In the beginning of the financial year ,the capital of a firm was Rs.24,000.The firm earned a profit of Rs.4,500 and paid tax at 20%. The partners withdrew Rs.1500. What is the closing balance of the capital account.

- A. Rs 24,000
- B. Rs.25,200
- C. Rs.26,100
- D. Rs.29,500

Q 11 What would be the Debt Equity Ratio, if amount of Capital is Rs 20,000, Reserves Rs 30,000, Debentures Rs 86,000, Bank Overdraft Rs 14,000 and Preliminary expenses Rs 10,000

- A. 2.1:1
- B.2.05:1
- C. 2.4:1
- D. 2.5:1

Q 12 What would be the Current ratio, if the value of stocks is Rs 30,000, Debtors Rs 50,000, Creditors Rs 20,000, Provisions for expenses Rs 10,000 & Bank overdraft Rs 30,000 ?

- A. 1.33:1
- B. 1.50:1
- C. 1.60:1
- D. 1.75:1

Q 13 Net working capital=

- A. Current asset- Current liability
- B. Current asset- Other current liability (CL- Bank borrowing)
- C. Current asset/ Current liability
- D. Current asset- margin of borrower- other current liability

Q 14 Current liabilities are greater than current assets then what it indicates ?

- A. Current ratio is below 1.
- B. There is negative working capital
- C. Sign of fund diversion
- D. All above are correct

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Q15 Gross Working capital =

- A. Uses of fund
- B. Current assets
- C. Current liabilities
- D. CA-CL

Q 16 What should be the Tangible Net Worth, if Share capital is Rs 30 lakhs, Reserve Rs 15 lakhs, current year's profit is Rs 6 lakhs & trade mark is Rs 8 lakhs?

- A. Rs 43 lakhs B. Rs48 lakhs C. Rs51 lakhs D. Rs60 lakhs

Q 17 Prepaid expenses are

- A. Current liability B. Current asset C. Intangible asset D. Non current asset

Q 18 Profit after tax in a business is Rs5 lakhs, Depreciation is Rs 3 lakhs and interest debited to CC account is Rs8 lakhs. Calculate ISCR , if tax amount is Rs 2 lakhs

- A. 2.25
- B. 2.00
- C. 1.80
- D. 1.25

Q 19 Tangible net worth of a business is Rs11 lakhs. Current ratio is 1.5: 1. Debt equity ratio is 4:1, . If current assets are Rs 30 lakhs, then workout amount of long term liabilities.

- A. 28 lakh B. 24 lakh C. 18 lakh D. 20 lakh

Q 20 Long term liabilities are Rs55 lakh and Net worth is 20 lakh. Total assets are Rs100 lakhs and current assets are Rs 46 lakh. Workout net working capital.

- A. 18 lakh B. 15 lakh C. 21 lakh D. inadequate information

TEST KEY

1	2	3	4	5	6	7	8	9	10
C	C	D	A	D	B	D	C	D	C
11	12	13	14	15	16	17	18	19	20
D	A	A	D	B	A	B	B	B	C

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TEST KEY OF KNOWLEDGE TEST ON BALANCE SHEET AND RATIO ANALYSIS

Solution of Q 10: Opening balance of capital= Rs. 24000
Plus(+) Profit for the year = Rs. 4500
Minus(-) tax on profit@20%= Rs. 900
Minus(-) amount withdrawn= Rs. 1500
Closing balance of Capital a/c=Rs.**26100**

Solution of Q 11: Tangible net worth = (20000+30000-10000)=40000
Total out side liability= (86000+14000)=100000
Debt equity ratio= Total outside liability/ tangible net worth
= 100000/40000
= **2.5 : 1**
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17. Working Capital & Term Loan Assessment

What is working Capital?

Owner of any business arranges funds from various sources i.e. his own capital, Long term liability and short term liability (current liability). The firm uses these funds broadly for acquiring assets which are **Current Assets (CA), Fixed Assets and all Other Assets**. Current assets are used in day to day **working** for running the business operations regularly. The current assets are known as **Gross working Capital or working capital**.

The Working capital is generally used for the creation of Current Assets which are recurring in nature. Various fixed assets, Non-current assets and Intangible assets are for long term and once purchased, it will remain for long duration in the business. **Current Assets (CA)** can be converted into cash within one year or within one operating cycle of the business. Stock, Debtors Cash & Bank balance are example of current assets.

Net Working Capital: Generally, **Current Liabilities (CL)** should be used in acquiring current assets only. The current assets should be more than current liabilities to maintain better liquidity in the business. Some portion of current assets will come from current liabilities and remaining portion will come from owners own contribution or from long term liabilities in the form of **margin**. The payment of current liabilities can be made comfortably from current assets at any time. This difference of margin between CL and CA is known as **Net Working Capital**.

Need of Working Capital Finance: All Assets other than current assets can be funded by own capital or by term liabilities because sources and uses of funds both will remain in the business for long term. As you know, current assets (working capital) are short duration assets; these will arise and will be realized several times in a year.

Assessment of Working Capital: We should finance working capital limit as per the need of the business. If limit is under financed then firm will face liquidity problem in day to day business operations. On the other hand, if over financing is done then either funds will be used for buying stock which is not required, resulting in unnecessary interest cost or funds will be diverted from the business.

In addition to financial needs of an enterprise we should also look into the Managerial capacity, technical feasibility, and industry /market scenario and so on.

Ratio analysis must be carried out based on the financials available to know the trend of the business financed or proposed to be financed.

Type of Ratio's	Industry/ bench mark	Minimum level
Current ratio (CR)	1.33:1	1:1
Debt equity ratio (DER)	3:1	4:1
Interest Service Coverage Ratio (ISCR)	1.5	1.50
Debt Service coverage Ratio (DSCR)	1.5	1.25

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We give below the various methods of working capital assessment briefly:

1. Projected Turnover Method (Nayak Committee Method):

For Assessing Working Capital Limit Up To Rs. 5 Crore.

This method is based on the assumption that the operating cycle is of 90 days (3 months). We will give the unit, 20% of accepted projected annual turnover as working capital limit. If the operating cycle is greater than 90 days, then limit may be fixed beyond 20%. In case the operating cycle is less than 90 days, we will still give limit which will be 20% of the projected turnover subject to drawing power. Limit will be 20% of projected turnover in case of Medium enterprise.

Operating Cycle:

The operating cycle of a company consists of time period between the procurement of inventory and the collection of cash from receivables. The operating cycle is the length of time between the company's outlay on raw materials, wages and other expenses and inflow of cash from sale of goods. Operating cycle is an important concept in management of cash and management of working capital.

The operating cycle reveals the time that elapses between outlay of cash and inflow of cash. Quicker the operating cycle less amount of investment in working capital is needed and it improves the profitability. The duration of the operating cycle depends on the nature of industry and the efficiency in working capital management.

Recent changes:

In case of **Micro and Small Enterprise (MSEs)**, Working capital limit will be minimum 25% of non digital sale (Margin 6.25%) and 30% of digital sale (Margin 7.50%) of projected turnover.

Since the turnover is projected, to find the projected amount of digital turnover, previous year percentage of digital turnover will be taken as base.

For all other Micro and small unit, who **could not** achieve minimum 25% digital sales last year, WC limits will be minimum 25% of projected turnover for these MSEs.

Here digital sales means sales through digital mode, say Mobile payment apps, internet banking, NEFT/RTGS etc.

2. Maximum Permissible Bank Finance Method (MPBF) (Tandon Committee Method)

This method is used for assessing limit above Rs. 5 crore.

Tandon committee has given three methods, but usually second method of lending is used.

IInd method can be understood as under-

A) Current Assets	10.00 crore
B) Less (-) Current liabilities (CL other than Bank borrowing)	4.00 crore
C) Working Capital Gap	6.00 crore
D) Owners margin @ 25% of current assets	2.50 crore
E) Actual/Projected net working capital (assumption)	2.00 crore
F) C-D =	3.50 crore

G) C-E =	4.00 crore
H) Proposed working capital limit is lower of F & G	3.50 crore

3. Cash Budget Method for limit above Rs. 5 crore:

This method is normally used in Seasonal industries, Agro based industries, Hotels and Software industries, Petrol pump, film productions etc. We obtain statement of in flow and out flow of cash in a business during the year. Then we will see the cash deficit position at the end of each month during the year. The month in which cash deficit level remains to the maximum extent, that maximum deficit level (**Peak level cash deficit**) will be the working capital requirement. Ratio analysis is also required to be carried out.

Term Loan Assessment

Advances are provided by the bank for capital expenditure as demand/ medium/long term loan.

Managerial capacity-For financing any company for project we will see the managerial competence market report, experience of the promoter/director

Economic viability- It includes project report study, DSCR and other ratio analysis. DSCR should not be lower than 1.25. The breakeven point should be known. Market scenario, government policies, margin of safety, rate of depreciation, applicants own contribution as margin and collateral security offered also to be seen.

Technical feasibility- We assess the availability of sufficient raw material and skilled labours for running the business. We explore the possibilities of achieving the requisite level of capacity utilization in the initial years. Whether supply of electricity & water is available as required and all the permissions and NOCs are available from various Government departments.

KNOWLEDGE TEST

Q 1.Current Ratio of 1.33:1 should be under which method of lending?

- A. Turn over method, Nayak Committee
- B. 1st method, Tandon Committee
- C. 2nd method, Tandon Committee
- D. Cash Budget Method, Shetty Committee

Q 2 Working capital is also known as –

- A. Gross working capital
- B. Current assets
- C. Funds utilized in day to day business operations
- D. All of the above.

Q 3 Which of the following are Items of working capital?

- A. are of the current nature
- B. Can be realized within one year
- C. Fluctuates in volume during the year
- D. All of the above.

Q 4 The efficiency of an entity to repay the interest cost in a business will be ensured through-

- A. Debt equity ratio
- B. Interest service coverage ratio
- C. Debt service coverage ratio
- D. Acid test ratio

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- Q 5. The Working capital gap is equal to -
- A. Current assets- Current liabilities
 - B. Current assets + intangible assets
 - C. Current assets- Current liabilities + net worth
 - D. Current assets- CL excluding Bank borrowing
- Q 6 What is Net working capital?
- A. Excess of current assets over current liabilities
 - B. To be funded as margin by the owner
 - C. Considered as cushion in paying the current liabilities
 - D. All of the above.
- Q 7. Normally working capital limit is financed in the form of cash credit because-
- A. Working capital does not remain same during the year, it fluctuates
 - B. Excess funds can be deposited in the CC a/c to save the interest
 - C funds can be withdrawn from CC a/c in case of need
 - D. All above are correct
- Q 8. What is the basis of working capital assessment as per Nayak Committee?
- A. Accepted Projected turnover of next one year
 - B. Actual turnover of last year
 - C. Lower of actual and projected turnover
 - D. Projected turnover minus non digital sale
- Q 9. Nayak committee method is based upon operating cycle of days.
- A. 75 days
 - B. 90 days
 - C. 120 days
 - D. 60 days
- Q 10. A request for WC limit of Rs. 6 crore is received from a seasonal industry and it will be assessed under
- A. Nayak Committee Method
 - B. Tandon Committee second Method
 - C. Traditional method
 - D. Cash budget method
- Q 11. What will be the working capital limit for a medium enterprise as per Nayak Committee?
- A. 20% of projected turnover
 - B. 25% of projected turnover
 - C. 25% of non digital sale and 30 % of digital sale
 - D. 30% of non digital sale and 25% of digital sale
- Q 12. What will be the working capital limit for a micro enterprise under latest guidelines as per Nayak Committee?
- A. 20% of projected turnover
 - B. 25% of non-digital and 20 % of digital projected turnover
 - C. 25% of non digital and 30 % of digital portion of projected turnover
 - D. 25% of projected turnover

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- Q 13. Which ratio is calculated to know the repaying capacity of a Term Loan ?
- A. DER
 - B. ISCR
 - C. DSCR
 - D. Current ratio
- Q 14. A bakery unit has applied for working capital limit of Rs. 8crore. Limit will be assessed as per-
- A. Nayak committee Turn over method
 - B. Tandon committee-2ndmethod of lending.
 - C. Cash budget method based on Cash inflow and Cash outflow.
 - D. Any of the above method
- Q 15. Cash budget method is suitable in case of-
- A. Seasonal industries
 - B. Software industries
 - C. Agro based industries
 - D. All of the above
- Q 16. Which is correct among the following
- A. Liquidity Ratio- Current Ratio and Acid Test Ratio
 - B. Leverage Ratio- Debt Equity Ratio, DSCR
 - C. Activity Ratio - Inventory Turnover Ratio, Debtor Turnover Ratio
 - D. All above are correct

Please answer the Question No. 17 to 19 on the basis of following financial details of a small enterprise:

Current Assets= Rs 5 lakh	Current liabilities= Rs 3 lakh	Bank borrowing = Rs 2 lakh
Profit after tax= Rs 1.5 lakh	interest cost= Rs 2 lakh	Depreciation= Rs 0.5 lakh

- Q 17 .Working capital gap is Rs._____.
- A. 2 lakh
 - B. 4 lakh
 - C. 3 lakh
 - D. Nil
- Q 18. Calculate WC limit as per Tandon committee IInd method of lending (MPBF method)
(Tandon committee method is used for limits above Rs. 5 crore. Do not confuse here with figures in lakhs. This question is given for understanding of the method only)
- A. 2.00 lakh
 - B. 2.75 lakh
 - C. 3.00 lakh
 - D. 1.25 lakh
- Q 19. Interest service coverage ratio will be
- A. 1.5
 - B. 1
 - C. 1.25
 - D. 2
- Q 20. M/s. Ajay Techno Fab approaches the Bank for Term loan. For what purpose will the term loan be considered ?
- A. Purchase of NSC
 - B. Purchase of Machinery
 - C. Book debts of the firm
 - D. Purchase of Raw Material

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TEST KEY

1	2	3	4	5	6	7	8	9	10
C	D	D	B	D	D	D	A	B	D
11	12	13	14	15	16	17	18	19	20
A	C	C	B	D	D	B	A	D	B

Solutions to Q No. 17

Working Capital Gap = CA- Other CL =>5- {3-2} => 5-1 =4

Solution to Q No. 18

A) Current Assets	5.00
B) Other Current liabilities (CL other than Bank borrowing)	1.00
C) = Working Capital Gap	4.00
D) Owners margin @ 25% of current assets	1.25
E) Actual/Projected net working capital	2.00
F) C-D =	2.75
G) C-E =	2.00
H) Proposed working capital limit = lower of F & G	2.00

Solution to Q No. 19

$$\begin{aligned} \text{Interest Service Coverage Ratio} &= \frac{\text{Profit After Tax} + \text{Depreciation} + \text{Interest cost}}{\text{Interest Cost}} \\ &= \frac{1.5+0.5+2}{2} \\ &= \frac{2}{\text{***** <> *****}} \end{aligned}$$

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18.MSME Policy, CGTMSE, CGFMU MSME Development Act 2006 (Amended 2020):

An Act to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto. GOI enacted this Act on 16.06.2006 and Notified on 02.10.2006. MSMEs are defined as per their investment in Plant & Machineries for manufacturing sector and investment in equipments for service sector. MSMEs play a very important role in generation of employment, in the growth of GDP and promotion of exports.

Service sectors were also included, like trading activities, Professional & Self employed, Small Road & Water Transport Operators, Small Businessman.

MSME sectors are growth drivers of our economy. MSMEs have shown continued dynamism in terms of their contribution to national economy. MSME sector accounts for significant share in employment, number of enterprises, manufacturing output and exports. Over the years, the sector has emerged as platform for growth and development of entrepreneurship and bedrock of innovations, resulting in diversified development and import substitution. Entrepreneurial efforts and individual creativity have made it possible to develop new variants of the same base products with additional features that are unique and more users friendly. These achievements became possible because of the ambitions and visionary zeal of MSME entrepreneurs.

New Definition of MSMEs introduced w.e.f. 01.07.2020 on the basis of composite criteria of investment and annual turnover :

An enterprise shall be classified as a **Micro, Small or Medium enterprise** on the basis of the following criteria, namely:

- (i) A **Micro** enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) A **Small** enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and
- (iii) A **Medium** enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees

Note: Export turnover (goods/services) should be excluded from the annual turnover, for classification of MSME. Status of existing MSMEs as on 30.06.2020, can continue upto 31.03.2021 only, and, from 01.04.2021 new registration/re-classification should be done by such existing MSMEs on the basis of annual turnover & investment, as new registration/re-classification, without any fees, is allowed from 01.07.2020 through the “**Udyam, Registration**” online portal. Aadhaar, PAN & GSTIN shall be mandatory. All units with GSTIN listed against “**same PAN**” shall be collectively treated as one enterprise and the figures of turnover & investment of all such units shall be clubbed for the purpose

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of classification of MSME. If any condition i.e. investment amount or turnover amount, crosses its determined ceiling, then, such MSME will be covered under next higher category, as per the abovesaid composite criteria.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) : The GOI and SIDBI have jointly set up the Credit Guarantee Fund Trust for Small Industries on 01.08.2000 to cover for credit default so that the lender should give the importance to the project viability and secure the loan purely on the primary security, so as to strengthen credit delivery system and facilitate flow of credit to the MSE sector, without the hassles of collaterals/third party guarantees. Later on, from 02.07.2007 the name was changed to CGTMSE.

Now, MLIs (Banks etc.) can accept partial collateral security also, under Hybrid Security Product, for part of loan, whereas remaining part of the loan, can be covered under CGTMSE upto a maximum limit of Rs 2 crore.

Credit Guarantee Fund for Micro Units (CGFMU): The GOI has launched the CGFMU scheme for the purpose of providing guarantees to loans sanctioned under Pradhan Mantri Mudra Yojna (PMMY). It was notified on 18.04.2016. CGFMU is managed and operated by National Credit Guarantee Trustee Company Ltd. (NCGTC). Micro loans are sanctioned upto the specified limit, presently Rs 10 Lakhs under PMMY , inclusive of overdraft under PMJDY. Limits sanctioned since 08.04.2015 will be covered under this guarantee scheme i.e. CGFMU. Latest amendments in CGFMU are done by MoF (DFS) on 16.04.2020.

W.e.f. 16.04.2020, in the nature of First Loss Portfolio Guarantee, wherein first loss to the extent of 3% of the amount in default, will be borne by the MLI and therefore, will be excluded for the claim. Out of the balance portion, the extent of guarantee will be to a maximum extent of 75% of Amount in Default in the portfolio or such other percentage as may be specified by the Fund from time to time on a pro-rata basis. Extent of Guarantee Cover in respect of SHGs- First loss Portfolio Guarantee to be borne by MLIs shall be Nil and extent of guarantee will be 75% of amount in default.

Knowledge Test

Q.1 New criteria of classification of MSMEs is based on ?

- (A) Only Investment (B) Investment & Annual Turnover
(C) Only Turnover (D) Only Net Profit

Q.2 For which type of enterprises, RBI has assigned specific targets of lending to Public Sector Banks ?

- (A) Micro enterprises (B) Small enterprises
(C) Micro & Small enterprises (D) All MSMEs

Q.3 Which of the followings is not considered as investment for classifying under MSME ?

- (A) investment in Land & Building (B) R & D Expenses
(C) Cost of Generator Set (D) All of the above

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Q.4 If annual turnover is Rs 7 crore and investment in plant & machinery is Rs 90 lakhs, such enterprise should be classified as ?

- (A) Small manufacturing Enterprise (B) Micro manufacturing Enterprise
(C) Small Service Enterprise (D) Medium manufacturing Enterprise

Q.5 Who is authorised in our Bank, to give approval for rejection of MSME application ?

- (A) Not below Assistant General Manager (B) Not below Branch Manager
(C) Not below Zonal Manager (D) Not below Chief Manager

Q.6 In BOI , an application of Rs 2 crore received from MSME beneficiary should be disposed off within ?

- (A) 8 business days (B) 12 business days
(C) 21 business days (D) 15 business days

Q.7 What is the name of the online portal, through which new registration/re-classification of MSMEs shall be done?

- (A) Udyam Registration (B) MSME Registration
(C) Udyog registration (D) Atmanirbhar Bharat registration

Q.8 What is the threshold limit for calculating Cibil MSME Rank (CMR) ?

- (A) Rs 1 crore to Rs 25 crore (B) Rs 1 crore Rs 10 crore
(C) Rs 10 Lakhs to Rs 10 crore (D) Rs 1 Lakh to Rs 25 crore

Q.9 Which is incorrect with regard to CGTMSE ?

- (A) Eligible Retail Traders can be covered upto Rs 1 crore
(B) Consortium Loans accounts not eligible for cover.
(C) Clean OD upto Rs 10 Lakhs to Micro unit can be covered
(D) Loan of Rs 1 Lakh to a SHG is not covered

Q.10 Which is incorrect with regard to PMMY ?

- (A) Allied activities to agriculture are also covered
(B) Trading activities are not covered
(C) Applications can be submitted online
(D) Margin is NIL upto Rs 50000

Q.11 Which is correct with regard to CGTMSE ?

- (A) Hybrid security model can be covered
(B) Both, FB & NFB facilities can be covered
(C) Both, Term Loan & Working Capital facilities can be covered
(D) All above

Q.12 Annual Guarantee Fee (AGF) of CGTMSE should be fully borne by the Bank in case of PMEGP beneficiaries for the entire tenure of the loan, upto an exposure of ?

- (A) Rs 1 crore (B) irrespective of any limit
(C) Rs 50 Lakhs (D) No, AGF will be borne by the borrower

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Q.13 Who is authorised in BOI to give approval for waiver of CGTMSE coverage, subject to obtention of 100% collateral securities ?

- (A) ZLCC (B) NBGLCC (C) General Manager-NBG (D) Head Office

Q.14 Which is incorrect with regard to CGTMSE ?

- (A) Cash Credit Limit against Book Debt can be covered
(B) Borrower's life time cap of Rs 2 crore is removed, now incremental credit facilities upto Rs 2 crore can be covered
(C) Take over accounts, already covered under CGTMSE, are not eligible
(D) Fund Based & Non fund Based, both facilities can be covered under CGTMSE

Q.15 Which type of charge will be called for CGTMSE over collateral securities under Hybrid model ?

- (A) Pari Passu Charge (B) Notional Second Charge (C) Parallel Charge (D) Negative Charge

Q.16 Which is incorrect with regard to Retail Trade credit facility coverage under CGTMSE ?

- (A) Retail Trade facilities are not covered
(B) Extent of guarantee coverage @50% of amount in default
(C) Standard Basic Rate of AGF is 2%
(D) Coverage of Term Loan for the entire duration

Q.17 What is the maximum loan amount that can be covered under CGTMSE for risk coverage purpose ?

- (A) Rs 1 crore (B) Rs 2 crore (C) Rs 1.50 crore (D) Rs 50 lakhs

Q.18 Which is incorrect with regard to CGTMSE ?

- (A) AGF will be charged on the Sanctioned amount for the first year
(B) AGF will be charged on the outstanding amount for the first year
(C) AGF will be charged on the outstanding amount from second year onwards
(D) Risk Premium is decided as per NPA percentage & claim payout ratio

Q.19 Which of the followings account can not be covered under CGTMSE ?

- (A) Star Vehicle Loan (B) Star Home Loan (C) BOI Staff Clean OD (D) All Above

Q.20 Under which credit guarantee scheme, Loans under PM Mudra Yojana are covered

- (A) CGFMU (B) CGMUF (C) MUGCF (D) CMGFU

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Test Key :

Q 1	B	Q 11	D
Q 2	A	Q 12	B
Q 3	D	Q 13	A
Q 4	A	Q 14	C
Q 5	C	Q 15	B
Q 6	B	Q 16	A
Q 7	A	Q 17	B
Q 8	C	Q 18	B
Q 9	C	Q 19	D
Q 10	B	Q 20	A

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19.MSME PRODUCTS

MUDRA (Micro Units Development And Refinance Agency)

Pradhan Mantri Mudra Yojana (PMMY)

Launched by Prime Minister on 08.04.2015

Purpose-To set up new venture / upgrade existing enterprise under Micro category & under allied agriculture activities (from 01.04.2016) such as pisciculture, Dairy, agriclinc, agro / food processing, agri-implements, bee keeping etc. Crop loans, land improvement such as canals, irrigation, wells are being excluded.

Target clients- Individuals, Proprietorship, Partnership firms, Private Ltd. Co, any other entity etc ,

Type of facility- Term loan and / or cash credit.

Repayment – 3 yrs to max. 7 yrs including need based moratorium,

Quantum of Loan-

CATEGORY	LOAN AMOUNT	MARGIN
Shishu	Upto Rs. 50,000	Nil
Kishore	above Rs.50,000 and upto Rs. 5 lakh	15%
Tarun	above Rs. 5 lakh and uptoRs.10 lakh	15%

NB.- Credit Rating is exempted.

Interest Concession: Women beneficiary will get 1% interest concession on loan of over Rs.50,000/- under Priyadarshini Yojana.

Security –hypothecation of assets created out of bank loan/ business assets and CGFMU coverage. No collateral security & third party guarantee.

Stand – Up India

Purpose – to develop entrepreneurship among SC/ST/Women & provide hand holding support to them.

Quantum of Loan –Rs.10 lakh to Rs.100 lakh only for green field(i.e. new) projects in MSME.

Type of facility -Only composite loans (i.e. Cash-Credit & Term Loan both).

WC of Rs10 lakh to be as over draft. Above Rs10 lakh as Cash-Credit.

Eligibility - SC/ST/ Women. In case of non individual entity, 51% stake/shareholding by women/ SC/ST.

Security -Credit facility to be covered under CGFSIL, Collateral security in lieu of CGFSIL cover may be taken in addition to primary security.

Repayment – 84 months including 18 months moratorium.

Margin- 25% of project cost can be provided in convergence with govt subsidy schemes (if any) for margin money. But **Minimum** 10% of project cost has to be brought in by borrower as margin.

BOI Star Doctor's Plus

Eligibility-Individuals– Age between 25 to 60 yrs with minimum qualification of “Degree” in any line of medical or healthcare, approved by a recognized statutory body such as MBBS,BHMS,BDS,BAMS,BUMS,BPT,BOT etc.

In case of Partnership, Company or Trust minimum 51 % of the stake/share holding should be held by Health care/Medical professionals, qualified as above.

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Purpose- Building(acquisition, construction, furnishing, renovation, expansion) Equipments, Path Lab, Computer hardware/ software, books, utility vehicle, ambulance and working capital for day to day expenses, medicines etc.

Quantum of Finance

1. For business premises and equipments- Need based
2. for vehicle/ ambulance, utility van- Max .Rs.100 lakh
3. Working Capital- max.Rs.100 lakh, on clean basis.

Margin- NIL for WC, 15% for vehicles and equipments, 25% on acquisition/construction of premises.

Repayment- For premises, equipments etc-5 to 10 yrs including need based moratorium of 1yr. Moratorium can be increased to 2 yrs in case of loan given for plot plus construction.

For vehicles- 5 to 7 yrs with moratorium of 1-2 months

Lease – In case of rented premises, lease period must not be less than loan repayment period.

Security- Principal plus CGTMSE cover upto loan limit of Rs 200 lakh, and upto Rs10 crore no collateral may be insisted, but personal guarantee of promoters, directors etc is must. Over Rs 10 crore minimum collateral of 20% of loan amount is required.

PPC - 50% concession.

ROI - Concessions max. 0.50% in the following cases:

- a. 0.50% concession if stake of women is more than 51% as per Priyadarshini scheme
- b. 0.25% concession if market value of collateral security is more than 25% of loan &
- c. 0.50% concession if market value of collateral security is more than 50% of loan .

Star MSME- E Rickshaw Finance

Objective- financial assistance to transport operators under micro category

Eligible- individuals or corporate entity should have been granted valid permit for transport.

Purpose-

1. **New E- rickshaw** only.2nd hand vehicle not allowed. Max. loan Rs 5.00 lakh. Only one rickshaw to be financed at a single point of time. Total no. of E- rickshaw loans of a borrower not to exceed three at any time.
2. **For replacement of battery-** to be considered once during the tenure of the loan tenure but after one year. Loan limit (of rickshaw& battery) to be within the over all loan limit of Rs 5.00 lakh.

Only ZM is authorised to approve the manufacturer of e Rickshaw.

Margin– for E-rickshaw, 15 % of invoice value or 20% of on road price, whichever is **higher**.
for Battery min. 25%,

Repayment- New rickshaw- max 48 months including one month moratorium.

Battery replacement -18 months includes 1 month moratorium but repayment not to exceed the loan repayment period of e -rickshaw

Security- Principal + CGFMU cover. All loans to be covered under MUDRA.

Note: The e rickshaw should be approved by International Centre of Automotive Technology (ICAT) or Automotive Research Association of India Ltd(ARAI)

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BOI Star Vyapar

Eligible- All trading firms, Pvt Ltd Co & Societies under MSME, and having financial statements of preceding 2 years.

Purpose – Only cash- credit limit against Stock/Book Debts.

Limit-

CATEGORY	CASH CREDIT LIMIT	MAXIMUM FOR BOOK DEBTS
Micro/small enterprise	Min Rs 10 lakh and max Rs 5 cr	50%of limit , max Rs 2.50 cr
Medium enterprise	Min Rs 10 lakh and max Rs 10 cr	50%of limit , max Rs 5.00 cr

Margin – 25% against .Book Debts/Stocks

Security- Collateral- min 110% of limit plus hypothecation of Stock/ BD.

Rate of interest is linked with value of security.

Contactless MSME Loans in 59 Minutes

Eligible category- Proprietorship, partnership firms, Pvt Ltd Co..

Unit should be registered under GST and income tax compliant.

Amount- Rs 1 lakh to Rs 1 crore new as well as existing (review of limit)

Margin- 20% both for Term Loan & Working Capital

Security-Collateral or CGTMSE cover

Repayment TL- Maximum 10 yrs.

Financial Ratios - DE-4 (ZLCC-5), CR-1, DSCR 1.25, ISCR-1.20(may be relaxed by San. Auth. with justification)

Credit rating – different four sets in the platform for different products- 1. Renewal of WC &TL , 2. New & renewal of WC based on 1 yr ITR, 3 new WC based on presumptive tax filing / ITRIV.

Other points- In case of review, Turn-Over & profit should be increasing. If no. of cheque return 6 or more then justify. Only in principle sanction is undertaken on this platform. **TAT** is maximum 8 days from date of “In Principle” sanction.

Star Start-Up

Eligible category- Any Pvt Ltd, Partnership, LLP, should not have completed 5 years from registration/incorporation and annual turn-over should not be more than Rs 25 crore in any preceding year. Entity should be working towards innovation, development, deployment or commercialization of new products, processes, services driven by technology or intellectual property.

Nature of facilities: Term Loan/Working Capital/Non fund based limit.

Composite loan may be considered at the time of initial sanction.

Repayment- max 10 yrs including max moratorium of 2 yrs.

Quantum of finance: Minimum: Rs 0.10 crore Maximum: Rs 5.00 crore

Margin: Term Loan: 25%, Working Capital: 10%

Security-Primary security and CGTMSE cover up to limit of Rs. 2 crore plus personal guarantee of partners, directors. Collateral security must for loan over Rs. 2 crore

COVID Emergency Support Scheme 2020 (CESS-2020)

Purpose- Short term finance to cope with temporary liquidity mismatch caused by Pandemic COVID-19.

Scheme valid up to - 30.09.2020

Facility type -Fund based WC demand loan.

Eligibility/ Quantum :

Only Standard accounts, enjoying secured WC limits against Stock/Book Debts

Bank Of India, STC-NOIDA-‘Sandipani’, B-32, Sector-62, NOIDA-201309

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Max.10% of agg. Fund based WL limit, subject to Drawing power. However total additional exposure) can be max. 25% of WC limit , including already availed ad-hoc, TOL, Corporate Loan and any other Short term Credit facilities.

Consortium Advance Cases: Only our share to be reckoned for calculating loan amount this scheme facility

For SRTTO borrowers,20% of present drawing limit for fuel, repair & consumption expenditure.

Max. Assistance not to exceed Rs 200 crore per borrower. The facility would be outside MPBF.

Status of review, rating, financial ratios, uncompleted terms of sanction and other deviations will not effect eligibility.

In case of Corporate borrower enjoying WC of more than Rs. 100 crore, assessment to be as per Cash Budget method.

Age of Debtors may be increased by max. 90 days, over & above the permitted age, however max period of debtors to be 270 days for Debtors of private parties & 360 days for Govt. Receivables.

No TEV study needed. CIBIL, CMR available or generated to be ignored.

BG invocation / LC Devolvement: If unit is COVID effected, then at request of borrower, amount may be debited to CC a/c or a temporary OD a/c and 90 days time may be given to borrower. The amount will carry existing ROI. For more detail, refer Circular.

Ineligible cases: NBFCs/ HFCs/ MFIs shall not be covered under the scheme.

Margin: NIL also permitted but drawing power against stock/ book debt is must

Repayment : 18 monthly structured instalments after initial moratorium of 6 months(door to door 24 months).

Security :

Proposed Limit to be covered by stock and or Book Debt.

Charge on additional assets if any created.

Extension of charge on existing principal and collateral security. CGTMSE cover if available to be availed.

If for genuine reason, security of mortgage or hypothecation charge can not be perfected immediately, 3 months time may be given after UT (format in Circular) by borrower.

Star Guaranteed Emergency Credit Line (Star-GECL)

Purpose : To meet operational liabilities expenses of the borrower, to enable it to restart the halted business.

Borrower Constitution wise eligibility-

1. Proprietorship firm/partnership firm/LLP/Ltd Co./Trust.

2. In case of joint loan account, primary co-applicant must be a business entity.

3. Individual loan accounts- only those , which are covered under PMMY & were uploaded on Mudra portal as on 29.02.2020 are eligible.

4. Govt schemes borrowers like PMEGP also eligible.

Criteria-Target Borrowers

Business entities with annual turn-over up to Rs 100 cr in FY 2019-20 and combined loan outstanding with all lending institutions (Banks/NBFCs) up to Rs 25 cr as on 29.02.20, exclusive of off balance sheet(i.e. Contingent liabilities) and non-fund exposure.

Entity must be existing fund based borrower including Consortium/ MBA.

Borrowal account should be standard and not overdue for more than 60 days, (i.e. a/c should not be SMA-2) with any of the lender/s in case of consortium.

Borrower must, wherever applicable*, be GST registered & having GSTN. If GSTN is not applicable , a declaration is to be obtained .

CIBIL etc (CRILC data if applicable) must be checked to verify SMA status, total outstanding & status of Days past Due(DPD).

CMR score may be ignored for this facility. Status of review will not affect the eligibility.

No fresh credit rating is to be undertaken.

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Security/Guarantee : Charge on assets created.

Extension of the securities available (extension of Third Party Guarantee not needed) in the existing account. While charges must be registered with ROC & CERSAI etc as per extant norms, an extension of time up to 3 months with UT may be permitted in deserving cases for creation of securities. However, the value of security will have no direct bearing on the limits sanctioned under the scheme. In case the existing loan/s are clean, the WCTL granted under the scheme would be on clean basis.

Guarantee coverage by National Credit Guarantee trustee Company(NCGTC) and no Charges for Guarantee are payable by Borrower.

NCGTC will provide 100% credit guarantee cover for the loan sanctioned as above , under its Guarantee scheme-“Emergency Credit Line guarantee Scheme”(ECLGS).

No additional collateral security is to be obtained under the scheme.

Original limits of the borrowers remain covered under CGTMSE/CGFMU/CGSSI.

Tenor / Repayment/Moratorium

Moratorium up to max. 12 months during which interest is to be serviced. After moratorium, repayment in 36 EMIs.

Processing fee / other charges

Processing fee is waived, however all other applicable charges such as inspection , documentation , mortgage charges etc are to be recovered.

Pre-Payment Chgs /Penal Interest : waived

Ineligible cases: Borrowal a/cs in individual capacity ,not covered under PMMY and NBFCs/ HFCs/ Micro Finance Institutions SMA- 2 or NPA as on 29.02.20 are not eligible under the scheme.

Type of Facility: Working Capital Term Loan (WCTL)

Quantum of loan/Assessment : 20% of aggregate fund based outstanding as on 29.02.2020, maximum Rs 5 cr per borrower. This would be outside MPBF & no separate assessment is to be carried out.

SME Contractor Credit Line

Eligible -Any “**corporate contractor**” in business for min.3 yrs, having Audited Balance Sheet.

Purpose : working capital needs.

Type & Quantum of loan-WC (FB/NFB),Rs 10 lakh to Rs 5 crore

(out of which 2/3 rd will be for FB and 1/3 rd for NFB)

Appraisal of loan/eligibility- 30% of average Turn-Over of last 2 yrs.

Margin – 15% cash margin for Non Fund Based facility, 20% for fund based limits .The debtors, if any to be charged, although limit will be treated as unsecured.

Collateral security- Is must to ensure Asset coverage ratio is 1.50.

STAR SME Education Plus

Eligibility –All educational institutes having approval of Govt. Deptt., having three yrs audited financials, & profit earning for 2 yrs. New Institutes are also eligible with reasonable projections. Entry level rating should be SBS/SME 5.

Purpose-construction, equipment, renovation, computers, F/F etc

Quantum / Limit—Rs 10 lakh to Rs 5 crore as TL only, margin 20%

Repayment- 8 yrs with moratorium of 12-18 months, frequency of repayment to be as per cash flow.

Security- Principal plus suitable collateral to ensure minimum asset coverage ratio of 1.50, & guarantee of promoters, trustee etc, **no CGTMSE cover is allowed.**

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ABBREVIATION	FULL FORM
CGFSIL	Credit Guarantee Fund Scheme for Stand-Up India Loans
CGTMSE	Credit Guarantee(Fund) Scheme for Micro and Small Enterprises
CGFSEL	Credit Guarantee Fund Scheme For Education Loans
CGFMU	Credit Guarantee Fund for Micro Units
NULM	National Urban Livelihoods Mission
NRLM	National Rural Livelihoods Mission
PMEGP	Pradhan Mantri Employment Generation Programme

KNOWLEDGE TEST

- Q.1.** Which among the following is correct about repayment & moratorium period under MUDRA loans?
- A. 6 yrs plus need based moratorium B. 9 yrs including 3/6 months moratorium
C. 7 yrs inclusive of need based moratorium D. None of these
- Q. 2.** What is the maximum loan amount that can be sanctioned under MUDRA scheme?
- A. Rs 5 lakh B. Rs 2 lakh C. Rs 0.50lakh D. Rs 10 lakh
- Q. 3.** Which of following is correct about concession in interest rate under MUDRA loans?
- A. 0.50% to all women beneficiary
B. 1% to women beneficiary for loan over Rs. 50,000/-
C. No concession at all
D. 0.50% to all SC/ST & women borrowers
- Q. 4.** What should be the minimum percentage of share/stake-holding of SC/ST/Women in non-individual entities, under Stand up India scheme?
- A. 45% B. 40% & above C. 51% D. 30%
- Q 5.** Who is eligible under Star Stand-up India scheme ?
- A. SC B. ST C. Women D. any one of the above.
- Q.6.** Who is eligible for MUDRA loans?
- A. New & existing micro ventures B. Micro mfg./service /trading unit
C. Entity engaged in allied agriculture activity D. All above
- Q.7** Loans under Star Stand-Up India scheme are covered under which Credit Guarantee fund scheme?
- A. CGTMSE B. CGFSIL C. CGFMU D. CGFSEL
- Q.8.** Which activity/project can be financed under Stand-Up India scheme?
- A. Existing MSME and agriculture allied activities only
B. Only Greenfield projects in mfg / trade/service sector
C. Units of good track record for last 2 yrs.
D. New/existing venture under micro/small category only
- Q.9.** How many E- rickshaws loans of a borrower can be there, under Star MSME E-Rickshaw scheme ?
- A. 3 B. 1 C. 2 D. 6
- Q10.** What is the maximum repayment and moratorium period under Stand-up India scheme?
- A. 84 months / 18 months B. 84 months / 12 months
C. both can be need based D. 84 months / 6 months
- Q.11.** What is the minimum margin under CESS-2020 scheme for MSME ?
- A. Same as existing B. 10% for FB & 20% for NFB limits
C. 10% D. NIL

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- Q12.** What should be the age group of individual borrower under BOI Star Doctor's Plus scheme?
A. 25 to 70 yrs
B. 25 to 75 yrs
C. 25 to 60 yrs
D. 25 to 80 yrs with approval of ZLCC
- Q13.** Which of the following degree holder is eligible under the BOI Star Doctor's Plus scheme?
A. Bachelor of Occupational Therapy
B. Bachelor of Physiotherapy
C. Bachelor of Unani Medicine & Surgery
D. All the above are eligible
- Q 14.** Which is correct about loan under Star GECL for MSME?
A. CIBIL report generation is not required.
B. Guarantee cover of NCGTC is 100%.
C. Maximum assistance of Rs 25 cr is allowed.
D. Moratorium of 6 months is allowed..
- Q15.** What is the minimum margin for working capital limit under BOI Star Doctor's Plus scheme ?
A. 25%
B. 20%
C. Nil
D. 10%
- Q16.** What is correct about margin under MSME E- Rickshaw scheme ?
A. For replacement of battery, margin is 25%.
B. For new E- rickshaw, margin is 15% of "on road price".
C. For new E- rickshaw, margin is 25 % of invoice value.
D. For replacement of battery, margin is 20%.
- Q 17.** What is incorrect about eligibility criteria for Star Start-Up Scheme?
A. Entity should be Partnership firm, LLP or Pvt Ltd Company.
B. Entity should have been registered in India within preceding 5 years only.
C. Annual turn- over should not be more than Rs 25 crore in preceding years.
D. Entity should be compulsorily a Micro Enterprise.
- Q.18.**What is incorrect about Star Start-Up Scheme?
A. All type of FB/NFB credit facility is permitted.
B. Margin for term loan is 25% &for WC, margin is 10%
C. Minimum & Maximum finance permitted is Rs 50 lakh / Rs 5 crore
D. Repayment period can be 10 years inclusive of max. 2 yrs moratorium.
- Q.19.** What is incorrect about BOI Star Vyapar scheme?
A. Only fund based working capital limit is permitted.
B. Maximum limit can be Rs 5 crore for micro & small enterprises.
C. Both Fund based & non fund based WC limit are permitted.
D. Minimum limit should be Rs0.10crore.
- Q.20.** What is incorrect about BOI Star Vyapar scheme?
A. Margin can be minimum 30% against Book Debts.
B. Maximum limit against Book Debt can be 50% of aggregate WC limit.
C. Collateral Security must be minimum 110% of loan amount.
D. Margin is 25% against stock as well as Book Debts
- Q21.** Which of the following is correct about Contactless MSME Loans-in 59 minutes scheme?
A. Only Proprietorship , partnership firms & Private Ltd Co. are eligible.
B. The entity should be Income Tax compliant & having GST registration.
C. New loan as well as review cases are eligible.
D. All of the above

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- Q22.** Which type of credit facility can be granted under Star SME Education Plus scheme?
A. only clean overdraft B. cash credit & term loan C. any type of loan
D. only term loan
- Q23.** Under BOI STAR DOCTOR's PLUS scheme, maximum working capital finance of Rs----- lac can be granted.
A. 500
B. 100
C. 50
D. 200
- Q.24.** Maximum permissible loan under COVID Emergency Support Scheme 2020 is Rs –crore.
A. 5 B. 25 C. need based any amount D. 200
- Q 25** How much margin is required for Kishore category under MUDRA scheme ?
A. 10% B. 15%
C. 20% D. Nil

TEST KEY

Q	1	2	3	4	5	6	7	8	9	10
A	C	D	B	C	D	D	B	B	A	A
Q	11	12	13	14	15	16	17	18	19	20
A	D	C	D	B	C	A	D	C	C	A
Q	21	22	23	24	25					
A	D	D	B	D	B					

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20. Credit Monitoring

Credit Monitoring Objectives

- Early disbursement of loan-through speedy compliance of pre-disbursement terms of sanction and recovery of all applicable charges.
- Compliance of post disbursement terms of sanction.
- To ensure regular payment of instalment and interest and other dues.
- Track Early Warning Signals & initiate remedial actions, to prevent slippages and to avoid probability of fraud in the accounts.
- Continuous monitoring to maintain asset quality of the account.
- Endeavour for up gradation of identified weak/SMA accounts.

Credit Monitoring goals

Periodic monitoring of actual performance in comparison with the projections submitted by the borrower.

Interacting regularly with the borrowers and guarantors through timely inspections and monitoring the accounts.

Branch Level Monitoring Tools are onsite as well as offsite. The illustrative list is given below-

- Review of account & Credit rating
- Periodical updation of KYC documents
- Primary & Collateral Security Inspection and Stock audit.
- Stock / Book Debt, QIS-I, II & III returns, MSOD, Monthly cash budget.
- A/C transaction/Turn-over monitoring
- Information in “Garuda/Caps/ SASCL, Day end Reports.
- Records of GST returns, Excise duty. Financial Statements etc.
- Search Report from ROC and Information from Market/Newspapers.
- Payment of Income Tax / Electricity Bills/ Municipal Taxes/ other statutory dues.
- Minutes of Consortium Meeting, Various audit reports.
- Lender’s Engineer report , TEV (Techno-Economic Viability) study report.
- CIBIL, RBI wilful defaulters, CERSAI, ECGC-SAL and other reports.
- Verification from records of Central Fraud Registry (CFR).

Assignment of monitoring responsibilities, accounts, limit wise:

At Branch Level	Up to Rs. 25 Lakh, However the branch has to monitor all the accounts.
At Zonal Office	Above Rs. 25 lakh up to Rs100.00 lakh
At NBG Level	Above Rs.100.00 lakh up to Rs 500.00 lakh
At Head Office	Above Rs. 500.00 lakh

Stages of Credit monitoring:

(1) Pre- disbursement monitoring:

Appraisal of loan, scrutiny of Project report, CIBIL, CERSAI, ROC search, CFR, KYC, other documents & statutory approvals, account statement, source of margin, status report from other Banks , credit rating, financial ratio norms, valuation & search report, TEV study, Credit Report of Suppliers, Check list of compliance in A/cs with limit less than Rs 50 lakh, vetting of documents.

Credit Process Audit (CPA) : The objective of CPA is to ensure that all the pre disbursement terms of sanction have been complied with and security has been created in Bank’s favour.CPA also includes post disbursement terms of sanction and timeline for its execution/compliance. It is carried out in all accounts with aggregate fundbased and non fund based limits of Rs 50 lakh and above for new/additional limits.

CPA consists of CPA-I, CPA-II, CPA III

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CPA-I is undertaken by Credit Processing Officer(CPO) after all documents are executed and vetted by Branch Advocate. It will form part of the security documents.

CPA-II is undertaken by an officer, to verify compliance of Pre sanction terms. The officer is nominated by Zonal Office & should not be connected with the loan sanction process .

CPA-III is conducted to ensure all post disbursement terms of sanction are complied with in respect of all accounts enjoying limit of Rs.5 Crore & above (for Foreign Branches A/cs, limit is USD 1million or equivalent and above). It is applicable to all standard & NPA restructured A/cs. It is conducted on a quarterly basis by concurrent auditor or in his absence by any suitable officer appointed by Zonal Office.

(2) During Disbursement Stage:

- Stage-wise verification of end-use of funds. Periodical CA's certificate regarding margin contribution. Disbursement directly to Supplier. Stock / Book Debt statements to be obtained. In case of composite loans, only after acquisition of all Plant & Machinery, fixed assets and after successful trial run, the Working Capital limit should be released, in stages. In case of Ltd company accounts, to confirm creation of charge with ROC within the stipulated time. Branch should monitor timely completion of project in a phased manner.
- **Insurance of Securities:** Comprehensive Policy with bank's clause for full value of security.

(3) Post Disbursement Monitoring:

- Compliance of post disbursement terms of sanction.
- Monitor turn-over in Cash-credit a/c & obtain stock / book debt /MSOD/QIS statements.
- Insurance of principal & collateral securities.
- Inspections of books of accounts along with principal & collateral securities.
- Obtention and analysis of audited financials and timely review of account.
- Timely identification of accounts showing symptoms of stress and, start corrective action/ restructuring, so that the normal health of account is restored at the earliest.
- Monitor performance from MSOD / QIS statements & compare with the projections in CMA data.
- Acknowledgement of debt & security to be obtained annually.
- Post Dated Cheques to be collected. Bank's notice board to be displayed at business place.
- Temporary over limit (TOL) normally not to be allowed during first six months in new account.
- Information from Market/Newspapers/peers to be gathered for required action.
- Scrutinise day end reports.
- GST returns to co-relate with turnover. Sale proceeds to be routed through cash- credit a/c.

System Asset Classification (SASCL).

The SASCL trial report is run on a weekly basis considering various aspects of IRAC norms such as

- 1) Overdue period considered is 90 days.
- 2) Debit balance in SB/CD accounts.
- 3) Stock statement not obtained for more than 180 days etc
- 4) Bills and FCL accounts overdue for more than 90 days.

The Classification of Assets is done on a daily basis and marking of NPA on a monthly basis.

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MSOD (Monthly Select Operational Data) is to be obtained for WC limits of Rs 10 lakh & above. **Quarterly Information System (QIS) Returns** is to be obtained in A/cs having Working Capital limit of Rs 100 lakh & above.

Stock Audit: It covers accounts with working capital limits of Rs.5 Crore (Fund & Non fund based) upto Rs 250 Crore by Bank's empanelled Chartered Accountants on an annual basis. The purpose is to verify the quantum of stock and mode of valuation with the help of professionals.

Credit Inspection: It is annual review of accounts with sanctioned limit up to Rs.5 lakh in statement form. It is called CCIS 3.

CALRM (Credit Audit & Loan Review Mechanism) is an A/c monitoring/audit exercise by independent officer, generally Internal Auditor, in all standard A/cs with exposure of Rs 5 crore & above.

Post Sanction Review System (PSRS) : Monthly Reporting Statement of sanction of loan and TOL / TOD at branch level, where the sanctioned exposure is Rs.2 lakh and above, and is to be submitted to the controlling authority, by 7th of next month.

Red flagging of accounts should be done within 180 days as per RBI guidelines and within 120 days as per our banks guidelines for exposure of Rs. 50 crore and above, where, suspicion of fraudulent activity is visible from early warning signals. Such A/cs are to be reported to HO & CRILC (Central Repository of Information on Large Credit) platform.

Quick Mortality is slippage of account within 1 year from date of disbursement /commencement of instalment whichever is earlier.

Early Warning Signals (EWS) shows first sign of weakness in accounts. There is a system in the Bank which helps to assess whether default is due to inherent weakness or due to temporary liquidity/cash flow problem.

Monitoring of advance against TDRs

- Original TDR Certificate (printed on security paper) duly discharged by depositor, should be accepted for loan.
- It should be ensured that Loan/ODs never go beyond sanctioned limit.
- ROI in LATDR a/c must be changed manually, consequent upon change in ROI of the TDR upon its renewal.
- No loan against other bank's TDR should be granted.

Staff Accountability Report (SAR) should be submitted within 90 days of the account becoming NPA.

Status Review of Account: When there is delay in submission of financial statement by the borrower status review of the account is undertaken.

KNOWLEDGE TEST

Q. 1. Which of the following statement is correct regarding monthly reporting of loan against TDR in PSRS to higher authorities?

- A. Rs 1 crore and above in case of rural branches
- B. Rs 2 crore and above in case of semi urban branches
- C. Rs 10 crore and above in case of urban and metro branches
- D. All of the above.

Q.2. CPA II is carried out in LAP where the sanctioned limit is Rs ---- and above.

- A. Rs 50 lakh.
- B. Rs 100 lakh.
- C. Rs 10 lakh.
- D. Rs 500 lakh.

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- Q.3 .Which is correct in case of valuation of immovable property?
- A. It should be valued once in 3 years.
 - B. Valuation should be done by valuer on Bank's approved panel.
 - C. Valuation of immovable property in consortium advance are done by valuer of lead bank/other Banks as per consortium decision.
 - D. All of the above.
- Q. 4. What is the full form of CERSAI?
- A. Central Registry of Securitisation Asset Reconstruction and Security Interest of India .
 - B. Central Register of Securitisation Asset Reconstruction and Security Interest of India.
 - C. Central Registry of Security and Asset Recognition of India.
 - D. Control Registry of Securitisation Asset Review and Security Interest of India.
- Q. 5. Which are the various stages for credit monitoring ?
- A. During disbursement
 - B. Post disbursement.
 - C. Pre-disbursement.
 - D. All of the above.
- Q. 6. Which of the following is an objective of credit monitoring?
- A. Endeavour for high yielding advances.
 - B. Ensure credit growth as per available branch potential & branch budget .
 - C. Endeavour for take-over of good borrowal accounts.
 - D. Early disbursement of loan after complying Pre-disbursement conditions
- Q. 7.Which of following is post disbursement monitoring?
- A. End use verification
 - B. Taking out insurance of securities
 - C. Conducting review of account
 - D. All of the above.
- Q. 8. What is revealed from ROC search report?
- A. Details of charges on assets of the company and loan taken by it there against from various Banks/ FI etc.
 - B. Details of share holding , authorized & paid up capital of the Company.
 - C. Financial Statement of the Company
 - D. All of the above.
- Q. 9. When the credit monitoring should start?
- A. Immediately after disbursement of loan.
 - B. Upon the account appearing in SASCL
 - C. During pre-disbursement stage, upon first contact with proponent.
 - D. At the time of review of account.
- Q. 10. What is incorrect about Special Mention Accounts (SMA)?
- A. SMA-0 accounts are overdue between 1-30 days.
 - B. SMA-2 accounts with limit above Rs 1 crore are to be reported to Reserve Bank of India.
 - C. Status of SMA accounts with limits Rs 5 crore & above is to be reported to CRILC on a weekly basis.
 - D. SMA-1 accounts are those which are overdue between 31-60 days.

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- Q. 11. What is the full form of CRILC?
- A. Central Repository of Information on Large Credit
 - B. Centre Report of Information on Large Credit
 - C. Core Repository of Information on Large Credit
 - D. Central Reserve of Information on Large Credit
- Q. 12. Staff accountability report must be submitted within-----days from the date of account becoming NPA.
- A. 90 days
 - B. 180 days .
 - C. 12 months.
 - D. 270 days
- Q. 13. Which of the following is incorrect about loan against TDR?
- A. TDR printed on security paper should be considered for loan against TDR.
 - B. Loan of Rs. 50 lakh & above against other branch TDR is subject to Credit Process Audit.
 - C. Loan against other bank's TDR can be granted with prior approval of ZLCC.
 - D. All loans against TDR are covered under Credit inspection
- Q. 14. Quick Mortality is slippage of account within---- months from date of disbursement /commencement of instalment whichever is earlier.
- A. 6
 - B. 30
 - C. 12
 - D. None of these
- Q. 15. Which of the following category of accounts are covered under CALRM exercise?-
- A. All type of a/cs with Working Capital limits of Rs 1 crore & above.
 - B. All standard FB & NFB accounts with limit of Rs 5 crore & above.
 - C. All accounts with limit of Rs 10 lakh & above.
 - D. None of the above.
- Q. 16. Which of following type of appraisal is relevant in pre-disbursement monitoring?
- A. Technical Appraisal
 - B. Managerial Appraisal
 - C. Commercial Appraisal
 - D. All of the above
- Q.17. Credit Inspection is carried out in which of the following accounts?
- A. Staff account including clean overdraft facility
 - B. Loan against TDR/NSC
 - C. Accounts with limit of Rs 5 lacs
 - D. All of the above.
- Q.18. Which of the following is pre disbursement monitoring?
- A. Verification of KYC Documents.
 - B. Checking of CIBIL report.
 - C. Checking of CFR Report.
 - D. All of the above

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Q.19. Independent inspection is to be conducted by staff of Zonal Audit Office and the report submitted along with SAR in which of the following quick mortality accounts?

- A. Outstanding FB+ NFB is Rs 50 lakh and above as on date of NPA
- B. Outstanding FB+ NFB is Rs 100 lakh and above as on date of NPA
- C. Outstanding FB+ NFB is Rs 500 lakh and above as on date of NPA
- D. None of the above.

Q.20. Which of following is correct regarding vetting of security documents?

- A. It is to be done by the concurrent auditor or an officer deputed by Zonal Manager.
- B. It is to be done by Bank's empanelled Advocate.
- C. It is applicable to all A/cs with limit of Rs 50 Lakh & above.
- D. It is applicable to loan against TDR a/cs with limit of Rs 5 Crore & above.

Q.21. Which of the following statement is incorrect?

- A. Responsibility of credit monitoring dept. is till the a/c is classified as Doubtful.
- B. Objective of Credit monitoring is to ensure compliance of both-pre & post disbursement terms of sanction.
- C. A substandard a/c can be restructured if commercial operation has commenced.
- D. Acknowledgement of Debt/ Security should be obtained annually.

Q.22. Which of the following statement is incorrect?

- A. QIS I, II, & III returns are to be obtained in A/cs with Working Capital limit of Rs 1crore & above.
- B. MSOD statements are to be obtained in A/cs with Working Capital limit of Rs 0.10crore & above.
- C. In Book Debt statement, age wise bifurcation of debtors as per sanction terms is must.
- D. All QIS returns are to be submitted on quarterly basis.

Q.23. What is correct about insurance of securities?

- A. Insurance of securities need not be done during pre- disbursement stage.
- B. Bank clause & type of risk cover must be incorporated in the Insurance Policy.
- C. For insurance of building, construction value up to plinth is to be excluded.
- D. All of the above.

Q.24 In loan appraisal which of the "C" is relevant, while appraising a new loan ?

- A. Character
- B. Capacity
- C. Capital
- D. All of the above

Q.25. What is threshold limit for conducting Credit Process Audit (CPA-II) in home loan a/c?

- A. Rs.5 Crore
- B. Rs.1 Crore
- C. Rs.2.5 Crore
- D. Rs. 50 Lakh

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TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	D	A	D	A	D	D	D	D	C	B	A	A	C	C	B
Q. No.	16	17	18	19	20	21	22	23	24	25					
Answer	D	D	D	A	B	A	D	D	D	A					

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21.Type of Charges & Documentation

CHARGE CREATION: Borrower/**guarantor** create rights in **favour** of a Bank over various kinds of assets & securities, **to secure the loan**, whereby the creditor (Bank) will get payment of loan amount out of the charged security, **in case of default**.

	Fixed Charge	Floating Charge	Pari- Passu Charge	Exclusive Charge	1 st charge 2 nd Charge
Nature	Assets identified does not change	Assets undergo change	Created in favour of several creditors, their priority is on proportionate basis in the ratio of loan	Only one creditor, holding exclusive charge	1st charge = assets charged on first basis to a creditor. 2nd charge = subsequently charge of another creditor. Proceeds will be received after satisfaction of first charge.
Example	Land & Building, Plant & Machineries	Stock or Book Debts	Consortium Financing	Any normal loan a/c	Multiple Banking Arrangement

II). **LEGAL CHARGES (NON-MORTGAGE)**

	Pledge	Hypothecation	Assignment
Defined in	Indian Contract Act, 1872- (Section 172)	SARFAESI Act, 2002 (Sec 2n)	Actionable Claims under Transfer of Property Act, 1882 (Section 130)
Definition	Bailment of goods as security for payment of debt	Charge on moveable property in favour of creditor without delivery of possession.	It is transfer of an actionable claim (debt secured by other than Mortgage/Hypothecation/Pledge/Lien) which may be existing or future as a security for loan.
Parties	2	2	2
Borrower	Pledger/pawner	Hypothecator	Transferor => assignor
Banker/Lender	Pledgee/pawnee	Hypothecatee	Transferee => assignee
Nature of securities	Goods, Gold	Moveable Assets- stock, machineries, vehicle	Unsecured debts, book debts, NSC, KVP, LIC Policy
Nature of Charge	Legal fixed charge	Equitable Charge	Actionable Claims
Ownership	Borrower	Borrower	Borrower
Possession	Possession with Bank till repayment of loan. Bank to preserve the goods carefully and return on repayment of loan.	Borrower (in trust for Bank). Bank cannot take possession without consent of borrower (Notice should be served)	Physical Possession with Bank till repayment of loan.

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Delivery of Goods	Possession – actual or constructive	Borrower to deliver assets, if demanded by bank	Actual possession
Right of sale	Available by giving notice or through public auction	Available through court. Under SARFAESI-after possession	Available by giving notice
Registration of charge in case of Company	Not required	With ROC , Under section 125 of Company Act	Not required,
Limitation	Not applicable	3 years	Not applicable
III). LIEN = Section 171 of Indian Contract Act 1872 defines General lien of Bankers. A lien is a right to keep possession of property belonging to another person until a debt owed by that person is discharged.		Set-Off= a right to appropriate a credit balance towards debit balance of same person/same right & Capacity. Reasonable Notice should be given before exercising this right.	
1) Particular Lien(sec170,ICA) a <i>lien</i> upon <i>specific</i> property/goods as security for the payment of a debt		<u>Right of set-off</u> = recovery of loan after maturity of TDR	
2) General Lien (sec 171, ICA)= extend through all securities that pass through Banker in normal Banking business course. It is available to Bankers, attorneys of High Court, Factors.		<u>Right of Appropriation</u> = recovery of loan before maturity of TDR.	
IV). MORTGAGE Mortgagor=Borrower Mortgagee=Banker/Lender	Defined in Section 58 of Transfer of Property Act, 1882 (TOPA). <i>It is transfer of interest in specific immoveable property for the purpose of securing the payment of money advanced or existing or future debt or loan or performance which may give rise to pecuniary liability.</i>		
Simple Mortgage (sec 58b)	Mortgagor without delivering the possession binds himself personally to pay mortgage money through registration and payment of stamp duty. Mortgagee can sell the property with Court intervention. Also known as legal or registered mortgage.		
Mortgage by conditional sale (sec 58c)	Mortgagor ostensibly sells the mortgaged property on condition that on default of payment of the mortgage money, the sale shall be absolute.		
Usufructuary Mortgage (sec 58d)	Mortgagor delivers the possession and authorises the mortgagee to retain possession until payment of the mortgage money and receives rent, profits accruing from property.		
English Mortgage (sec 58e)	Mortgagor binds himself to repay mortgage money on a certain date and transfers the mortgaged property absolutely to the mortgagee, subject to re-transfer of the property to the mortgagor upon payment of mortgage money.		
Equitable or Mortgage by deposit of title deed(sec 58f)	Mortgagor delivers the document of title to immoveable property to creditor/Bank with the intent to create security thereon at notified town.		
Anomalous Mortgage(sec 58g)	Mortgage which is not amongst any of the above, defined in Sec 58(g) of TOPA.		

DOCUMENTATION: The term document is defined differently for the purpose of different laws. Sec 2(14) of Indian Stamp Act = Every Document by which any *right or liability is or proposed to be recorded.*

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Sec 2(18) of General Clauses Act = Document includes any *matter written, expressed or described* upon any substance by means of letters, figures or marks or by more than one of these means which is used to record.

Sec 3 of Indian Evidence Act or Sec 29 of Indian Penal Code defines document in the same manner as per the above mentioned act.

PROCESS OF DOCUMENTATION

- (a) Payment of proper stamp duty on the document to be executed
- (b) Execution or signing documents
- (c) Witnessing or attestation
- (d) Registration under the Law, if necessary
- (e) Safe Custody & enforceability

(Limitation- **As per Limitation Act 1963**)

L434 Demand Promissory Note	L435 Bearer Letter (Disbursement details)	L440 Instalment letter	CHA1-6 Priority Sector Finance	L-515 Declaration regarding relationship in Bank	L-516 Composite Agreement	OD-194 Letter of Guarantee	L-488 Composite Agreement for Education Loan
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Limitation Period account wise/transaction wise/ document wise

<ul style="list-style-type: none"> • Demand Loan • Temporary Overdraft 	3 years from date of loan	<ul style="list-style-type: none"> • Demand Promissory Note (DPN) 	3 years from date of DPN
<ul style="list-style-type: none"> • Term Loan 	3 Years from due date of each instalment	<ul style="list-style-type: none"> • Recovery of loss caused by fraud 	3 years from date of detection of fraud
<ul style="list-style-type: none"> • Cash Credit (hypothecation) 	3 years from the date of document	<ul style="list-style-type: none"> • Cash Credit (pledge) 	Not applicable
<ul style="list-style-type: none"> • Bills discounting 	3 years from due date of respective bill	<ul style="list-style-type: none"> • Bill Purchasing 	3 years from date of bill
<ul style="list-style-type: none"> • Balance due on open current a/c, Cash Credit a/c 	3 years from close of financial year in which last item is admitted.	<ul style="list-style-type: none"> • Deposit a/c like SB, CA or matured FDR's 	3 years from date of demand
<ul style="list-style-type: none"> • Loan secured by mortgage 	12 years	<ul style="list-style-type: none"> • Right of foreclosure & right of redemption in case of mortgage 	30 years when money becomes due & right to recover accrues respectively.
<ul style="list-style-type: none"> • Suit by state/Central Government 	30 years from the period when litigation begins	<ul style="list-style-type: none"> • Appeal to High Court against lower court 	90 days from date of decree
<ul style="list-style-type: none"> • Appeal to other courts on the 	30 days from date of decree	<ul style="list-style-type: none"> • Execution of decree 	12 years from date of decree

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decree at lower court			
Limitation against the Guarantor does not begin unless, a demand is made on the guarantor to pay the debt.			

KNOWLEDGE TEST

- Q.1. which of the following mortgage is required to be registered with Registrar of Assurance?
A.Usufructuary Mortgage B. Simple Mortgage
C. English Mortgage D. All of the above
- Q. 2. Your branch has a facility against stock, but stocks are kept at third party warehouse who has acknowledged that, will keep stock under lock and key on Bank's behalf. Such a facility is?
A. Unsecured advance B. Cash Credit Hypothecation Advance
C. Advance against Ware House Receipt. D. Constructive Pledge.
- Q. 3. After conversion of Hypothecation into pledge, the bank will have same right as that of?
A. Pledger B. Pawnee C. Hypothecatee D. Assignee.
- Q. 4. If goods were damaged when these were in the possession of the bank?
A. Goods were old, Bank not liable to bear the loss B. Borrower to bear the loss
C. If adequate care taken by Bank, then not liable D. Bank and borrower equally share the loss.
- Q 5. Leonidas Dombivali, a partnership firm had obtained loan against shares in the name of one of the partner. The loan amount is overdue and there is no payment from borrower. Now bank wants to adjust the loan by selling shares. Which one of the charge is available to bank?
A. Pledge B. Set-Off
C. Assignment D. Lien.
- Q.6. On which of the following, the charge Hypothecation cannot be created?
A. Maruti Swift D'zire Car B. Land & Building named as "Mashree"
C. Stock of Chemicals D. Raw material of Coco powder.
- Q.7. Trust Receipt is an instrument in writing under which?
A. Goods or Document of title handed to borrower in a Trust
B. Borrower keeps possession of goods or document of title for & on behalf of Creditor
C. Pledge is effective even after delivery of goods D. All of the above.
- Q.8. Loan against security of Railway Receipt (RR) or goods receipt (GR) issued by approved transport company, which type of charge will be created?
A. Lien B. Pledge. C. Hypothecation D. Assignment.
- Q.9. Cash Credit facility of Rs.25 lakhs sanctioned to a firm by a branch in New Delhi. The firm has agreed to give as security , mortgage of commercial property located in Mumbai. Where can equitable mortgage be created?
A. can be created anywhere in India.
B. Notified Town concept not in vogue.
C. either at New Delhi or Mumbai- notified branch
D. At Daman, where stamp duty are minimal

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Q10. An equitable mortgage has been created in favour of Bank A on 01.03.2020, which has not been registered. Whereas a simple mortgage was created in favour of Bank B on 28.02.2020, but was registered on 11.03.2020. Who will have priority of charge?

- A. Bank A because registration of charge by B is later.
- B. Bank A because Equitable mortgage created.
- C. Bank B because simple mortgage has been created first
- D. Both bank holds pro-rata charge.

Q.11. In which of the following mortgage, the loan can be recovered from income of the property instead of from the borrower?

- A. Simple Mortgage.
- B. Usufructuary Mortgage
- C. Mortgage by conditional sale
- D. English Mortgage.

Q12. In a loan against Life Insurance Policy, which of the following value will be considered as a basis for fixation of loan limit?

- A. Face value of the policy
- B. Net Asset Value of the Policy
- C. Maturity value of the policy
- D. Surrender value of the policy

Q13. A Company is holding an immoveable property in Bengaluru, its registered office is in Pune and the company is willing to avail bank limits in Mumbai. Where will the equitable mortgage will be created?

- A. Pune
- B. Mumbai
- C. Bengaluru
- D. Any one of the above, as they are Notified Town

Q14. Notified Town or place for equitable mortgage shall be declared under official gazette by?

- A. State Government
- B. Central Government
- C. Municipal Corporation
- D. Anyone of the above, as concurrent list matter

Q15. On repayment of housing loan, the bank shown its inability to release the mortgage. Under which right the borrower can force bank to release the mortgage?

- A. Right of subrogation
- B. Right of foreclosure
- C. Right of redemption
- D. Right of appropriation

Q16. Please select the correct options about Indemnity?

- A. Indemnity is defined in sec 124 of Indian Contract Act, as one party promises to save other from the loss if any, in future.
- B. There are 2 parties Indemnifier and Indemnified
- C. Only 1 contract exist
- D. All of the above

Q.17. Invocation of Guarantee means?

- A. No default
- B. No pecuniary relation among borrower, beneficiary & guarantor
- C. default by borrower due to non-performance or pecuniary liability.
- D. Any one of the above.

Q.18. In a loan under mortgage, borrower defaults repayment, the mortgagee can enforce mortgage through court. This right of a mortgagee is called as?

- A. Right of pre-closure of mortgage
- B. Right of Fore Closure
- C. Right of reverse mortgage
- D. Right of Closure to Mortgagee

Q.19. In a Loan against property of Mr Raju, account was in default and repayment was called by mortgagee. Mr. Hari, guarantor, has repaid the loan entirely. Now, Mr Hari will hold this specific debt under which right?

- A. Right of subrogation
- B. Right of foreclosure
- C. Right of redemption
- D. Right of appropriation

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Q.20. Cash credit & Term Loan facility of Rs.50 Lakhs have been sanctioned to Shri Ratan Data Pro Services. The loan documents were signed by two partners at New Delhi on 20.01.2020 and by 3rd partner at Mumbai on 26.01.2020, on a holiday. Documents are properly stamped. On default of repayment Bank proceeded in DRT. The partners took a plea that, loan documents were signed at two different places and on a holiday. These documents are defective and bank cannot proceed to recover loan? Choose the correct option:

- A. The documents signed at different places are invalid and loan cannot be recovered.
- B. The documents signed on different dates are invalid.
- C. The documents signed on a holiday are invalid.
- D. Documents executed are valid and bank can proceed against the firm in DRT.

Q.21. Clayton's rule is applicable to accounts where customer deposits and withdraws money frequently. Under this rule, in chronological order the credit entry will set off the debit entry. The rule will be initiated on death or insolvency or insanity of borrower or retirement or death of partner or insolvency of guarantor or revocation of guarantee. It applies to which type of loan accounts?

- A. Demand Loan/Term Loan
- B. Cash Credit account
- C. Overdraft account
- D. Both B & C above

Q.22. The stamp used for documentation are?

- A. Judicial
- B. Non-Judicial
- C. Adhesive
- D. digital e-stamps

Q.23. A loan document has been executed by Mr.Shakeel in Daman and stamped as per the local laws, for a loan given in Mumbai. The account has become NPA and now Bank has decided to file suit in Mumbai court. What should bank do? The stamp duty is higher in Mumbai than Daman

- A. Bank should proceed and file suit based on the documents available
- B. obtain fresh L444C.
- C. Bank should get the documents adjudicated and pay the difference of stamp duty.
- D. None of the above.

Q.24. What type of stamp duty will be paid on usance bill of Exchange/Promissory note?

- A. @ state stamp law
- B. Ad-valorem
- C. @ municipal stamp law
- D. @ district stamp law

Q.25. A document is signed abroad for loan in India, when it should be stamped in India?

- A. Second stamp duty is illegal
- B. Registrar of Company will decide
- C. within 3 months from date of entry in India.
- D. stamp duty waived to NRI.

Q.26. In an unpaid overdraft a/c of Mr. Ravi Pujari, DP Note was signed on 13.07.2016. The district courts are having summer vacation 01.05.2019 to 11.07.2019; the suit should be filed before?

- A. 1st day of reopen of court on 12.07.2019 after summer vacation
- B. Before 30.04.2019
- C. Limitation law not applicable
- D. A & B above

Q.27. When should documents be stamped in any loan account?

- A. after execution of document
- B. before execution of document
- C. At the time of filing suit
- D. Whenever the borrower can pay stamp duty

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Q.28. What is the limitation period available to payee or holder of a cheque dishonoured due to insufficient fund under section 138 of Negotiable Instrument Act?

- A. 3 years from date of non-payment after expiry of notice period
- B. Two month from date of refusal by borrower
- C. 3 years from date of demand.
- D. one month from date of cause of action

Q.29. Mr. Arjun an owner of Crystal Chemical, Noida enjoys a term loan of Rs. 10 Lakhs with Unidutsch Bank. The firm was allowed a current account in Mumbai for operational convenience, but inadvertently the CD a/c was opened with different CUST ID. The Term Loan turns into NPA, the bank can attach CD at Mumbai, under?

- A. Right of Appropriation
- B. Right of Fore Closure
- C. Right of subrogation
- D. Right of Set off

Q.30. A loan document has become time barred loan and the bank wants that, limitation should be available again. It can be done?

- A. By obtaining L444C- i.e. acknowledgement of debt
- B. By asking borrower to make part payment
- C. By obtaining fresh loan document with old loan being the consideration
- D. All of the options are correct

Q31. Mr. Suresh signed a document which contains a declaration that, he will not be encumbering any charge over the assets or security kept with the bank to any third party or other lender. This type of charge will be called as:

- A. General Lien
- B. Negative Lien
- C. Particular Lien
- D. Positive Lien

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10
Answer	D	D	B	C	D	B	D	B	C	C
Q. No.	11	12	13	14	15	16	17	18	19	20
Answer	B	D	D	A	C	D	C	B	A	D
Q. No.	21	22	23	24	25	26	27	28	29	30
Answer	D	B	C	B	C	D	B	D	D	C
Q. No.	31									
Answer	B									

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22. STAR CONNECT & STAR REWARDZ, Internet Banking (Star^{connect})

We have introduced CBS-Internet Banking from Oct 2004. The determining factor for Retail / Corporate Internet Banking is based on Customer Constitution and Trade Finance Facility as per the matrix given below:

	Retail Internet Banking	Corporate Internet Banking	
Constitution	<ul style="list-style-type: none">• Individuals• Sole Proprietor• HUF	<ul style="list-style-type: none">• Non Individual• Partnership• Trust• Pvt. Ltd. Co.	<ul style="list-style-type: none">• Pub. Ltd. Co.• Society• Body Corporate
Trade Finance	<ul style="list-style-type: none">• NO	<ul style="list-style-type: none">• Yes	

Transaction Limit for Retail/Corporate Internet Banking User:

Transaction Type	Per transaction max.limit in Rupees		Daily Tran. Limit in Rupees	
	Retail	Corporate	Retail	Corporate
Tax Payments/Custom	25.00 lakh	5.00 Crore	No limit	No limit
NEFT	5.00 lakh	25.00 lakh	15.00 lakh	50 Lakh
RTGS	15.00 lakh	25.00 lakh	25.00 lakh	1.50 Crore
Third Party Fund Transfer (within Bank of India account)	5.00 lakh	25.00 lakh	15.00 lakh	1.50 Crore
IMPS payments	2.00 lakh	NA	15.00 lakh	NA
Payments	5.50 lakh	10.00 lakh	5.50 lakh	10.00 lakh
Self-transfers	15.00 lacs	50.00 lakh	No limit	No limit

Additional Facilities in Corporate Internet Banking:

Corporate Internet Banking users have additional facilities like Profile based access, account level restriction for their multiple users, imposing limits on the Fund Transfer, Multi-level workflow for doing transaction in maker checker concept, Bulk transaction posting, details of their Trade Finance accounts. In Corporate Internet banking one Company/Firm/Body corporate may have more than one users and all these multiple users will have different Mobile numbers. Therefore in case of multiple users, for entering / updating the Mobile numbers of the respective users so that they can able to receive SMS and OTP on their own Mobiles, the Branch will have to enter and verify the record by using menu option "CORPMOB" (this menu option does not update CUMM Mobile number details.) in Finacle.

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Star Token NG

Star Token facility was introduced by Bank of India as Two Factor Authentication (2FA) solution. The Star Token – NG application can be downloaded from Play Store (Android) and App Store (iOS). It is a secured application which can be used by any Internet banking users who are enrolled in STAR TOKEN. It provides secured browser to access Internet Banking and it also provides mobile banking functionalities under “Quick Banking” widget.

Star Rewardz: Debit/Credit Card Customers will get rewarded with **Star Points** for their transactions at POS & e-commerce.

For Debit Card holders

Slabs	Amount Spent Per Month	Points per Rs. 100/-	Per Point Value (in Paise)
Slab 1	Up to Rs. 5,000/-	1 Point	25 Paise per 1 Point
Slab 2	From Rs. 5,001/- to Rs. 10,000/-	1.5 Points	25 Paise per 1 point
Slab 3	Rs. 10,001/- and above	2 Points	25 Paise per 1 point

Bank of India offers **50% MORE** Star Points (Loyalty Reward Points) to **Sangini Debit Card** Holders. You get 1.5 Points in place of 1 Point for every Rs.100 spent, for every card usage at POS/e-commerce transactions.

For Credit Card Holders

For every use of Rs.100 Star Reward Points will be accrued as per the following table:-

Category	Points Offered	Per Point Value in Paise
Non-Preferred Category	2 Star Points per Rs. 100/-	25 Paise per 1 Point
Preferred Category	3 Star Points for every Rs.100/-	25 Paise per 1 point

Redemption of Star Points:

Customers can utilize the Points to avail Goods & Services and Merchandise like Airline tickets / Bus Tickets/ Movie Tickets/Mobile & DTH Recharge. For redemption of star points minimum of **100 Points** required.

Star Rewardz points can be redeemed at certain approved shop like Big Bazar, Shopper Stop, Life Style etc.

Install “BOI Star Rewardz” app from Play Store/ App Store

Log on to BOI Star Rewards Program Website www.boistarrewardz.com

Expiry: If not redeemed, BOI Points accrued in the account will expire after 36 months, excluding the month of accrual.

KNOWLEDGE TEST

Q1. Finacle Menu for linking of PPF account with Internet Banking:

- A. ADDPPF
- B. IBADDPPF
- C. PPFMNT
- D. CAN'T LINK

Q2. If Trade Finance facility is “Y” in CUMM, we can issue..... to the customer.

- A. Retail Internet Banking
- B. Corporate Internet Banking
- C. Can't issue Internet Banking
- D. A or B

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- Q3. Retail Internet Banking cannot be issued to
A. Individual
B. HUF
C. Sole Proprietor
D. Trust
- Q4. Customer can register online nomination through Internet Banking for
A. Saving Account
B. Jointly operated TD Account
C. Self operated TD Accounts
D. Any of the above
- Q5. Facility of ATM CARD through Internet Banking is available for
A. Hot Listing of ATM Card
B. Change ATM PIN
C. Reset of ATM PIN
D. All of the above
- Q6. Through Internet Banking, customer can open
A. SB/RD Account
B. RD/CD Account
C. SB/DBD Account
D. RD/DBD/SDR Accounts
- Q7. Credit card statement through Internet Banking is available for
A. Only billed transaction
B. Only unbilled transaction
C. Both billed & unbilled transaction
D. Credit Card statement is not available in Internet Banking
- Q8. Internet Banking user can close Term deposit account
A. Only matured Term Deposit account opened through Internet Banking.
B. Only premature TD account opened online
C. Customer can close any TD account, opened at branch.
D. Only matured TD account.
- Q9. Branch can provide Star Token through menu
A. IBSTATUS
B. CUMM
C. STCON
D. STKREQ
- Q10. The maximum transaction limit per day under Quick Banking is Rs.
A. 10000.00
B. 25000.00
C. 50000.00
D. 100000.00
- Q11. What is BBPS ?
A. Bank Bulk Posting System
B. Bharat Bank Payment System
C. Bharat Bill Payment System
D. Branch banking Posting Server
- Q12. Through Retail Internet Banking, you cannot register request for
A. ATM Card hot listing, PIN change, PIN Reset and unblock.
B. Open a Term Deposit Account Online
C. Request a Cheque Book Online
D. Request for issuance of demand draft.
- Q13. Bank of India's internet banking is known as
A. Star Shakti
B. Star Connect
C. BOI Starnet
D. BOI Internet Banking
- Q14. The validity of Login & Transaction Password in Star connect Retail Internet Banking is
A. 2 years & 6 months
B. 1 year & 6 months
C. 365 days & 90 days
D. 730 days & 180 days
- Q15. Which statement is incorrect with regard to BOI STAR REWARDZ

23.IRAC NORMS AND PROVISIONS

The concept came in 1992-93 following Narasimham Committee Recommendations on the financial system & in line with the International Practices.

Income Recognition-Income will be recognized only when it is actually credited to Bank's P/L & based on record of recovery on Cash Basis.

Asset Classification- On the basis of recovery, not on the basis of assets and to ensure a uniform & consistent application of norms.

What is NPA (Non Performing Asset)?

When the asset of the Bank ceases to generate income, it is called NPA. When interest and/or installments of principal in a credit facility have remained "**overdue**" or remained out of order (for cash credit and overdraft facility) for specified period i.e. presently 90 days, it becomes NPA. It has been decided to adopt **90 days overdue norm** for identification of NPAs, **from 31.03.2004**.

NPA in Demand and Term Loan

Interest and /or Installment of Principal Loan remain unpaid/ overdue for period of more than 90 days.

NPA in CC/OD Accounts

Outstanding balance remains continuously in excess of the sanctioned limit/drawing power for more than 90 days or it is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days and/or credits are not enough to cover the interest debited during the same period.

Crop Loans :-The installments (principal or interest) overdue for

- a. Two crop seasons for short duration crops
- b. One crop season for long duration crop

NPA on Technical Grounds

- Non-receipt of Stock /BD Statement >180 days (if not submitted for first 90 days account becomes irregular, thereafter overdue for next 90 days, total 180 days)
- If account is not reviewed within 180 days from due date.
- No Credits for continuously 90 days
- In consortium arrangement with less than Rs.150 crore, NPA classifications are on the basis of record of recovery of individual banks.
- In case of consortium advances of Rs.150 crore & above under Joint Lending Agreement (JLA), if one bank classifies the a/c as NPA all others should follow suit.

Exemption from 90 days overdue norms:

Following accounts are exempted as the interest on following advances may be taken into income:

- a. Bank 's own TDRs.
- b. Loan against NSC/KVP/IVP
- c. Loan against LIC policies ,

These need not be classified as NPA, provided adequate Margin is available.

Advances against Gold ornaments/ Govt. Securities / Shares-**Not covered under exemption** i.e. these account are classified as NPA on becoming overdue after 90 days.

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Date of Commencement of Commercial Operation (DCCO)

Bank's /FIs are required to mention the date of completion and the date of commencement of commercial operation at the time of financial closure of the project and same should be formally documented.

- 1) Project may be classified as NPA any time before commencement of commercial operations as per record of recovery (90 days overdue).
- 2) Dispensation based on condition that, application for restructuring should be received before the expiry of period of deferment.

For extension of DCCO, the Board of the Banks should be satisfied about the viability of project and restructuring plan.

NPA Norms in Government Guaranteed Accounts

Central Government Guaranteed Accounts

The credit facility backed by the guarantee of Central Government though overdue may be treated as NPA only when Govt. repudiates its guarantee on being invoked.

State Government Guaranteed Accounts

Normal 90 days overdue norms are applicable. If Interest and or Installment remains overdue for more than 90 days [w.e.f. 31-03-2006], the account become NPA, even if State Govt Guarantee is not invoked.

Asset classification is borrower-wise not facility wise .If one account in a CUSTOMER ID is NPA then all accounts of the same customer ID will become NPA.

Asset Code 11 -Performing or Standard Asset, carry normal credit risk and does not pose any problem.

Asset Code 12 -Watch category. Overdue from 31 days to 90 days and are reported under SASCL.

Asset Code 13 -Non-CDR (Corporate Debt Restructured) Accounts

Asset Code 14 -CDR (**Corporate Debt Restructured**) Accounts

Asset Code 15- Infrastructure A/c restructured due to extension of DCCO beyond 2 years

Asset Code 16- Non Infrastructure A/c restructured due to extension of DCCO beyond 1 year

Asset Code 17- Accounts re- structured under SDR (**Strategic Debt Restructure**) /Outside SDR

Asset Code 18- A/C structured under S4A (**Scheme For Sustainable Structuring Of Stressed Assets**)

Asset Code 19- MSME One Time Restructured accounts upto Rs.25 crores

Watch Category Accounts are classified as under:

Watch Category	Delinquency.
SMA-0	up to 30 days or even no delinquencies in repayment, but terms of sanction are not complied
SMA-1:	from 31 days to 60 days
SMA-2:	from 61 days to 90 days.

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Other points to consider

- ✦ An NPA need not necessarily go through the various stages of classification in case of erosion in value of assets, non availability of security or fraud.
- ✦ **Standard to Doubtful**- If erosion of security is more than 50% of the value as assessed by bank or accepted by RBI in last inspection`.
- ✦ **Standard to loss**-
 - If the RVS is less than 10% of the balance outstanding,
 - In fraud accounts &
 - Overdraft due to usage of India card/TOD in C/D A/c.

Provisions- Standard Asset

Agriculture and MSE	-0.25%
Home Loan	-0.25% (Sanctioned After 07.06.2017)
Commercial Real Estate	-1.00%
Real Estate Housing	-0.75%
Restructured Advances	-5.00% (provision may be higher than 5% considering status of the project)
All Loans other than mentioned above	-0.40%

NPA Provisioning

Classification	Asset Code	Period	Provision
Sub-standard (Secured) Sub-standard (Un-secured)	21 22	12 months	15 % 25% of O/s amount
Doubtful-1	31	12 months (total-24 months)	25% of RVS* + 100% of Short fall
Doubtful-2	32	24 months (total-48 months)	40% of RVS* + 100% of Short Fall
Doubtful-3	33	Till liquidation	100% of O/s amount, Irrespective of value of security
Loss-Asset	40	Not applicable.	100% of O/s amount.

*RVS- Realisable Value of Security

Knowledge Test

- Q1. What is the general provision with regards to Agriculture accounts in Standard Assets?
- A. 0.50%
 - B. 0.25%
 - C. 0.40%
 - D. 2.00%
- Q2.SMA stands for
- A. Substandard Marked Account
 - B. System Maintained Account
 - C. Special Mention Account
 - D. Specially Marked Account
- Q3.What will be the provision for Doubtful Asset –II (Health Code-32)?
- A. 15% of outstanding balance

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- B. 100% of outstanding balance
- C. 100 % of the shortfall in security + 40 % of Realizable Value of Security (RVS)
- D. 100 % of the shortfall in security + 50 % of Realizable Value of Security (RVS)

Q4. What will be the provision for Substandard assets?

- A. 15% for secured Loan
- B. 25% for unsecured Loan
- C. Both A & B
- D. None of these

Q5. Agriculture advances given for short duration crop will be treated as NPA, if interest and / or instalment remains overdue for?

- A. 90 days
- B. 180 days
- C. 1 Crop Seasons
- D. 2 Crop Season

Q6. A credit / investment facility backed by state government guarantee where installment / principal amount is over due to the bank for period exceeding 90 days will be treated as;

- A. Performing (Standard) Asset
- B. Exempted Asset
- C. 180 days norms for NPA
- D. NPA

Q7. Which statement is true with regards to asset classification?

- A. Asset classification is borrower-wise not facility wise.
- B. If H/L of individual is NPA, his Proprietorship firm A/c will not become NPA.
- C. Both A & B
- D. None of these

Q8. Term Loan A/c will be treated as NPA, if instalment / interest remain overdue for more than...

- A. Two quarter
- B. One Quarter
- C. 90 Days
- D. 180 Days

Q9. As per Bank's guidelines Sub Standard Asset can remain in that category for a period of....

- A. 12 months
- B. 18 months
- C. 24 months
- D. 6 months

Q10. A loan A/c is classified as NPA on 31.03.2015. What will be asset classification of the A/c on 01.04.2017?

- A. 21
- B. 31
- C. 32
- D. 33

Q11. Which of the following are called as 'Soft NPA's'

- A. Loss Assets
- B. Doubtful under Asset Code 31
- C. Doubtful under Asset Code 33
- D. Sub-Standard Assets

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Q12. A Cash Credit Account is in order. However, the Account is overdue for review for more than 12 months from the date of review. The account will be treated as:

- A. Standard Asset
- B. Sub Standard Asset
- C. Standard Asset as per Auditor's discretion
- D. The matter is to be referred to Zonal Office

Q13. As per Narsimham Committee norms, interest is recognised on

- A. Accrual basis
- B. On the basis of security held & Borrower's worth
- C. Cash recovery basis
- D. Value of security in the account

Q14. Standard Commercial Real Estate advances will attract a provision of %

- A. 1%
- B. 1.5%
- C. 2.5%
- D. 5%

Q15. A Standard Asset is an asset that:

- A. Does not follow the guidelines laid by RBI
- B. Does not generate income for the Bank
- C. Generates accounts for the Bank
- D. Generates income for the Bank

Q16. When will the bills purchased/ discounted become NPA?

- A. If they remain overdue for a period of more than 90 days from its due date
- B. If they remain overdue for a period of more than 180 days from its due date
- C. Bills cannot become NPA as they are not assets
- D. Only RBI is authorized to classify Bills as NPA

Q17. Any account wherein realizable value of Security is less than _____ will be classified as Loss

Assets.

- A. 5%
- B. 10%
- C. 15%
- D. 20%

Q18. What will be the provision for restructured account?

- A. 0.25%
- B. 0.40%
- C. 1.00%
- D. 5.00%

Q19. What will be the NPA provision for debit balances in charge account due to India Card payment?

- A. 15%
- B. 25%
- C. 100%
- D. No Provision is required

Q20. What is the full form of SASCL in Finacle?

- A. System Asset Classification
- B. System Asset Calculation
- C. System Asset Code List
- D. None of the above.

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Q21. What is the full form of SAIC?

- A. Stress Asset Identification Committee
- B. System Asset Information Classification
- C. Special Asset Identity Code
- D. None of the Above

Q22. M/s Nature Paints Agency was provided with a credit facility of Rs. 20 Lakh on 01.01.2019. The account turned NPA on 31.03.2020. The outstanding as on 30.05.2020 is following:

Balance outstanding - Rs. 21.60 lakh,
Unrealised interest (URI) - Rs. 1.60 lakh,
Realisable value of security – Rs. 5.00 lakh .

The account is Secured substandard account(HC-21), calculate the provisions in this account.

- A. 2 lakh B. 3 lakh C.4 lakh D.5 lakh

Q.23. M/s Agarwal brothers, a partnership firm was enjoying Cash Credit limit of Rs. 3.50 lakh since 01.01.2016. The firm was exporting perfumes to Dubai and European nations. Due to dispute among the partners, the account turned into NPA on 31.03.2018. The present outstanding as on 30.05.2020 is as under:

Ledger Outstanding : Rs.4.00 lakh
ECGC cover : 50 %
Age of NPA : 2 MONTHS IN DOUBTFUL CATEGORY (HC-32)
Value Of Security Held : Rs.1.50 lakh

What will be the provisions in the given account?

- A. 2.10 lakh B. 1.50 lakh C.1.63 lakh D.1.85 lakh

Q24. An Account overdue for 31 to 60 days will be classified as....

- A. SMA 1 B. SMA 2 C.SMA 0 D.None of the above

Q25. M/s Vinodini Agency account is in NPA status for more than 48 months, what will be the provision in the account?

- A. 25%
- B. 40%
- C. 15%
- D. 100%

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	B	C	C	C	D	D	A	C	A	C	D	B	C	A	D
Q. No.	16	17	18	19	20	21	22	23	24	25					
Answer	A	B	D	C	A	A	B	D	A	D					

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24.NPA Recovery Tools

Impact of NPA :

- Reversal of URI – Reversal of earlier interest income from P&L Account-Instant Loss,
- Provisioning – Adverse Impact on Profitability
- Interest Income Ceased –Impact on Profitability.
- Time Management.- Precious manpower engaged in recovery .
- Ageing of NPA - Increase in Provision, Impact on Profitability.
- Lowering of Bank's Rating & Bank's Share value, Damaging Bank's Image / Reputation/ Business Loss.

Various methods to reduce NPA level :

- Put best efforts for cash recovery – up gradation / closure of A/c,
- Appropriate liquid securities i.e. FDs, NSC, Shares, margin money etc.
- Sale of pledged goods, to reduce outstanding, as per norms.
- Lodge CGTMSE, ECGC etc. claim within stipulated time.
- Allow holding on operations for recovery.
- Restructure the account, as per norms.
- Compromise- OTS , as per prevailing schemes.
- Go to Lok Adalat, as the case may be.

Organise monthly Recovery Camps with adequate, proper publicity and focus.

Other measures- Recall the dues & thereafter if dues are not paid, publish the names and other details of wilful defaulters along with photographs in the newspaper, as per the norms.

Take suitable legal action, like action under SARFAESI Act, Filing suit in a Court, DRT, NCLT (IBC), file RRC etc. as per norms.

We can take the help of recovery agents, enforcement agents and detective agency to trace out the borrowers and guarantors, their assets and for effective and quick recovery. Sale of assets to **ARCs** (Asset Reconstruction Companies).

Write Off – A last resort- but efforts for recovery of dues to continue.

- **Lok Adalat :** The Lok Adalat has been given legal recognition by enacting Legal Services Authorities Act, 1987. Lok-Adalat is a process of administering justice without resorting to courts, and with mutual understanding. The process is voluntary and works on the principle that both the parties to the dispute are willing to sort out their disputes amicably (for NPA up to Rs.20 Lakhs).
- **SARFAESI Act, 2002 :** The SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 enables the secured creditors, Banks to enforce security interest for recovery of its dues without the intervention of the Court provided that security interest has been properly charged in favour of the Bank and fulfilment of other conditions for outstanding over Rs.1 Lakh. This Act was amended from time to time.

The Act has three segments: - (a) Securitisation & Asset Reconstruction Companies
(b) Central Registry (c) Enforcement of Security Interest

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U/s 13(2) The Authorised Officer (Scale IV & above, nominated by ZM/DGM of LCB) will issue the Notice for payment of bank's dues, giving 60 days time.

U/s 13(4), in the event of default by borrower/guarantor, a secured creditor will have the following rights:

- (i) To take possession, sell or lease secured assets,
 - (ii) To take over the management of the business,
 - (iii) To appoint a manager,
 - (iv) Make Recovery by money payable by 3rd parties to the borrower.
- **DRT (Debt Recovery Tribunal) ACT,1993** : DRT is special quasi-judicial forum established under Recovery of Debts due to Banks and Financial Institution for speedy recovery of loans. The Act came into effect from 24 June 1993.
 - **Insolvency and Bankruptcy Code, 2016 (IBC):**
The Insolvency & Bankruptcy Code 2016 notified on 01.12.2016 and offers a comprehensive insolvency legislation. Insolvency is a failure of a company or LLP to pay due amount of Rs 1 lakh or above.
 - **NCLT:** The Central Government has constituted National Company Law Tribunal (NCLT) under section 408 of the Companies Act, 2013 (18 of 2013) w.e.f. 1st June 2016. At present, NCLT will look into the cases of companies and LLPs under IBC, and DRT will take up the cases of Partnership firms and individuals. It executes the Insolvency & Bankruptcy Code, 2016 through Insolvency Resolution Process or Inter Creditor Arrangements or waterfall mechanism or Committee of Creditors approved plans for defaulted corporate accounts. If process of IRP fails or rejected then the company goes into liquidation.
 - **NCLAT:** National Company Law Appellate Tribunal (NCLAT) was constituted under Section 410 of the Companies Act, 2013 for hearing appeals against the orders of National Company Law Tribunal(s) (NCLT), with effect from 1st June, 2016. NCLAT is also the Appellate Tribunal for hearing appeals against:
 - 1) Orders passed by NCLT(s) under Section 61 of the Insolvency and Bankruptcy Code, 2016 (IBC), with effect from 1st December, 2016.
 - 2) Orders passed by Insolvency and Bankruptcy Board of India (IBBI) under Section 202 and Section 211 of IBC.
 - 3) To hear and dispose of appeals against any direction issued or decision made or order passed by the Competition Commission of India (CCI).
 - **Asset Reconstruction Company (ARC):** ARC buys NPAs (distressed assets) from Banks and FIs at a discount and takes actions for the recovery by way of securitization, reconstruction, sale of the assets, and even takeover of management also. ARCs should be registered with RBI under the provisions of SARFAESI Act.

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KNOWLEDGE TEST

- Q.1 What is the threshold limit for declaring willful defaulter ?
(A) Rs 50 Lakhs & above (B) Rs 1 crore & above
(C) Rs 5 crore & above (D) Rs 25 Lakhs & above
- Q.2 What is the maximum amount that can be considered under Lok Adalat ?
(A) Rs 10 Lakhs (B) Rs 20 Lakhs (C) Rs 1 crore (D) Rs 50 lakhs
- Q.3 Who is authorized to issue notices under SARFAESI Act ?
(A) Branch Head (B) Authorised Officer (C) ZM (D) DY ZM
- Q.4 What is the pecuniary limit for filing of original application before Debt Recovery Tribunal ?
(A) Rs 20 Lakhs & above (B) Rs 10 Lakhs & above
(C) Rs 1 crore & above (D) Rs 25 Lakhs & above
- Q.5 Who is authorized in BOI, to sign, execute Applications, Appeals, Vakalatnama to be filed before NCLT, NCLAT, High Court, Supreme Court under IBC 2016 ?
(A) Assistant General Manager (B) Deputy General Manager
(C) A & B (D) Chief Manager & above
- Q.6 What is the full form of DRT ?
(A) Direct Recovery Tribunal (B) Debt Recourse Tribunal (C) Debt Reconstruction Tribunal
(D) Debt Recovery Tribunal
- Q.7 What is the maximum time given to borrower through a Bank's notice, to pay Bank's dues, before declaring wilful defaulter ?
(A) 7 days (B) 15 days (C) 10 days (D) 30 days
- Q.8 What is the threshold limit for Red Flagging an account ?
(A) Rs 50 crore & above (B) Rs 10 crore & above
(C) Rs 1 crore & above (D) Rs 5 crore & above
- Q.9 What is the maximum time given by RBI and our Bank to complete the Red Flagging Process ?
(A) by RBI 180 days & By Our Bank 180 days (B) by RBI 120 days & By our Bank 90 days
(C) by RBI 180 days & By our Bank 90 days (D) by RBI 180 days & By our Bank 120 days
- Q.10 What should be the cooling period for a farmer for giving fresh crop loan, whose previous credit facility was closed under OTS?
(A) No such cooling period (B) 3 months (C) 6 months (D) Not eligible for fresh loan
- Q.11 What should be the minimum payable dues to file case under IBC 2016 against a company or LLP ?
(A) Rs 1 crore (B) Rs 50 lakhs (C) Rs 10 lakhs (D) Rs 1 lakh
- Q.12 What is the maximum period allowed in normal course and under special circumstances for Holding on Operations in NPA Accounts ?
(A) 3 & 6 months (B) 12 & 18 months (C) 9 & 12 months (D) 6 & 12 months

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Q.13 When was Insolvency & Bankruptcy Code was introduced in India ?

- (A) 2014 (B) 2018 (C) 2010 (D) 2016

Q.14 What is the minimum time given to borrower/guarantor, before auction/sale of assets under SARFAESI Act ?

- (A) 45 days (B) 30 days (C) 60 days (D) 90 days

Q.15 Who can initiate process of corporate insolvency resolution under IBC 2016 ?

- (A) Financial Creditor (B) Operational Creditor (C) Corporate Debtor himself (D) All above

Q.16 IBC 2016 was amended in March 2020, this amendment was related to :

- (A) Food and Agro Processing Units (B) Shifting of cases to DRT
(C) Allottees under real estate project (D) Filing appeal in NCLAT

Q.17 Which of the followings is associated with our mission "Star Samadhan" ?

- (A) To achieve priority sector targets (B) to achieve MSME targets
(C) To settle court cases through Lok Adalat (D) To reduce NPA level through OTS

Q.18 Which is incorrect with regard to One Time MSME Restructuring Scheme extended & revised by RBI ?

- (A) Aggregate exposure should not exceed Rs 25 crore as on 01.03.2020
(B) A/c in default, but should be standard as on 01.03.2020, & also as on the date of restructuring
(C) Restructuring should be implemented on or before 31.10.2021
(D) A provision of 5% to be made in addition to the provisions already held by Banks

Q.19 Reply to the letter of borrower against 13(2) Notice issued under SARFAESI Act, should be given by the bank within ?

- (A) 15 days (B) 7 days (C) 30 days (D) 21 days

Q.20 Who is the authorized authority in BOI, other than LCB, for Red Flagging the account below Rs 50 crore?

- (A) HO-FMG (B) ZLCC (C) NBG-FMG (D) AGM & above

Q.21 Under which section of SARFAESI Act, Authorised Officer takes the possession of the secured assets ?

- (A) 13(4) (B) 13(2) (C) 13(3) (D) 17

Q.22 Which among the following is correct with regard to Standard Operating Procedure(SOP) in BOI to examine wilful default angle ?

- (A) Branch will examine the cases of Rs 25 lakh & above and below Rs 5 crore
(B) ZO/LCB will examine the cases of Rs 5 crore & above and below Rs 50 crore
(C) Head Office will examine the cases of Rs 50 crore & above
(D) All the above are correct

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Q.23 Which is incorrect with regard to Partial Write Off in BOI ?

- (A) It can be done in all NPA accounts
- (B) It can be done to the extent of provision held
- (C) It can be done in Doubtful Asset code 33
- (D) It is not covered by security.

Q.24 Which is correct with regard to Prudential Write Off in BOI ?

- (A) It can be done in Doubtful -3 and Loss Asset accounts
- (B) It can be done where 100% provisioning is available as at the end of previous quarter
- (C) It is done without impacting the account at branch level
- (D) All the above are correct

Q.25 What is the maximum time given to the borrower to submit his reply, to the **show cause notice** of the Bank, before declaring wilful defaulter ?

- (A) 7 days (B) 15 days (C) 10 days (D) 30 days

TEST KEY

Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q 10
D	B	B	A	C	D	A	A	D	A
Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20
D	D	D	B	D	C	D	C	A	C
Q21	Q22	Q.23	Q24	Q25					
A	D	A	D	B					

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25.Foreign Exchange & Non Fund Business

Foreign Exchange: as per Foreign Exchange Management Act (FEMA) means

- 1) Deposit, credit and balance payable in foreign currency
- 2) Drafts, Travelers Cheques, Letter of Credit (LC) or Bill of Exchange(BoE)expressed or drawn in Indian Currency but payable in Foreign Currency &
- 3) Drafts, Travelers Cheques, Letter of Credit (LC) or Bill of exchange (BoE) drawn by Bank's, institutions or persons outside India but payable in Indian Currency .

I) Type of Persons:

	Person Resident in India	NRI	Overseas Citizen of India (OCI) (earlier PIO)
Definition	Person resident in India for more than 182 days during preceding Financial Year.	An individual resident outside India for more than 182 days ,who is citizen of India or is an 'Overseas Citizen of India' cardholder	A person resident outside India other than Bangladesh or Pakistan
Citizenship	Indian	Indian, resident outside for employment/ business/ Vocation/studies	Indian, (Citizenship by Constitution of India or by territorial acquisition or whose parents/grandparents/great grandparents were Indian). Foreigner spouse of Indian citizen.

II) NRI Deposit Accounts:

Features	Foreign Currency Non-Resident- Bank	Non-Resident External(INR)	Non-Resident Ordinary A/c	Resident Foreign Currency A/c	Exchange Earner Foreign Currency A/c
A/c Holder	NRI/OCI	NRI/OCI	NRI/OCI/ Foreign student/ Existing NRI+ Resident	Indian Resident who was NRI(min 1 year), has returned to settle in India	Exporter of Goods & services, Indian resident
Joint A/c Former or Survivor	2 or more NRI's. F/S With close resident relative	2 or more NRI. F/S with close resident relative	Allowed with resident individual, F/S	With close resident relative, F/S	With close resident relative, F/S
Currency	Any convertible currency	INR	INR	\$.GBP with BOI	\$.GBP, Euro with BOI
Sources of Funds	Foreign Inward Remittance (FIR) /NRE INR a/c	Foreign Inward remittance/ FCNR-B/NRO a/c	FIR, local earnings	Foreign exchange received from aboard.	Business earnings in FC.
Type of A/c	FDR only (1 to 5 Years)	CD, SB, FDR	CD,SB,RD, FDR(7days to 10 years)	CD,SB, FDR(min 1 Year to3 years)	CD only
Repatriation	Principle+ Int.	Principle+ Int.	Int. + Current Income, \$1Million per Financial Year	Permitted for use outside India	Payment towards Capital / Current a/c

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Income tax/TDS	Not applicable	Not applicable	Both IT/TDS applicable	Conditional Declaration	/	Non-Int. bearing a/c
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RFC (Domestic) a/c: Forex acquired on visit abroad or honorarium/service/gift only CD a/c Deposit (Non-Interest bearing a/c). Say a visiting faculty to Ohio University deposited \$5000 in RFC (D) a/c.

Currency convertibility means the ease with which the country's currency can be converted into gold or any other acceptable foreign currency

Categories of Forex Transactions:

	Current Account Transaction	Capital Account transactions
Definition	Payment from foreign trade, business, services, interest on loan, investment income, living expenses of parents, child, spouse residing abroad & expenses related to foreign travel, education or medical care of family.	All the transactions which alters the assets or liabilities (including contingent liabilities) outside India of person resident in India or assets/liabilities in India of person resident outside India. Investment in foreign securities, transfer of immoveable property outside India, maintenance of foreign currency account in India & abroad.
Convertibility	No restriction	Only some capital account transactions are permitted.

All forex transactions can be carried by resident and non-resident through (APs) **Authorised Person** (Authorised Dealer or Money Changer). RBI issues licence to APs.

Exchange Rate: It is the rate at which one currency is converted into another.

Direct rate is where foreign currency (FC) unit is fixed and home currency is variable.

Example 1\$ = Rs 74.20.

The Foreign currency rates are available for various periods

CASH rates are for today

TOM rates are for Tomorrow

SPOT rates are for T +1

FORWARD rates are for any day after SPOT

Our forex products:

- 1) Exporter's Gold Card –Privileged Customer status on competitive terms to our exporters.
- 2) FCNR(B), Diamond Dollar A/c & RFC A/c
- 3) Dual currency swing limit in \$
- 4) US \$ cheque collection centre, through CTS at BKC, HO.
- 5) Fx-Retail – electronic platform through internet based application for purchase and sale of foreign currency at market price. It can be used by Individuals, Importer/Exporter & SME.
- 6) OTC Derivative or Exchange Traded Derivatives – Hedging exchange risk on transactions with cap on outstanding contract of \$30 million to resident and non-resident entities other than individuals.

Non-Fund based Limits

In any business, acquisition of fixed asset, purchase of current assets, availing services and managing operating cycle efficiently forms core of the activity. These activities will create a

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need for Non-fund based facilities like bank guarantee or Letter of Credit or co-acceptance facility from a lender or bank.

	Guarantees	Letter of Credit
Definition	Section 126 of Indian Contract Act, 1872, defines as a contract to perform the promise or discharge the liability of a 3 rd party in case of default	A letter of credit is a document from a bank or a financial institution issued on behalf of the buyer to the sellers assuring the payment on production of documents as stipulated in the credit.
Parties	<p><u>Principal debtor</u>: the person who has to perform or discharge a liability, on whose behalf guarantee is given</p> <p><u>Principal creditor or beneficiary</u>: the person to whom guarantee is given.</p> <p><u>Guarantor or surety</u>: the person who gives the guarantee.</p>	<p><u>Applicant</u>: the buyer or importer of goods</p> <p><u>Issuing Bank</u>: Importer's or buyer's bank who issues L/C and assures payment if documents are as per L/C.</p> <p><u>Advising Bank</u>: The Bank that informs the beneficiary about issuance of L/C .</p> <p><u>Beneficiary</u>: Seller or supplier or exporter, gets payment under LC.</p> <p><u>Negotiating Bank</u>: to whom beneficiary presents the document for negotiation.</p> <p><u>Reimbursing Bank</u>: 3rd bank which repays, settles or funds the negotiating bank at the request of issuing bank.</p> <p><u>Confirming Bank</u>: The Bank that confirms the Credit & takes responsibility for payment at the request of the opening/issuing bank.</p>
Types	<p><u>Financial Guarantee</u>: Bank irrevocably undertakes to repay financial obligation.</p> <p><u>Performance Guarantee</u>: bank irrevocably undertakes to repay on failure to fulfil or perform a contractual non-financial obligation.</p> <p>Examples Guarantees towards bid bonds, export performance, security/Earnest Money Deposit for tenders, Retention money, indemnities, Stand By Letter of Credit (SBLC) etc.,</p>	<p><u>DA LC</u>: Payment is to be made on maturity date in terms of credit (usance LC)</p> <p><u>DP LC</u>: Payment is to be made against document on presentation (Sight LC)</p> <p><u>Irrevocable LC</u>: can be cancelled or amended with the consent of beneficiary, applicant bank and confirming bank, if any.</p> <p><u>Revocable LC</u>: can be cancelled or amended at any time without prior knowledge of beneficiary. If nothing is stated, it is irrevocable LC.</p> <p><u>With Recourse LC</u>: beneficiary holds himself liable to the holder of bill, if dishonoured.</p> <p><u>Without recourse LC</u>: Beneficiary doesn't hold himself liable, such LC are not permitted by RBI.</p> <p><u>Restricted LC</u>: wherein specified bank is designated to pay, accept or negotiate.</p> <p><u>Confirmed LC</u>: advising or other bank at the request of issuing bank adds confirmations.</p> <p><u>Transferrable LC</u>: beneficiary of LC can transfer in whole or in part to 2nd beneficiary. It is transferrable only once.</p> <p><u>Back to back LC</u>: 2nd LC opened by the beneficiary in favour of 2nd beneficiary who is local supplier.</p> <p><u>Red Clause LC</u>: a clause permitting the correspondent bank to grant advance to beneficiary.</p>

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		<p><u>Green clause LC</u>: permits the advance for storage of goods, in addition to pre-shipment advance.</p> <p><u>SBLC</u>: performance bond or guarantee.</p> <p><u>Revolving Credit</u>: amount of drawing made would be reinstated and made available to the beneficiary again & again.</p> <p><u>Instalment Credit</u>: LC for full value of goods, but requires shipment of specific quantities of goods within nominated period.</p>
	Normally Guarantees can have a maturity period up to 10 years. For projects, guarantee beyond 10 years can be issued under a policy approved by Board of Directors.	<p><u>Uniform Customs and Practice for Documentary Credit (UCP-600)</u>, prepared by ICC Paris has 39 Articles. UCP-600 with supplement for electronic presentation covering 12-E Articles applicable to LC.</p> <p>URR 525= Uniform Rules for bank to bank Reimbursement under Documentary credit.</p>

Trade Finance terminology

<u>Importer</u> Applicant consignee Drawee	<u>Exporter</u> Beneficiary Consignor or shipper Drawer	<u>Freight Forwarder</u> takes responsibility of shipping the goods on behalf of exporter	<u>Charter party</u> Who has hired or leased a ship	<u>Multimodal</u> Single journey of goods covered by different modes of transport	<u>Demurrage</u> Penal charges to be paid when the goods are not unloaded from the ship within the given timeframe.
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The International Commercial Terms (**Incoterms**) are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) relating to international commercial law. Some of the INCOTERMS with their full form are given below-

INCOTERMS	FULL FORM	INCOTERMS	FULL FORM
EXW	Ex Works	CFR	Cost and Freight
FCA	Free Carrier	CIF	Cost Insurance and Freight
FAS	Free Alongside Ship	CPT	Carriage Paid To
FOB	Free on Board	CIP	Carriage and Insurance Paid
DAT	Delivered at Terminal	DAP	Delivered at Place
DDP	Delivered Duty Paid		

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KNOWLEDGE TEST

Q.1. Liberalised Remittance Scheme (LRS) is available to resident individuals, including minor. Please select correct option?

- A. Can be remitted as Gift or donation, going abroad for employment or medical treatment.
- B. Can be consolidated with close family members, if complying with terms and conditions of LRS.

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- A. Capital Adequacy Ratio, monthly
B. Liquidity Coverage Ratio, fortnightly
C. Gap balance Position Return, Half yearly
D. Return giving details of sale & purchase of foreign exchange, fortnightly.
- Q13.** The term Status Holder in the context of Export means?
A. The NRI who holds status in society by virtue of wealth in global export business
B. Very popular, high rated Indian exporting companies that dominate export globally
C. The companies that have been issued certificate by the Ministry on the basis of export performance.
D. The Export oriented companies rated AAA by banks and external credit rating agency.
- Q14.** Which among the following authorities issues an import export code(IEC)?
A. Reserve Bank of India
B. Foreign Investment Board
C. Ministry of Commerce, Government of India
D. Directorate General of Foreign Trade (DGFT)
- Q15.** What do you mean by Vostro Account?
A. Indian banks maintaining account abroad
B. Rupee account maintained in Nepal
C. Rupee account of foreign banks in India
D. Foreign currency account in Dubai
- Q16.** Indian Banks maintaining foreign currency account abroad?
A. Loro Account
B. Vostro Account
C. Running Account
D. Nostro account
- Q.17.** When domestic banks uses the account of third party banks which holds a Nostro account to settle their foreign exchange transactions then such account is called as ?
A. Loro Account
B. Vostro Account
C. Running Account
D. Nostro account
- Q.18.** In a forex transaction, the unit of Foreign currency remain constant while the home currency vary with market, say 1 \$ = Rs.74.39. This rate is called as?
A. Forward rate
B. Direct rate
C. Cross rate
D. Indirect rate
- Q.19.** Who among the following announces Foreign Trade Policy in India? Choose the correct option:
A. RBI.
B. FEDAI.
C. Ministry of Finance.
D Ministry of Commerce.
- Q 20** What is the full form of FEDAI
A Forex Exchange Dealers Association of India
B. Foreign Exchange Dealers Association of India
C. Forward Exchange Dealers Association of India
D. Foreign Exchange Derivative Association of India
- Q.21.** A self-regulatory body which formulates rules and guidelines for forex transactions
A.FEDAI.
B RBI.
C. FEMA.
D FIMMDAI
- Q.22.**What is the maximum amount of exchange earned (EE) that can be deposited in Exchange Earner Foreign Currency (EEFC) Account?
A. 25% of EE
B.100% of EE.
C.75% of EE.
D.50% of EE.
- Q.23.** To open RFC account, the stay abroad, of returning Indian should be?
A. Minimum 3 years
B. Minimum 1 year.
C.Min 2 years.
D. No such criteria.
- Q.24.** which of the following debit can be allowed in NRO A/c?

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26. Digital Banking

POS:

A point of sale (POS) terminal is a device that provides customers of Banks holding a Credit/ Debit cards with access to financial transactions at service and shopping outlets. There are four types of POS

1. Wired POS
2. Non Wired -GPRS
3. m-POS (Mobile POS)
4. M-Swipe

Instant Money Transfer (IMT)

- ✚ Card-less Cash Withdrawal Facility from ATM.
- ✚ 24X7X365, facility availed both by initiator and beneficiary.
- ✚ Customer can send money to any beneficiary who need not be the customer of BOI or any Bank.
- ✚ Beneficiary can withdraw money from any BOI IMT enabled ATM without using a card.
- ✚ The life of a successful IMT is 14 days.
- ✚ The Sender's Limit is Rs. 10,000 per transaction
- ✚ The Beneficiary's Limit is Rs. 25,000 per month

Bharat Interface for Money (Bhim)

- ✚ UPI refers to Unified Payment Interface Solution.
- ✚ It is an interoperable payment system which enables quick payment using a unique identifier – VPA (Virtual Payment Address) and is linked with our Bank account.
- ✚ UPI offers multiple features such as simplified on-boarding, availability of different transaction types, multiple ways to execute payment and seamless user experience.
- ✚ UPI has emerged as a preferred retail payment option within the digital payment ecosystem.

***99#:**

- ✚ NPCI has started common USSD called NUUP (National Unified USSD Platform) with a common short code *99# across Tele communication and Banks. Unstructured Supplementary Services Data (USSD) is a technology unique to GSM (Global System for Mobile Communication).
- ✚ The following transactions is supported on USSD platform:-
 1. Send Money
 2. Request Money
 3. Check Balance
 4. My Profile
 5. Pending Requests
 6. Transactions and
 7. UPI PIN

Immediate Payment Service (IMPS)

- ✚ IMPS Fund Transfer to Mobile Number (IMPS – P2P)
- ✚ IMPS Fund Transfer to Account Number (IMPS – P2A)
- ✚ The Beneficiary details required for IMPS – P2P are: Beneficiary MMID and Beneficiary's Mobile Number
- ✚ The Beneficiary details required for IMPS – P2A are: . Beneficiary IFSC code and Beneficiary's Account Number.
- ✚ MMID (Mobile Money Identifier) is a seven digit number

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BHARAT QR:

A common standard for QR based payments, uniform across banks and Network Operators (NPCI-National Payments Corporation of India)

- ✚ Bharat QR will have the capability of accepting payments on the Unified Payment Interface(UPI) platform
- ✚ The basic idea to bring in QR code is to enable consumers to make fast and secure digital payment.

BHIM AADHAAR:

- ✚ BHIM Aadhaar Pay enables Merchants to receive digital payments from customers over the counter through Aadhaar Authentication.
- ✚ It allows for any Merchant associated with any acquiring bank live on BHIM AadhaarPay , to accept payment from customer of any bank by authenticating customer's biometrics.
- ✚ Customer can pay using Aadhaar number/ Virtual ID & biometrics at all merchant locations where BHIM Aadhaar Pay is accepted. Payments can be made by using their smart phone, without the need to carry cash or even physical bank card.

Mobile Banking:

- ✚ BOI Mobile is easy, safe, secure and convenient channel for Anytime, Anywhere Banking.
- ✚ User can now access account, view m-Passbook, transfer funds, view various type of cheque status like Un-used, Passed, Stopped etc.
- ✚ Transaction Limit can be set for Self Link, Third Party, RTGS, NEFT and IMPS transactions.
- ✚ View Interest Rate Chart.
- ✚ Create New Term Deposit Receipts.
- ✚ View Term Deposit Receipts.
- ✚ Premature Closure of Term Deposit Receipts opened online.

Transaction Type	Per Transaction(Rs.)	Daily Limit(Rs.)
Self Link	50,000	200000
Third Party	25000	100000
IMPS	25000	100000
NEFT	25000	100000
RTGS	300000	300000

BOI Debit Card Shield App

- ✚ Cardholders can lock or unlock cards.
- ✚ A card can be switched on for a short duration of time on purchase window.
- ✚ User can see and change card status instantly.
- ✚ App will allow POS/ATM transactions in the geographical proximity (city) of device's location.
- ✚ International ATM/POS can be controlled to allow or deny transactions.
- ✚ Cardholders can enable or disable merchant categories.
- ✚ Cardholders can enable or disable specific types of transactions and payment methods.
- ✚ Cardholders can set spend threshold limit of transaction amount.
- ✚ Multiple card can be add by using Manage account option.

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BOI Credit Control App

- ✚ **Lock/Unlock card:** Protects cards from getting misused by turning ON and OFF as per need.
- ✚ **Green Pin:** Create new pin OR user can change pin of his/her Credit Card.
- ✚ **Set Card Limits:** Flexibility to set/view the maximum Transaction limits, Credit Limit, Available Credit Limit, Per Transaction limit, Card Cash Limit for every card.
- ✚ **Card Usage:** User can also enable/disable their card for specific type of transactions- ATM or POS.
- ✚ **Account Summary:** View the details of account like Credit limit, minimum amount due, unbilled amount, etc.
- ✚ **User Profile Management:** Users can manage his account by using change and forgot password functionality and change MPIN.
- ✚ **Maximum 5 times** incorrect MPINs can be entered in credit card control app, after which the application will be forced to change the MPIN.
- ✚ **Forgot Password:** A 6-digit OTP, sent to email id, is used to set the new password.

KNOWLEDGE TEST

1. **Can we set spending limit of add on credit cards in BOI Credit Control App?**
 - A. Yes, we can set limit of parent card as well as add on card also.
 - B. No, we can set limit of parent card only.
2. **What is the Life of a successful IMT?**
 - A. 10 Days
 - B. 170 days
 - C. 14 Days
 - D. Unlimited
3. **The present limit of Sender for IMT transactions is_____**
 - A. Rs.10, 000/- per transaction
 - B. Rs.20, 000/- per transaction
 - C. Rs.40, 000/- per transaction
 - D. No limit for transaction
4. **Full form of NUUP_____**
 - A) National Unified USSD Platform
 - B) National Unified USSD Payment
 - C) Notional Unified USSD Platform
 - D) Notary Unified USSD Platform
5. **Transaction Limit in Mobile Banking can be set for _____**
 - A. Daily
 - B. Weekly
 - C. Monthly
 - D. All of the above
6. **Receiver's maximum transaction limit as regard to IMT is_____**
 - A. Rs.10, 000/- per month
 - B. Rs.25, 000/- per month
 - C. Rs.40, 000/- per month
 - D. No limit for month
7. **USSD Stand for _____**
 - A. Unstructured Supplementary Service Data
 - B. Unified Supplementary Services Data
 - C. Unstructured Supplement Services Data
 - D. Unstructured Supplementary Set Digit

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8. Full form of NPCI _____
A. National Payments Corporate of India
B. National Payments Company of India
C. National Payments Corporation of India
D. National Payment Corporation of Information
9. MMID (Mobile Money Identifier) consist of _____ Digit
A. 7 Digit
B. 5 Digit
C. 9 Digit
D. None of the above
10. In IMPS P2P stand for?
A. Person to Person
B. People to People
C. Both a and b
D. None
11. What does P2A stand for?
A. Person to Beneficiary account
B. Person to Authentic Account
C. Personal to personal account
D. None
12. UPI supports _____
a. Pay request
b. Collect request
c. Scan QR
d. All of above
13. CAPTCHA is introduced in which of the payment facilities?
A. In Internet Banking
B. In Bhim App
C. In UPI
D. All of the above
14. Full form of CAPTCHA
A) Completely Automated Public Turning Test to tell Computers and Human Apart
B) Completely Automated Person Turning Test to tell Computers and Human Apart
C) Completely Automatic Public Turning Test to tell Computers and Human Apart
D) Completely Automated Public Turning Test to tell Computers and Human Application
15. In context of 'Digital Banking', the term "DBD" means.....?
A) Digital Banking Division
B) Digitalised Banking Division
C) Digitalised Banking Department
D) Digital Banking Department
16. Which OS version does then mobile app support?
A. Android 5.0.2/IOS8.0 and above
B. Android 5.0.4/IOS8.0
C. Android 5.0.2/IOS8.0 only
D. Android 6.0.0/IOS10.0 and above
17. What are the activities which user can do under Transaction Limits Tab in Credit Control App
A. CREDIT Limit
B. Available Credit Limit
C. Per Transaction Limit
D. All of the above
18. What is the name of our UPI Application
A. BOI Bhim
B. Bhim BOI
C. Bhim only
D. BOI UPI

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19. MPIN is a _____ which is used for authorizing to login in Mobile Application

- A. 6 Digit number
B. 5 Digit number
C. 4 Digit number
D. None of the above

20. What is the maximum number of time incorrect pin can be entered in Mobile application.

- A. Maximum of 5 times
B. Maximum of 3 times
C. Maximum of 2 times
D. Maximum of 4 times

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10
Answer	a	c	a	a	d	b	a	c	a	a
Q. No.	11	12	13	14	15	16	17	18	19	20
Answer	a	d	a	a	d	a	d	a	a	b

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27. CARD PRODUCTS

Various Types of Card

1. Debit Cards
2. Pre-paid Card
3. Credit cards

DEBIT CARDS

Eligibility Criteria for issuance of Debit Card is as under

- All Individual accounts holders
- Joint accounts with operational instructions 'Either or Survivor/ Anyone or Survivor'
- The maximum number of cards which can be issued in an account should not exceed the number of joint a/c holders who are authorized to operate.
- If Mandate for operation is other than the ones mentioned above, Debit Card still can be issued to a joint account holder if letter of authority/Application for issuance of Debit Card is executed by all the account holders.

Not Eligible/Partially Eligible Accounts for Debit Cards

- Customers where mobile number is not seeded, subject to specific exclusion under Special Schemes.
- Illiterate persons (except those eligible under special schemes).
- In joint account with the instructions 'Former or Survivors', card can be issued to "Former" only.
- Account of minor or an account in which a minor is a joint account holder **shall not be eligible**.
- Minors who have completed 15 years of age can be issued "Student" cards with limited functionalities.

TYPES OF DEBIT CARD

1. Master Titanium

- Domestic and International usage.
- International e-com transactions not allowed.
- ATM Max Limit- Rs.15,000 per day.
- (POS+E-com) Max Limit - Rs.25,000 per day

2. Master EMV Platinum

- Domestic and International usage
- ATM Daily Transaction Limit - Rs. 50,000 or equivalent in foreign currency.
- POS Daily Transaction Limit - Rs. 100,000 or equivalent in foreign currency.
- Cash Withdrawal Charges Abroad – Rs.125/- Plus 2% Currency Conversion Charges.
- Balance Enquiry Abroad- Rs.25.

3. Master Business Debit

- Domestic and International.
- Exclusive card for Current Account holders.
- International e-com transactions are not allowed.
- ATM Daily Transaction Limit - Rs.1,00,000/- or equivalent in foreign currency.

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- POS + E-Com(domestic) Daily Transaction Limit - Rs. 2,50,000/- or equivalent in foreign currency on POS only.

4. Master Bingo

- The Master BINGO Card can be issued to a minor whose age is 15 years and above
- When customer is of age 18 years he/she is eligible for TOD facility up to Rs.2,500/-.

5. Visa Classic EMV

- Domestic and International Usage
- ATM Maximum limit - Rs.15,000 per day
- POS +E- com Maximum amount- Rs.25,000 per day

6. Visa Platinum "Fast Forward" contactless international Debit Card

- An International Card, accepted globally at all kinds of merchants having Near Field Communication (NFC) terminals.
- On POS (NFC enabled) no PIN is required up to transaction of Rs.2,000/-. Maximum three transactions in a day is allowed. PIN is mandatory for all the transactions above Rs.2,000/-.
- Daily Limits (POS+E-com) – Rs.1,00,000/- and on ATM – Rs.50,000/-

7. VISA Business Debit

- Exclusive card for CD account holders.
- ATM Daily Transaction Limit - Rs.1,00,000/-, POS + E-com (domestic) Daily Transaction Limit - Rs.2,50,000/-

8. RuPay Classic Debit

- It can be issued in any account for domestic use
- ATM Maximum limit - Rs.15,000/- per day, POS+ E-com Maximum limit - Rs.25,000/- per day

9. RuPay Platinum Chip

- ATM & POS Daily Transaction Limit of Rs. 50,000 and Rs. 1,00,000 respectively
- No requirement for maintaining AQB balance for issuance of Rupaya Platinum Debit Card.

10. RuPay Sangini

- ATM & POS Daily Transaction Limit of Rs. 15,000 and Rs. 25,000 respectively
- Sangini Debit Card is Bank of India's first Debit Card exclusively designed for Women.

11. Rupaya DhanAadhaar Card

- ATM & POS Daily Transaction Limit of Rs. 15,000 and Rs. 25,000 respectively
- Debit card issued on RuPay platform with the UID number given by Government of India.
- Biometric Authentication through UIDAI on micro ATM and pin based authentication on ATMs.
- It has the Card Holders Photo.

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12. Rupay Mudra Card

- All eligible beneficiaries of MUDRA Loans under PMMY.
- ATM Maximum limit - Rs.15,000/- per day. POS Maximum limit - Rs.25,000/- per day
- Personalized Card in the name of the Firm.
- Issued to CC or CD account holders.
- Complimentary Insurance Coverage Rs. 1 Lakh.

13. RuPay –PMJDY

- ATM & POS Daily Transaction Limit of Rs. 15,000 and Rs. 25,000 respectively
- Cannot be used for e-commerce transactions.
- Personal Accident Coverage of Rs. 1,00,000/- and Rs 30,000/- Life Insurance available.

14. Rupay National Common Mobility Card (NCCM)-Classic Card

- The Rupay National Common Mobility Card is a Contactless Card. It also has the feature of offline wallet. Therefore it is called as Debit and Prepaid Card. The card can be used for making all kinds of payments such as for toll, grocery shop etc.
- It can be used in Domestic ATMs/POS/E.com.
- No PIN is required for contactless transaction up to Rs.2000/-.
- ATM & POS Daily Transaction Limit of Rs. 15,000 and Rs. 25,000 respectively

PREPAID CARDS

TYPES OF PREPAID CARD

1. Master and Visa Prepaid Card

- Prepaid Visa/Master Card valid in India, Nepal and Bhutan
- Reloadable in nature
- Cash withdrawal on ATM is Rs.15000/-,
- POS and E.Com Transactions allowed.
- Maximum card limit up to Rs.50,000/- at any point of time.

2. International Travel Card(VISA)

- Available currency: US Dollars.
- Minimum loading of US \$250.00.
- Backed by extensive VISA Network. (It can be used across the world, except in India, Nepal and Bhutan.)

3. Gift Card

- Non reloadable Prepaid Visa cards valid in India, Nepal and Bhutan
- Valid for one year from date of issuance or printed expiry date, whichever is earlier
- Minimum Amount of Issue: Rs.500/- Thereafter in multiples of Rs.1/- with a maximum amount up to Rs.10,000/-.
- In case the Gift card expires and the balance is above Rs.100/- the amount would be refunded to the customer after deducting Rs.35/- as maintenance charges per month subsequent to the date of expiry of the card. The claim for refund should be lodged within three months from the date of expiry of the card.

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CREDIT CARD

1. India Card

- Valid in India, Nepal, Bhutan
- Billing cycle is from 16th of current month to 15th of next month.
- Payment to be made on or before 5th of succeeding month.
- Eligibility : Gross annual income of Rs.0.75 Lakh & above
- Interest free credit up to 51 days.

2. Visa Gold International Card

- Valid across the GLOBE, wherever VISA logo is displayed.
- Eligibility income Rs.1.50 lakh per annum

3. Pensioner Credit Card

- Issuable to the main pensioner (not the family pensioner) below the age of 70 years
- All those who are getting pension from our bank
- Credit limit will be three times of net pension Max. Rs.50,000/-
- Affiliated to Master Card and valid in India and Nepal
- TOD facility equivalent to one month net pension

4. Visa EMV Card

- Card across the GLOBE, wherever VISA logo is displayed.
- Maximum amount of per day withdrawal from ATM is 50% of the spending limit or Rs.15,000/-, whichever is lower.

5. Visa EMV Platinum Card

- Card across the GLOBE, wherever VISA logo is displayed.
- Charges applicable to Public and Staff.
- Maximum amount of withdrawal from ATM is 50% of the spending limit or Rs.50,000 whichever is lower, per day

6. Credit card against TDR-Swadhan Credit Card (Visa)

- Deposit/TDR must be in the name of the Card holder whose age should be more than 18 yrs
- Minimum Term Deposit should be for 12 months
- Auto-renewal flag must be set to "Y" and Auto Closure should be 'N'
- The minimum amount of Term Deposit should be Rs. 30,000/-.
- Minimum margin shall be 20%.
- Minimum spending limit amount shall be Rs.24,000/- and maximum Rs.2500 lakh
- Above Card limit of Rs. 2 lakh, margin should be 25%
- Combined limit of Principal Card and all Add-on cards should not exceed the Sanction limit of the Principal Card.

7. STAR EMI at POS Scheme

- Any purchase on POS of Rs.5,000/- or more from Credit Card.
- Conversion of purchase into EMI is managed by M/s World Line India Pvt Ltd.
- The tenure/instalments can be 3/6/12/18/24/36 EMI.
- The ROI shall be charged on the original sale amount.
- One time processing fee will be levied along with the first EMI.

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KNOWLEDGE TEST

1. Credit Cards can be issued to _____
 - A. Resident Indians
 - B. Non-Resident Indians
 - C. Foreign Nationals residing in India on employment
 - D. All the above
2. In case the customer does not exercise any option for debit card, Bank shall issue
 - A. Classic Rupay NCMC Card
 - B. Rupay Card
 - C. Any normal card Rupay ,Master or Visa card
 - D. None of above
3. The Maximum Credit Card Limit against pledge of TDR is Rs. _____
 - A. 2.5 lakh
 - B. 50 thousand
 - C. 1 lakh
 - D. 2500 lakh
4. What is the Minimum amount required for issuance of Credit card against Term Deposit?
 - A. Rs.50,000/- valid for 2 year
 - B. Rs.30, 000/-valid for 1 year and auto renewal should be yes.
 - C. Rs.20, 000/- valid for 1 year and auto renewal should be yes.
 - D. Rs.10, 000/- any validity.
5. Minimum loading amount on International Travel Card (Visa)
 - a) USD 250
 - b) USD 200
 - c) INR 200
 - d) INR 250
6. How many accounts (apart from the principal account) can be linked to an ATM Card?
 - A. 2 only
 - B. In case of Corporate card no limit
 - C. 3 only
 - D. Maximum 5
7. What should be the AQB in Rupay EMV Platinum International card?
 - A. For Rural br.Rs 5000, Urban br. Rs. 10,000/- and for Metropolitan Rs. 50,000/-
 - B. AQB should be Rs.10,000 irrespective of area.
 - C. AQB should be Rs 50,000 irrespective of area.
 - D. AQB concept has been removed for the CARDS issued on or after Dec 2017
8. Rupay PMJDY card can _____
 - a) Used for e-commerce
 - b) Not used for e-commerce
 - c) Can used on POS, ATM and on e-commerce sites.
 - d) None of the above.
9. Which Card cannot be used in India, Nepal and Bhutan?
 - A. Rupay Debit Card
 - B. International Travel Card
 - C. Platinum Card
 - D. Sangini Card
10. What is the maximum denomination available in our Gift Card?
 - A. Rs.50,000/-
 - B. Rs.20,000/-
 - C. Rs.10,000/-
 - D. Rs.30,000/-

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11. In VISA PLATINUM "FAST FORWARD" CONTACTLESS INTERNATIONAL DEBIT CARD what is maximum number of contactless transactions allowed in a day without pin?
- A. No limit
 - B. 3 Transaction per day
 - C. 1 transaction per day
 - D. 2 transaction per day
12. What is the full form of NCMC?
- A. National Commodity Mobile Card
 - B. National Common Mobility Card
 - C. National Common Mobile Card
 - D. National Card Mobility Common
13. The minimum amount to avail Star EMI at POS is
- A. Rs.5000/-
 - b) Rs.15000/-
 - c) Rs.1000/-
 - d) Rs.25000/-
14. Under EASY PAY scheme, one time Processing Fee is?
- A. 2.20% of Purchase Value
 - B. 2.00% of Purchase Value
 - C. 2.20% of Current O/s
 - D. Now processing fee is waived
15. How many days in advance can a Branch issue ready kit as replacement for expiring debit card.
- A. 30 days in advance .
 - B. 45 days in advance.
 - C. 15 days in advance.
 - D. Cannot issue
16. Corporate Cards can be issued to proprietor /partner /executive director /employee as per request of the Corporate where the charge account will be
- A. Individual's account to whom the card is issued
 - B. Company's account only
 - C. Either 1 or 2 as per Company's directives
 - D. Individual's account and Corporate account 50:50
17. Under EASY PAY scheme, purchases of Rs 5000/- or more can be converted for EMI Payment of?
- A. 3 months - 36 months with interest @ 1.25% of purchase .
 - B. 3 months - 36 months with interest @ 1.5% of purchase .
 - C. 3 months - 12 months with interest @ 1.5% of purchase .
 - D. 6 months - 36 months with interest @ 1.25% of purchase.
18. How many add-on cards can be issued on an Individual's Credit Card and on a Corporate Card?
- A. Individual's Card -2 & Corporate Card-1
 - B. Individual's Card -2 & Corporate Card-No Limit
 - C. Individual's Card -2 & Corporate Card-0
 - D. Individual's Card -3 & Corporate Card-1
19. Ceiling limit for credit cards for officers and clerks under probation or who are yet to be confirmed shall be
- A. Rs.30, 000/- and Rs.20, 000/- respectively.
 - B. Rs.20, 000/- and Rs.20, 000/- for both
 - C. Rs.20, 000/- and Rs.10, 000/- respectively.
 - D. None of the above.

28. INFORMATION SECURITY, BOI- SAFE/ HRMS/ MMS/ STARDESK

Information security involves

- 3 distinct communities of interest:
 - ✚ Information security: protects information assets from threats
 - ✚ Information technology: supports business objectives by supplying appropriate information technology
 - ✚ Non-technical business: articulate & communicates policy & allocates resources

Information security is a set of strategies for managing the processes, tools and policies necessary to prevent, detect, document and counter threats to digital and non-digital information. Information security responsibilities include establishing a set of business processes that will protect information assets regardless of how the information is formatted or whether it is in transit, is being processed or is at rest in storage.

Information security programs are built around the core objectives of the **CIA** triad:

- ✓ maintaining the **Confidentiality**,
- ✓ **Integrity** and
- ✓ **Availability**

of IT systems and business data.

These objectives ensure that sensitive information is only disclosed to authorized parties (**confidentiality**), prevents unauthorized modification of data (**integrity**) and guarantees that the data can be accessed by authorized parties when requested (**availability**).

The value of an organization lies within its information. Its security is critical for business operations, as well as retaining credibility and earning the trust of clients. Threats to sensitive and private information comes in many different forms, such as malware and phishing attacks, identity theft and ransomware. To deter attackers and mitigate vulnerabilities at various points, multiple security controls are implemented and coordinated as part of a layered defense in depth strategy. This should minimize the impact of an attack. To be prepared for a security breach, security groups should have an incident response plan (IRP) in place. This should allow them to contain and limit the damage, remove the cause and apply updated defense controls.

BOI-SAFE

This is an SSL-VPN (Secured Socket Layer – Virtual Private Network) solution which provides access to our critical Infrastructure / Applications to our employees from Internet without compromising security. As an additional benefit, it also provides 2FA (Two Factor Authentication) and SSO(Single Sign On) functionality for selected web applications to the users. It is used to access bank applications securely. You can access MMS, HRMS, STARDESK, Web-Emerge, BO (Business Object) Report, CAPS(Credit Application Processing System), CFS(Centralised Feedback System) and Finacle through BOI SAFE.

- ▶ Website: <https://starvpn.bankofindia.com/>
Or through our Bank's website www.bankofindia.co.in → Staff Portal
Human Resources Management System (HRMS)

HRMS is a paperless facility (online in house platform) for Human Resources Management. HRMS password can be reset through Finacle menu HRMSPWD. All permanent staff members can access their HR related matters in HRMS.

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Mail Messaging System (MMS)

- ▶ This is Bank's corporate mail.
- ▶ URL to access through Internet (Outlook Web App): <https://cas.bankofindia.co.in/owa>
- ▶ URL to access through Intranet/ Finacle PC: <https://172.1.57.64/owa>
- ▶ Finacle menu → STARLINK → option 7 MMS
MMS password now can be reset through Finacle menu ADM or menu STARLINK → option 14
- Following features are available :
 - Setting a Task/scheduling meetings
 - Prioritise mails
 - Design display page
 - Reminders
 - Signature etc.
- Circulars & Krish folders

STARDESK

- ▶ **Internet:** Through BOI-SAFE
- ▶ **Intranet/Finacle PC:** <http://172.1.57.83/SitePages/Home.aspx>
- ▶ Finacle menu → STARLINK → option 8 Stardesk
- ▶ User ID and Password is same as personal/branch MMS.

STARDESK is a common platform with following features:

- ✓ Circulars from 2001 onwards are available
- ✓ Manual & Policies,
- ✓ Capita- Line
- ✓ KMT
- ✓ Magazine related to banking industry
- ✓ Under option e-Defatary, various type of form like A/c opening form, L444C, CHA-2 etc.
- ✓ Wilful defaulters list
- ✓ Online audit, compliance portal, Gyan Patal and Discussion Board

Knowledge Test

1. E-learning module of Bank of India is available at
 - A. Stardesk
 - B. HRMS
 - C. Gyan Patal
 - D. MMS
2. The Password of MMS is
 - A. Minimum 8 character, should be alphanumeric
 - B. Minimum 12 character, should be alphanumeric
 - C. Minimum 8 character, should be alphanumeric and special character
 - D. Minimum 12 character, should be alphanumeric, special character and minimum 1 letter should be in uppercase & lower case
3. What is the maximum size limit of a message to be sent through MMS
 - A. 2 MB
 - B. 5 MB
 - C. 10 MB
 - D. 25 MB
4. HRMS password expires in ____ days

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A. 30 B. 45 C. 60 D. 90

5. Which is referred to the CIA triad in Information Security
A. Confidentiality, Isolation and Authenticity B. Confidentiality, Integrity and Availability
C. Concurrent, Isolation and Atomicity D. Confidentiality, Isolation and Availability
6. The Bank designates a senior level officer of the rank of _____ as the CISO (Chief Information Security Officer).
A. GM/DGM/AGM B. Only GM
C. Only DGM D. Only AGM
7. Bank has introduced Single Sign on (SSO) feature named as
A. BOI-SAFE B. STARDESK
C. MMS D. HRMS
8. Which of the following principle is violated if computer system is not accessible?
A. Confidentiality B. Integrity
C. Authentication D. Availability
9. Which of the following is correct?
A. Data is a subset of information
B. Information is a subset of Information Security
C. Information includes data and therefore only information is to be secured
D. Processed data for use by management is normally called information
10. In networking and communication, MPLS means.....
A. Multi Point Linear Switching
B. Multi Protocol Label Switching
C. Multi Point LAN System
D. Multi Protocol Label System
11. In MMS URL <https://cas.bankofindia.co.in/owa>, OWA stands for:-
A. Outlook Web Access B. Outlook Web App
C. Outlook Web Activation D. Outlook Web Authorization
12. In MMS Account, Mailbox Usage can be seen in Settings -> _____
A. Display Settings B. Manage Apps
C. Options D. Change theme
13. Which of the following e-Magazine/Magazines is/are incorporated in HRMS under Self Service.
A. Taarangan B. BOI Varta
C. Both A & B D. Indian Banker
14. The PCI DSS is an information security standard for organizations that handle branded credit cards from the major card schemes. The standard was created to increase controls around cardholder data to reduce credit card fraud. PCI- DSS stands for:-
A. Payment card interface Data standards and services
B. Payment card industry Data security standard
C. Payment card interface Data security standard
D. Payment card industry Data standards and services
15. The staff members can reset MMS and HRMS Password through Finacle menu option:
A. STARLINK, HRMSPWD B. ADM, STARLINK
C. ADM, HRMSPWD D. Both, A & C

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16. The travel expense reimbursement module, in HRMS, allows you to claim
- A. Advance claim for proposed official visit
 - B. Final Travel claim with/without advance
 - C. Upload of Bills, Receipts, ticket etc.
 - D. All of the above
17. SSL – VPN in BOI SAFE stands for
- A. Safe & Secured Layer – Verifying Private Network
 - B. Secured Socket Layer – Virtual Private Network
 - C. Safe Secured License - Virtual Private Network
 - D. Secured Software License - Virtual Private Network
18. Major amendments to IT Act 2000 was introduced in the form of IT (Amendment) Act 2008, which came into effect on
- A. 01 June 2008
 - B. 27 October 2009
 - C. 27 October 2008
 - D. 03 July 2009
19. MMS password gets expired after every ____ day and message is given by the system to change the password before ____ days before expiry.
- A. 60 , 15
 - B. 30,10
 - C. 90,15
 - D. 45,10
20. It can stop users from entering into system or data, and also delete or distribute data if a payment is not made.
- A. Spyware
 - B. Ransomware
 - C. Adware
 - D. Trojan Horse
21. 'Today's Birthday-Staff list' displayed on
- A. MMS
 - B. STARDESK
 - C. HRMS
 - D. All of the above
22. In MMS, Circulars can be accessed by adding Public Folders to :-
- A. Inbox
 - B. RSS Feeds
 - C. Favorites
 - D. Krish
23. ISSP stands for
- A. Information Systems Security Program
 - B. Information Systems Security Protocol
 - C. Information Systems Security Policy
 - D. Interfaced Security of Systems Policy
24. Approved leave can be cancelled by:-
- A. Approver
 - B. Applicant
 - C. Recommending authority
 - D. Approved leave can't cancelled.
25. The process of coding a message in such a way that is read and understood only by the intended recipient and not by others is called
- A. Authentication
 - B. Repudiation
 - C. Encryption
 - D. Integrity

26. The first phase of hacking an IT system is compromise of which foundation of security?

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- A. Availability
C. Integrity
- B. Confidentiality
D. Authentication
27. Phishing is a form of _____.
- A. Spamming
C. Impersonation
- B. Identify Theft
D. Scanning
28. Which of the following is a type of program that either pretends to have, or is described as having, a set of useful or desirable features but actually contains damaging code.
- A. Trojans
C. Worm
- B. Viruses
D. Adware
29. Spammers collect your email address and verify that it is a valid address before they start sending spam emails to you. To reduce the possibility of receiving spam emails, you should;
- A. Be careful in disclosing your email address or personal information to un-known persons.
B. Use an email address that contains simple dictionary words, or common names
C. Use single email addresses for all purposes
D. Subscribe to free email account services
30. As per Recent Policy guidelines, MMS Password should be of minimum _____ Characters with combination of Capital, Small Alphabet, Numeric and Special Characters.
- A. 11
C. 13
- B. 12
D. 14

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Answer	B	D	B	B	B	A	A	D	D	B	B	C	C	B	D
Q. No.	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Answer	D	B	B	A	B	B	C	C	B	C	B	C	A	A	B

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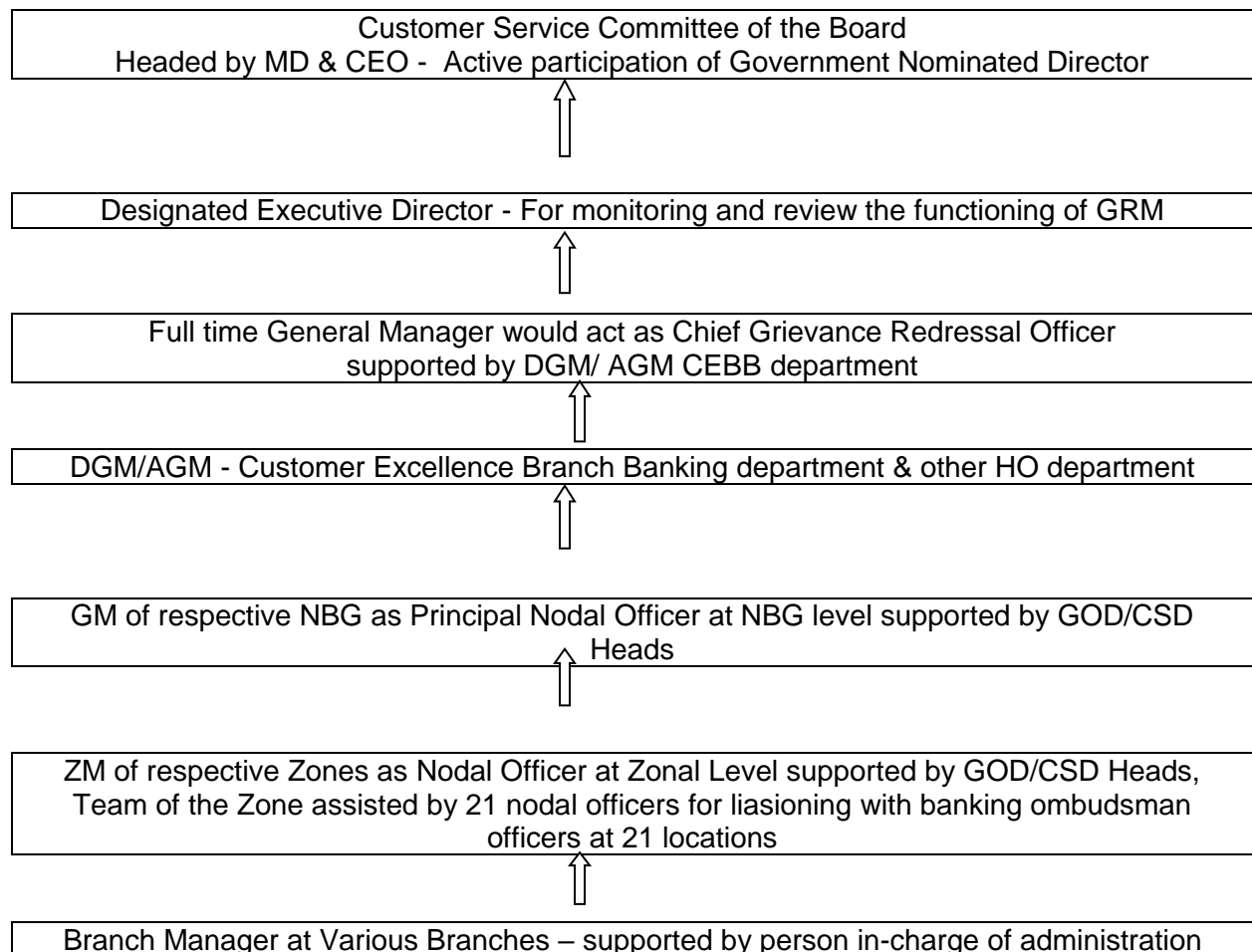
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29. Caps, Finacle & Grievances Redressal Policy

Grievances Redressal Policy

Excellence in customer service is the key differentiator deciding the customer preference. Bank will treat all complaints efficiently as it involves reputational risk and potential loss of business. If customers are not fully satisfied with the response of the bank to their complaints, customer will be fully informed to escalate their complaints/grievances within the organisation and their rights to alternative remedy. In order to make the bank's redressal mechanism more meaningful and effective, a structured system has been built up within the frame work. Customer can give his complaint in the form of a letter written by him/her or any representative, communicated orally or over telephone, by filling a web form, available at web site, by sending email etc.

General Banking branches are functioning for complaints at four level – Branch, Zonal Office, NBG and Head Office and two level system for large corporate Branches (Branch & Head Office level). All complaints should be acknowledged immediately (not exceeding three working days) redressed and final reply will be given to the complainants. In case branches are unable to resolved, Zonal Office will be dealt and resolved the same.



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	No. Of days to resolve
Branch Level	5
Zonal Level	3
NBG Level	2
Head Office Level	4
Internal Ombudsman	15 days from the date of rejection of complaint

CAPS (CREDIT APPLICATION PROCESSING SYSTEM)

This is a centralized web based application and data can be viewed by all our branches. All processes are standardized and become uniform across all branches. We can get CBD23 in Customer Profile → Assets & Liabilities details. A sanction letter preview button is provided through which the sanction letter can be viewed/printed. We can find approved list of Lawyer/Valuer/Appraiser in CAPS. List of authorised vehicle dealer is also available in CAPS. Credit Report /Score in CAPS can be generated through Highmark, CIBIL, Experian & Equifax. Through CAPS, we can request for credit card.

FINACLE

Finacle is core banking solution (CBS) which was introduced to meet ever-growing challenge of customer satisfaction. It was implemented under the project Starshakti. System integrator is HP and software is provided by M/s INFOSYS. It facilitates anywhere, anytime and any how banking. It is having advantages of CBS, enhance security feature, back office function and integration with core modules like GBM, CRM & E-CHANNEL with core software.

Cheque Truncation System (CTS)

Truncation is the process of stopping the flow of the physical cheque issued by a drawer to the drawee branch. An electronic image of the cheque is transmitted to the paying branch through the clearing house, along with relevant information like data on the MICR band, date of presentation, presenting bank. Cheque truncation thus obviates the need to move the physical instruments across bank 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. Cheque Truncation speeds up the process of collection of cheques resulting in better service to customers.

Benefits of CTS

- ▶ Reduces the scope of loss of instruments in transit.
- ▶ Lowers the cost of collection of cheques
- ▶ Shorter clearing cycle
- ▶ Superior verification and reconciliation process
- ▶ No geographical restrictions as to jurisdiction
- ▶ Operational efficiency for banks and customers.
- ▶ Reduction in operational risk and risks associated with paper clearing
- ▶ No collection charges for collection of cheque drawn on a bank located within the grid.

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Cheque processing locations is consolidated into the three grids in New Delhi, Chennai and Mumbai.

New Delhi – Northern Grid → National Capital Region of New Delhi, Haryana, Punjab, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Rajasthan and the Union Territory of Chandigarh.

Chennai – Southern Grid → Andhra Pradesh, Telangana, Karnataka, Kerala, Tamilnadu, Odisha, West Bengal, Assam and the Union Territory of Puducherry.

Mumbai – Western Grid → Maharashtra, Goa, Gujarat, Madhya Pradesh and Chattisgarh.

To meet legal requirements, the presenting banks which truncate the cheques need to preserve the physical instruments for a period of 10 years. The new cheque standard "CTS-2010" prescribes certain mandatory and optional security features to be available on cheques, which will also add to the uniqueness of the images.

- ▶ Watermark,
- ▶ Bank's logo in invisible ink,
- ▶ 'VOID' pantograph,
- ▶ Standardisation of field placements on cheques
- ▶ Paper: Paper should have protection against alterations by having chemical sensitivity to acids, alkalis, bleaches and solvents. It should be UV-dull.
- ▶ Watermark: All cheques shall carry a standard watermark with the words CTS-INDIA. It should be oval in shape and diameter could be 2.6 to 3.0 cms. Each cheque must hold at least one full watermark.
- ▶ VOID Pantograph: Pantograph with hidden/embedded "COPY or VOID" feature shall be included in the cheques. This feature should be clearly visible in photocopies and scanned colour images.
- ▶ Banks Logo: Bank's logo should be printed in UV ink.
- ▶ No changes /corrections should be carried out on the CTS cheque, other than date for validation purpose.

Responsibilities of Presenting/Collecting Bank:

- ▶ The A/c should be KYC Compliant.
- ▶ Close monitoring in accounts based on Risk Categorization.
- ▶ Instrument should meet usual paper standards.
- ▶ Check the apparent tenor of the instrument.
- ▶ No chemical/material alterations on the instrument.
- ▶ Examination under UV Lamp.
- ▶ Checking at multiple levels.

Responsibilities of Drawee/Paying Bank

- ▶ Checking the appearance of void pantograph on CTS 2010 instrument.
- ▶ Checking the additional security features.
- ▶ Cheque should be within the cheque series issued to the customer.
- ▶ Signature tallies with the signature on bank's record.
- ▶ Verification of material information like payee, amount etc.
- ▶ Contact base branch in case of doubtful cheque.
- ▶ Alerting the drawer through SMS.
- ▶ Confirmation from drawer in case the instrument presented for payment was not in the usual pattern followed by the drawer in issuing cheque.

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RTGS

Invalid Character

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- ▶ The following characters should not be used in RTGS messages
- ▶ : | { }
- ▶ ! @ \$ # % ^ & *

CUT OFF TIMES IN RTGS AT RBI

S. No.	Time Event	Regular days including Saturdays, except Second and Fourth Saturdays of the Month
1	Open for Business	07:00 hours
2	Initial Cut-off	18:00 hours
3	Final Cut-off	19:45 hours
4	IDL Reversal	19:45 hours - 20:00 hours
5	End of Day	20.00 hours

For being part of the RTGS/NEFT funds transfer network, a bank branch has to be RTGS/NEFT-enabled. The list of bank-wise branches which are participating in RTGS/NEFT is provided in the website of Reserve Bank of India

NEFT: This is 24x7x365 service. There is no limit – either minimum or maximum – on the amount of funds that could be transferred using NEFT. However, maximum amount per transaction is limited to 50,000/- for cash-based remittances within India and also for remittances to Nepal under the Indo-Nepal Remittance Facility Scheme. NEFT can be used to transfer funds from/to NRE and NRO accounts in the country. This, however, is subject to the adherence of the provisions of the Foreign Exchange Management Act, 2000 (FEMA) and Wire Transfer Guidelines.

IFSC: IFSC (Indian Financial System Code) is an alpha-numeric code that uniquely identifies a bank-branch participating in the NEFT system. This is an 11 digit code with the first 4 alpha characters representing the bank, and the last 6 characters representing the branch. The 5th character is 0 (zero). IFSC is used by the RTGS/NEFT system to identify the originating / destination banks / branches and also to route the messages appropriately to the concerned banks / branches.

UTR number: Unique Transaction Reference (UTR) number is a 22 character code used to uniquely identify a transaction in RTGS system.

FINACLE MENU

Menu	Description
CUSTBALP	Balance Certificate
TODRP	Tds Granted & Expiry Report
FFDPSP	Statement for BOI Saving plus & Current Plus Account
HUPIINQ	To inquire the UPI Transaction (The UPI transaction inquiry is available on T+ 2 basis (T is the date of transaction)).
CCS	Change Context Service Outlet (Access to CCS menu is allowed to officers having work class of 600 and above).
SSAM	Deposit in SSA (Sukanya Samridhhi Account)
COMPOTS	To enter the details of compromise amount / OTS offered by a NPA customer through Web or by visiting the branch.
ECGC	For generating alerts relating to pending ECGC (Export Credit Guarantee Corporation) claims.

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FATCA	For capturing Tax Residency Status for Customer (Individual & Proprietorship firms).
OCTM	Outward Clearing Transaction Maintenance
ICTM	Inward Clearing Transaction Maintenance
TTUM	Transfer Transaction Upload Maintenance.
CCPAYMNT	New Process for payment of credit card dues on real time basis through branch channel.
GECM	To maintain teller counter
VCHR	Voucher printing
HRMSPWD	To regenerate the password of HRMS
ADM	To regenerate the password of MMS
PWMNT	To change Finacle Password
DDCALC	To calculate charges for DD
AINTRPT	Interest report for Loan Account
ACLHM	To modify sanction/drawing limit
HLAUPAY	To unscheduled deposit in Loan account
LAOPI	To check Loan Overdue position
LATDR	To open Loan account against TDR
CORPMOB	To add mobile number to Corporate Internet Banking
PPFMNT	To link PPF account to Internet Banking

KNOWLEDGE TEST

- Q.1. Menu for enquiring maturity details in TDR is**
A. CAAC B. DEPMOD C. TDSPROJ D. HOAACTD
- Q.2. Linking of accounts of a customer under one cust-id is done using**
A. CCS B. CCA OR HCCA C. ACS D. None of the above
- Q.3. If the drawing power indicator is derived, then the following statement is true**
A. DP comes from the Securities Lodged
B. The drawing power is calculated by the user and the amount is entered in the system
C. DP is equal to the sanction limit
D. None of the above
- Q.4. Credit score and report cannot be obtained using CAPS by:**
A. EXPERIAN B. CIBIL C. HIGHMARK D. CERSAI
- Q.5. What is Scheme Code for Small SB Account?**
A. SB105 B. SB190 C. SB106 D. SB101
- Q.6. What is Core in CBS?**
A. Centralized Online Realtime Exchange
B. Centralized Outsource Realtime Exchange
C. Centralized Operations Resources Exchange
D. Centralized Operations Realtime Exchange
- Q.7. A customer must have unique Cust ID. An exception to this is that when a Customer has different Cust id is**
A. For SDV Locker B. Education Loan downloaded from Vidya Portal
C. Loan Account D. None of these

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- Q.20. Checksum in our CTS cheque:
- A. A combination of last 4 digits of account number and last 4 digits of cheque number printed on left side of cheque.
 - B. A combination of last 4 digits of cheque number and last 4 digits of account number printed on left side of cheque.
 - C. A combination of last branch code and last 4 digits of cheque number printed on left side of cheque.
 - D. A combination of last solid and last 3 digits of cheque number printed on left side of cheque.
- Q. 21. The users at BOI branches/Zonal Offices are required to login into OCRM module on
- A. fortnightly basis
 - B. when any complaint lodged by the customer
 - C. weekly basis
 - D. daily basis
- Q.22. In BOI, Customer Service Committee of the Board is headed by..... ?
- A. M. Com
 - B. GM-GOD- HO
 - C. MD & CEO
 - D. GM-Customer Excellency Deptt-HO
- Q 23. Who has been designated as Chief Grievance Redressal Officer , as Nodal Officer In BOI, to handle complaints and grievances at Bank level ?
- A. ED-HO
 - B. MD & CEO
 - C. General Manager-HO
 - D. All GMs at all NBGs
- Q.24. Which of the followings should be mandatorily displayed by the Banks ?
- A. Appropriate arrangements for receiving Complaints & Suggestions
 - B. Details of Bank's Nodal Officer(s)
 - C. Details of Banking Ombudsman of the area
 - D. Code of Bank's Commitments to customers/Fair Practice Code
 - E. All above
- Q.25. What is the maximum time, within which a complaint should be resolved through OCRM at branch level ?
- A. 5 days
 - B. 7 days
 - C. 3 days
 - D. 10 days
- Q.26. On which day of the month Open House meeting is conducted ?
- A. 15th day
 - B. 10th day
 - C. 7th day
 - D. 16th day

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10
Answer	B	B	A	D	C	A	A	A	D	D
Q. No.	11	12	13	14	15	16	17	18	19	20
Answer	D	B	C	A	C	A	B	A	A	A
Q. No.	21	22	23	24	25	26				
Answer	D	C	C	E	A	B				

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30. Frauds and Preventive Vigilance

Risk in business as well as in Banking is increasing day by day. Numbers of frauds and amount involved in various frauds in our Bank have been increasing. Frauds affect Bank's business, profit and moral of the staff. Cyber crimes and money laundering are other bad effects.

Definition of Fraud:

Indian Penal Code (IPC) defines fraud as:

"Any behavior by which one person intends to gain a dishonest advantage over another"

Reserve Bank of India defines a fraud (as per MOF draft guidelines) as:

"An act of commission and / or abetment, which is intended to cause illicit gain to one person (s) / entity and wrongful loss to the other, either by way of concealment of facts, by deceit or by playing a confidence trick."

The Companies Act 2013 defines a fraud as:

"Fraud in relation to affairs of a Company or body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss."

Frauds in banks arise due to system and human failures

Frauds may be grouped into 4 categories on the basis of perpetrator of fraud.

- a) Frauds committed by employees.
- b) Frauds committed by employees in collusion with outsiders who may or may not be the customer of the bank.
- c) Frauds committed by outsiders / customers with insider support / involvement.
- d) Frauds committed exclusively by outsider who may or may not be the customer of the bank.

In view of the above Vigilance is getting more focus to manage the operational risk and to check the frauds in the banking sector. The word 'Vigilance' means *continuous* alertness, watchfulness or circumspection. It is said, precaution is better than cure. It is better to take precaution and prevent the frauds before it happens.

Reporting of frauds

- a) As soon as a fraud is detected at branch / centre/ offices, a preliminary report should be reported to Zonal Office/ Controlling office.
- b) The FMR-1 duly signed by the branch manager is to be submitted to Zonal Manager / Vertical Head within 7 days from the date of detection.
- c) Zonal Manager/Vertical Head shall examine FMR 1 and seek clarifications, if any, and send the same duly countersigned to Fraud Risk Management Dept, Head Office within 10 days from detection of fraud.
- d) On receipt of FMR 1, Fraud Risk Management Dept shall submit the memorandum to Top Management reporting the fraud and action points to be initiated and shall ensure to report the fraud to Reserve Bank of India within 21 days from the date of detection.

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Fraud of Rs. 3 crore and above should be reported to CBI.

Our bank has introduced a whistle blower policy. Each of us should always be on alert and report to higher authority about any suspicious happening in the bank.

Fraud Sensitive Branches / Zones:

Branches:

The basis of categorization will be as indicated in the table given below:

	Definition	Categorization
1.	2 fraud cases and more reported in any one year during the last 3 years	Highly Sensitive
2.	One fraud case is reported in any one year during the last 3 years	Sensitive
3.	No fraud case is reported during last 3 years	Least Sensitive

The above method of classification is based on historical data.

Branches will also be classified on the basis of their risk ratings assigned to them in the Internal Audits. **The Risk Based Internal Audit Policy of the Bank classifies Branches at five risk levels viz., Low Risk, Medium Risk, High Risk, Very High Risk and Extremely High Risk as per the Composite Risk Ratings** taking into account the level of Business Risk and Control Risk.

The categorization of Branches according to the Risk ratings will be as follows:

Sr. No.	Composite Risk Rating	Categorization
1.	Exceptionally High Risk	Highly Sensitive
2.	Very High Risk	Highly Sensitive
3.	High Risk	Sensitive
4.	Medium Risk	Less Sensitive
5.	Low Risk	Least Sensitive

In classification of Branches under the two methods, the higher of the sensitivities will be taken as applicable, where the historical and risk based classification yield different results.

Zones:

Zones will be identified and categorized every year into Highly Sensitive, Sensitive, Less Sensitive and Least Sensitive Zones by the Fraud Risk Management Department, Head Office on the basis of number of perpetrated/attempted frauds reported during the last three years. The categorization of zones is to be reviewed every year. The basis of categorization has to be as indicated in the table given below:

	Definition	Categorization
1	Five cases and above reported in any one year during the last three years.	Highly Sensitive
2	3 cases and above but less than 5 cases reported in any one year during the last 3 years	Sensitive
3	Less than 3 cases of fraud reported in any one year during the last 3 years.	Less Sensitive
4	No fraud is reported in the Zone during last 3 years	Least Sensitive

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In addition to the above classification on historical data, Zones will also be classified on the basis of the risk profile of their branches.

Accordingly, Zones will also be classified as follows:

Composite Risk level in Audit	Percentage	Classification
No. of Exceptionally High and Very High Risk, High Risk Branches	25% & more	Highly Sensitive
	15% - Less than 25%	Sensitive
	5% - Less than 15%	Less Sensitive
	Less than 5%	Least Sensitive

In classification of Zones under the two methods, the higher of the sensitivities will be taken as applicable, where the historical and risk based classification yield different results.

Preventive Vigilance:

Preventive Vigilance signifies **continuous watchfulness** so as to prevent happening of any untoward incident having adverse financial implications for the organization.

- Strict adherence to the systems & procedures so that integrity of the system is protected.
- Identification of sensitive areas in the Bank & bringing about modifications to eliminate scope for frauds.
- Study the past cases of frauds & to plug the loop holes in the system to prevent recurrence of frauds in future.
- Identify “weak spots” in branch and suggest remedial measures to plug such loopholes.
- Creating awareness at all levels of staff.

Here **some** illustrative **Do's and Dont's** which should be adhered invariably as preventive vigilance –

- ✚ System and procedures should be followed meticulously. No short cut is allowed.
- ✚ Staff should be educated time and again.
- ✚ KYC compliance and due diligence should be done sincerely.
- ✚ Daily reports are to be generated and to be checked properly, specially transfer book.
- ✚ Office accounts to be balanced, accounts in other bank should be reconciled at least monthly.
- ✚ All P&L debit vouchers should be signed by the branch manager up to scale IV branch.
- ✚ UV lamp, alarm system, CCTV camera, bait money to be maintained.
- ✚ Cash, gold, sensitive stationery, Cards, ready kits, pin and loan documents should be kept under dual control.
- ✚ Surprise inspection/test check by the manager should be done.
- ✚ Check the accounts of staff members and observe their behaviour.
- ✚ Job rotation to be undertaken.
- ✚ Audit report should be attended as early as possible.
- ✚ Keeping the signature scanning pending for long time is dangerous.
- ✚ Password protection is important. No entry to UPS room.
- ✚ Secrecy regarding internal bank working & procedures to be maintained.
- ✚ Pre sanction, post sanction, pre disbursement inspection should be carried out sincerely.
- ✚ Supplier's status report to be obtained and disbursement through DD,PS,RTGS only
- ✚ Search & valuation report of the property should be obtained as per norms.

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- ✚ CIBIL, CERSAI, ROC report to be obtained and online verification of documents to be done.
- ✚ Stock/ Book debts statements should be scrutinized thoroughly.
- ✚ Early warning signals in the advance account should be taken care.
- ✚ Vetting, CPA to be done where ever required.
- ✚ Don't attend fake E-mails.
- ✚ Change in customer master after taking due precaution.
- ✚ Staff should be alert to Fake currency and cloned cheques.
- ✚ Be conversant with the delegation and exercise discretion judiciously.
- ✚ Our CC borrower should not allowed to open a CD account with other bank/branch
- ✚ There should be control over large cash transaction in CC account.

KNOWLEDGE TEST

Q 1 Fraud incidence is to be reported to higher authority in which format?

- A. FMR 1 (XBRL)
- B. FMR 3
- C. FRRPT
- D. VLXR

Q 2 Which type of fraud is to be reported to RBI?

- A. All frauds irrespective of amount
- B. Frauds above Rs. 10 lakh
- C. Frauds other than staff involvement
- D. Frauds over Rs. 1 lakh

Q 3 The maximum time period, within which fraud is to be reported to RBI?

- A. 7 days
- B. 21 days
- C. 30 days
- D. 2 weeks

Q 4 Who is a whistle blower?

- A. The person, who observed the fraud and keeps quite.
- B. Informer of any unfair activity in the Bank.
- C. Referee in a game.
- D. Auditors and inspection officer.

Q 5 Preventive vigilance is-

- A. Alertness and watchfulness against untoward incidents.
- B. A process of departmental inquiry and awarding punishment in respect of a fraud.
- C. Identifying weak spots and remedial measures in the Bank\ branch.
- D. A and C both are correct.

Q 6 Preventive measures against operational risk do not include-

- A. Credit monitoring.
- B. NPA recovery.
- C. Due diligence
- D. Standardized operating procedures.

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Q7 Which is incorrect as regards accepting value of stock?

- A. Stock minus creditors for stock
- B. Debtors minus debtors older than 180 days or as per sanction terms
- C. Stock plus obsolete stock
- D. Lower of Market value & purchase value of stock.

Q 8 Find the incorrect regarding PSRS.

- A. System generated list of new loans to be sent to Z.O. each month
- B. Proposal copy of all the loans of Rs. 2 lakh & above to be sent to Z.O.
- C. Z.O. level proposals to be sent to the NBG and NBG level to the H.O.
- D. TOD/TOL reporting is not mandatory in PSRS mechanism.

Q 9 What is true regarding title search of an immovable property?

- A. All the papers should be sent directly to the panel lawyer.
- B. Report should be approved by Br. Manager up to Scale III branches
- C. Declaration regarding Original title document seen, encumbrance certificate and list of required documents for EQM are the key features of a title search report to check.
- D. All the above are true.

Q 10. What precautions to be taken in respect of our staff member?

- A. The staff should avail leave.
- B. Rotation of staff in the branch\office to be ensured.
- C. Their accounts to be scrutinised by the manager and abnormal transactions should be inquired.
- D. All the above

Q 11.What is the full form of ACB in relation to frauds?

- A. Audit Committee of the Board
- B. Audit Chairman Board
- C. Alert Credit Board
- D. None of the above

Q 12.In a branch if 2 or more fraud cases are reported in any one year during the last 3 years the branch will be categorised as

- A. Highly Sensitive
- B. Sensitive
- C. Least Sensitive
- D. None of the above

Q13. Fraud of Rs. 3.00 crore and above should be reported to

- A. SBI
- B. Central Bureau of Investigation (CBI)
- C. World Bank
- D. Home Ministry

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Q14. Reporting of frauds (under FMR 1 format) from branch to ZO should be done in how many days?

- A. 5 days
- B. 7 days
- C. 10 days
- D. 15 days

Q15. The Composite Risk Rating of a branch is medium risk. Its categorisation will be

- A. Highly Sensitive
- B. Sensitive
- C. Least Sensitive
- D. Less Sensitive

Q 16. Which is correct in case of issuance of cheque book?

- A. Avoidance of request for issuance of Cheque books on loose requisition slip.
- B. Ensure proper delivery of the new Cheque book to the account holder or to his representative for safety purpose.
- C. Obtain inbuilt Requisition slip for issuance of subsequent cheque books
- D. All of the above

Q17. What is the percentage of Provisions in case of fraud?

- A) 40%
- B) 25%
- C) 100%
- D) None

Q18. In case of collection of an instrument which is genuine, but the amount is collected fraudulently by a person who is not the true owner (beneficiary) , who will lodge complaint with Police?

- A. the paying banker
- B. the collecting banker
- C. RBI
- D. No need to file complaint

Q19. Staff Accountability aspect of concerned staff should be completed within..... months in case of Fraud?

- A. 12 Months
- B. 9 Months
- C. 6 Months
- D. 3 Months

Q20. In case of frauds involving forged instruments cleared under CTS clearing, who will file complaint with the police?

- A. the paying banker
- B. the collecting banker
- C. RBI
- D. No need to file complaint

TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10
Answer	A	A	B	B	D	B	C	D	D	D
Q. No.	11	12	13	14	15	16	17	18	19	20
Answer	A	A	B	B	D	D	C	B	C	A

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31. Risk Management

A). Risk Management: In the process of mobilizing and deployment of funds the Banks are exposed to various kinds of risk. The business of banking is always tied to a multitude of risks. We can define risk as the potential loss from a banking transaction (in the form of loan, or investment or any other kind of transaction).

The process of risk management consists of following functions (IMCR):

- a) Risk **I**dentification (I)
- b) Risk **M**easurement or Quantification (M)
- c) Risk **C**ontrol or Risk mitigation (C)
- d) Monitoring and **R**eviewing (R)

The different types of risk in Banks are

1) **Liquidity Risk** is the risk arising from funding of long term assets by short term liabilities or vice-versa.

2) **Interest Rate Risk** is the risk arising from adverse movement of interest rates during the period when the assets and liabilities are held. This rate affects the Net interest margin.(NIM)

Net Interest Margin (**NIM**) =
$$\frac{\text{Interest earned} - \text{Interest paid on deposits (expended)}}{\text{Average interest earning assets}}$$

3) **Credit Risk** is the risk prevalent in all loans, when there is a probability of default by the borrower/ obligor or the counter party (borrower/guarantor) to meet its obligation i.e. repayment of loan. It is also called as default risk.

4) **Market Risk** is the risk that arises due to adverse movement of value of the investment / trading portfolio during the period securities are held by a Bank. Also called as price risk.

5) **Operational Risk** is the risk that arises due to failed internal processes, people or system or from external events. It includes fraud risk, communication risk, documentation risk, competence risk, model risk, cultural risk, external event risk, legal risk, regulatory risk, compliance risk, system risk etc.,

6) **Other Risks** are strategic risk, reputation risk.

Strategic Risk arises due to adverse business decision, improper implementation of decision, change in Government policy etc.,

Reputation Risk arises from negative public opinion. It exposes Bank to litigation, financial loss or decline in customer base.

Banks manage these risks by minimizing, mitigating, avoidance or accepting through providing Capital Charge

B). Capital: Bank's Capital represents the net worth of a bank or its equity value to investors.. The international banking practices are regulated by Basel Committee on Banking Supervision (BCBS). This committee consist of members from G-20 Countries. The committee has given certain guidelines to keep a certain percentage of Capital as reserve for crisis i.e. charges on Capital.

Basel I, Basel II and Basel III standards provide a definition of the regulatory bank capital that, market and banking regulators closely monitor.

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Basel I	Basel II	Basel III						
<p>1988-2006 (Implemented in India in 1993) focused on Credit /Default Risk. Capital Charge for the market risk was provided. Two methodologies were adopted to estimate the capital requirement to cover market risk:</p> <ol style="list-style-type: none"> 1) Standardized Measurement Method 2) Internal Models Approach 	<p>1) 2006-2010 (implemented in India in 2008) considered Credit/Market/Operation Risk and improvised Base I.</p> <p>2) Basel II operates under 3 Pillars:</p> <ul style="list-style-type: none"> • Pillar I – Minimum Capital requirement of 8% of RWA. • Pillar II –Supervisory Review Process • Pillar III – Market Discipline disclosure <p>3) Methods for estimating the capital requirement of</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="text-align: left; color: red;">Credit Risk</th> <th style="text-align: left; color: red;">Operational Risk</th> </tr> </thead> <tbody> <tr> <td>1)Standardized Approach</td> <td>1)Basic indicator Approach (BIA)</td> </tr> <tr> <td>2)Internal Rating based (IRB) approach -Foundation IRB -Advanced IRB</td> <td>2)The Standardized Approach (TSA) 3) Advanced Measure Approach (AMA)</td> </tr> </tbody> </table> <p>Banks should have board approved Internal Capital Adequacy Assessment Process-ICAAP to assess capital level.</p>	Credit Risk	Operational Risk	1)Standardized Approach	1)Basic indicator Approach (BIA)	2)Internal Rating based (IRB) approach -Foundation IRB -Advanced IRB	2)The Standardized Approach (TSA) 3) Advanced Measure Approach (AMA)	<p>2010 onwards (Implemented in India in 2013). Improved Basel II by increasing bank liquidity and decreasing bank leverage. Basel III framework is based on the same 3 Pillars.</p> <ul style="list-style-type: none"> • Pillar I – Minimum Capital requirement • Pillar II – Supervisory Review Process (SRP) • Pillar III – Market Discipline disclosure. <p>Market Discipline ensures increased transparency through disclosures.</p> <p>ICAAP to conduct regular stress test and scenario analysis to know vulnerability of bank due to risk exposure along with impact on capital.</p> <p>SRP – ensures establishment of suitable risk management system in Bank. It ensures adequate capital to support all risk in business.</p>
Credit Risk	Operational Risk							
1)Standardized Approach	1)Basic indicator Approach (BIA)							
2)Internal Rating based (IRB) approach -Foundation IRB -Advanced IRB	2)The Standardized Approach (TSA) 3) Advanced Measure Approach (AMA)							

Capital to Risk Weighted Asset Ratio or Capital Adequacy Ratio (CRAR or CAR)

$$= \frac{\text{Capital}}{\text{Credit Risk RWA} + \text{Market Risk RWA} + \text{Operational Risk RWA}} \times 100$$

Risk Weight is a multiplication factor prescribed by RBI, to indicate riskiness of the assets to the Bank. RBI has prescribed different risk weight for different assets class/credit risk exposure. Higher CRAR indicated Bank is better capitalized.

For supervisory purpose the Bank's capital is divided into 2 Tiers:

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Tier – I	Tier – II
<ul style="list-style-type: none"> • Common Equity Tier – I (CET-I) Share Capital & disclosed Reserve • Additional Tier I Capital (AT-I) a) IPDI–Innovative Perpetual Debt Instrument, b)PNCPS-Perpetual Non-Cumulative Preference Shares	<ul style="list-style-type: none"> • Revaluation Reserve • General Provision & Loss reserve • Upper Tier-II bonds • Subordinated bonds • Hybrid Debt Capital Instruments etc.

Capital Requirement:

	Under Pillar I of Basel III, Banks are required to maintain a minimum total capital of 9% of RWA. These guidelines to be fully extended by 31.03.2020.	As per RBI (%)
A.	Common Equity –min CET- I	5.50
B.	Capital Conservation Buffer (CCB)-additional capital buffer to be created out of normal years profits to be used for period of downturn & stress.	2.50
C.	Min CET- I + CCB (Total A+B)	8.00
D.	Additional Tier- I	1.50
E.	Minimum Tier – I (A+D)	7.00
F.	Tier- II Capital	2.00
G.	Minimum Total Capital + CCB (E+F)	9.00
H.	Total Capital including CCB (G+B)= Capital Adequacy Ratio/CRAR	11.50

Our Bank's CRAR (as per Basel – III) as on 31.12.2019 stands at 14.20%

Basel-III envisaged **Counter Cyclical Capital Buffer (CCCB)** to be created during boom period of credit expansion to tackle risk of loss during economically depressed time.

Credit Conversion Factor (CCF): Off balance sheet items like forex forward contract, derivatives, LC/BG etc carry risk. To capture this inherent risk, RBI has stipulated certain **CCF** to convert these into credit equivalents and provide capital accordingly for the duration of exposure.

Example of CCF = Financial Guarantee (100%), Performance Guarantee (50%). Longer the duration of unexpired exposure higher the CCF and vice versa.

Leverage Ratio (LR): to track the impact of using either CET-I or total regulatory capital as the leverage ratio i.e. **LR = Capital measure / Exposure measure**.

Liquidity Risk : to overcome financial crisis due to inaccurate and ineffective management of liquidity risk ,BCBS introduced Liquidity Coverage Ratio (**LCR**) for shorter duration & Net Stable Funding Ratio (**NSFR**) for longer duration.

Risk weight:

Long term claims on corporate Domestic rating Agency	AAA	AA	A	BBB	BB & Below	Unrated
Risk Weight %	20	30	50	100	150	100
Short term claim on corporate	A+	A1	A2	A3	A4 & D	Unrated

Class of Asset	Regulatory Retail	Commercial Real Estate	NPA provision less than 20%	NPA provision at least 20%	NPA provision at least 50%
Risk Weight %	75	100	150	100	50

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Prompt Corrective Action: PCA is a framework under which **banks** with weak financial metrics are put under watch by the RBI. The PCA framework deems **banks** as risky if they slip below certain norms on three parameters — capital ratios, asset quality and profitability.

The three parameters are capital to risk weighted assets ratio (CRAR), net non-performing assets (NPA) and Return on Assets (RoA),

Bank's recapitalisation means infusing additional capital to improve their balance sheet. Recapitalization plans are implemented when bank's liabilities are higher than assets, credit crunch and difficulty in raising funds from open market. Government infuses capital in banks by either buying new shares or by issuing bonds.

High Cost Deposit is deposits which are accepted above card rate of the bank. The ceiling for bulk deposit for PSBs is capped at 10% of total deposits.

Asset Liability Management can be defined as a mechanism to address the risk faced by a Bank due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates. Liquidity is an institution's ability to meet its liabilities either by borrowing or converting assets.

Asset Liability Management Committee (ALCO) is a risk management committee in a *bank* that evaluates the risk associated with the *Bank's* assets and liabilities.

Foreign Currency Convertible Bonds are bonds issued abroad in Foreign Currency with an option to convert the bond into equity at a fixed conversion price or as per pre-determined price.

KNOWLEDGE TEST

Q.1. Risk is defined as potential loss arising out of?

- A. Banking transaction. B. Investment C. Any other transaction. D. All of the above

Q. 2.The risk management consist of which of the following functions?

- A. Risk Identification & Measurement
B. Risk Control / Mitigation
C. Risk Monitoring & Review.
D. All of the above.

Q. 3. The probability of default is also called as obligor or borrower's risk, it is related to?

- A. Credit Risk B. Market Risk C. Operation Risk D. Global Certain Risk

Q. 4.The Directors of Ransingh Labs, invested heavily on Government disputed land without any approval from the Board, The account with the Bank became NPA. The company faced which type of risk?

- A. Market Risk
B. Strategic Risk
C. Reputation Risk
D. Interest Rate Risk.

Q 5. Which among the following is not connected with business risk?

- A. Industry risk
B. Management risk
C. Non-structure risk
D. Financial risk.

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- Q.6. What should bank provide to manage, accept and mitigate the risk?
A. Charge on security
B. Securitization.
C. Collaterals.
D. Charge on Capital.
- Q.7. International banking practices regarding Regulatory Capital are governed by?
A. World Bank B. IMF C. BCBS D. ICC.
- Q.8. ICAAP assess the capital level, what is it stand for?
A. International Capital Accreditation Arranged Process
B. Internal Capital Adequacy Assessment Process.
C. Indian Capital Accounting and Audit Process
D. Indo-US Capital Assurance Advising Process.
- Q.9. Who prescribes Risk Weight i.e. a multiplication factor that indicates riskiness of assets to the bank?
A. SEBI. B. RBI C. NSDL D. Finance Ministry
- Q10. Innovative Perpetual Debt Instruments (IPDI) and Perpetual non-cumulative preference Shares (PNCPS) are part of which type of capital?
A. Tier-II. B. Subordinate debt C. Additional Tier-I D. Reserves
- Q.11. When does bank creates Counter Cyclical Capital Buffer (CCCB)?
A. boom period of credit expansion B. Normal period of profits
C. Operating profit tapering D. "V" or "L" profit curves formation
- Q12. What was CRAR or CAR of our bank as on 31.03.2020?
A. 14.05% B. 14.10% C. 13.10% D. 14.13%
- Q13. Credit Conversion Factors (CCF) are utilised for capturing inherent risk related to which items of a Bank transactions?
A. Long term Liabilities
B. Advances in Assets
C. Non-current Assets
D. Off-balance sheet items.
- Q14. Which among the following ratios are utilised to quantify Liquidity risk of a bank?
A. CRR & SLR
B. LCR & NSFR
C. Reverse Repo & MSF
D. Repo & OMO
- Q15. What do you mean by HQLA?
A. High Qualified Loan Assets B. High Quality Liquid Assets
C. High Quantity Leverage Accounts D. Highest Quantified Link Average
- Q16. What will be the Risk Weight (%) of a corporate account rated as BBB by a rating agency?
A. 100 B. 125 C. 150 D. 75

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Q.17. Loan to Value ratio (LTV) is a lending risk assessment ratio utilised for arriving risk related which type of advances?

- A. Vehicle Loan
- B. Holiday Loan
- C. Home Loan
- D. Personal Loan

Q.18. Mr Raman obtained a housing loan of Rs. 60 lakhs at Queen's Necklace, Marine drive. What will be the Risk Weight (%) and Provision (%), if LTV of his loan is around 76%?

- A. 50 & 0.40
- B. 35 & 0.25
- C. 100 & 0.10
- D. 75 & 0.30

Q.19. Which of the following committee takes strategic decision, formulating and overseeing function of Asset Liability of a Bank?

- A. MCOM
- B. CAC
- C. ALCO
- D. ACB

Q.20. Hybrid Debt Capital instrument falls under which part of Bank's capital?

- A. Tier-I
- B. Tier-II
- C. AT-I
- D. CET-I

Q 21. What is the function of a risk management committee ALCO?

- A. Evaluate the risk associated with the Bank's Assets & Liabilities.
- B. To fix the strategy for day to day banking operation.
- C. To deal with financial market transactions.
- D. Analyze risk and challenges of branch operations.

Q 22. select the correct triggers with regards to the imposition of Prompt Corrective Action by RBI?

- A. Capital to Risk Assets Ratio
- B. Level of Net-NPA
- C. Return on Assets (ROA)
- D. All of the above.

Q 23. The risk which bank faces due to adverse business decision, improper implementation of decision is termed as?

- A. Liquidity Risk
- B. Strategic Risk
- C. Market Risk
- D. Operational Risk

Q24. What is the ceiling for high cost deposit in Public Sector Bank?

- A. 25% of total deposit
- B. 50% of the interest
- C. 10% of total deposit
- D. 15% of total deposit and advances

Q25. The Leverage Ratio is calculated to know the impact on which of the following type of Capital?

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- A. Tier-II.
- B. Subordinated bonds
- C. Hybrid Debt Capital Instruments
- D. CET-I.

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TEST KEY

Q. No.	1	2	3	4	5	6	7	8	9	10
Answer	D	D	A	B	C	D	C	B	B	C
Q. No.	11	12	13	14	15	16	17	18	19	20
Answer	A	C	D	B	B	A	C	B	C	B
Q. No.	21	22	23	24	25					
Answer	A	D	B	C	D					

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32. राजभाषा एवं आरक्षण नीति

राजभाषा नीति

संविधान में राजभाषा संबंधी उपबंध:

संविधान के 343 से 351 तक के अनुच्छेद भाषा से संबंधित हैं।

अनुच्छेद 343 (1): संघ की राजभाषा हिंदी और लिपि देवनागरी होगी, संघ के शासकीय प्रयोजनों के लिए प्रयोग होने वाले अंकों का रूप भारतीय अंकों का अंतर्राष्ट्रीय रूप अर्थात् 1, 2, 3, 4... होगा।

अनुच्छेद 343 (2): संविधान लागू होने के पंद्रह वर्ष बाद तक अर्थात् 26 जनवरी 1965 तक अंग्रेजी का प्रयोग पूर्व की भांति जारी रहेगा।

अनुच्छेद 343 (3): संसद को यह अधिकार है कि वह अधिनियम पारित कर 1965 के बाद भी सरकारी कामकाज में हिन्दी के साथ-साथ अंग्रेजी भाषा के प्रयोग को जारी रखने की व्यवस्था कर सकती है।

अनुच्छेद 344: राजभाषा के संबंध में राजभाषा आयोग और संसद की समिति-संविधान लागू होने के 05 वर्ष बाद राजभाषा के प्रयोग पर सिफारिश करने के लिए राजभाषा आयोग और आयोग की सिफारिश पर विचार करने के लिए 30 सांसदों की "संसदीय समिति" के गठन का प्रावधान है।

अनुच्छेद 347: किसी राज्य की जनसंख्या के पर्याप्त भाग के चाहने पर उसके द्वारा बोली जाने वाली भाषा को राष्ट्रपति उस राज्य की अथवा उसके भाग विशेष में मान्यता के लिए आवश्यक निदेश दे सकते हैं।

अनुच्छेद 348: उच्चतम न्यायालय और उच्च न्यायालयों की भाषा-उच्चतम न्यायालय और प्रत्येक उच्च न्यायालय की कार्यवाहियों तथा केंद्र और राज्य के सभी अधिनियमों, विधेयकों, अध्यादेशों, आदेशों, नियमों, विनियमों या उप नियमों के प्राधिकृत पाठ अंग्रेजी भाषा में होंगे।

अष्टम अनुसूची

संविधान की आठवीं अनुसूची में 22 भारतीय भाषाओं को मान्यता दी गई है, जो इस प्रकार हैं :

1. असमिया, 2. उडिया, 3. उर्दू, 4. कन्नड़, 5. कश्मीरी, 6. गुजराती, 7. तमिल, 8. तेलुगू, 9. पंजाबी, 10. बंगला, 11. मराठी, 12. मलयालम, 13. संस्कृत, 14. सिंधी, 15. हिंदी, 16. नेपाली, 17. कोंकणी, 18. मणिपुरी, 19. बोडो, 20. संथाली, 21. मैथिली, 22. डोगरी

राजभाषा अधिनियम 1963

राजभाषा अधिनियम 1963 की धारा 3(3) के अनुसार कुल 14 प्रकार के दस्तावेज द्विभाषी रूप में जारी किया जाना अनिवार्य है: संकल्प, सामान्य आदेश (परिपत्र, परिपत्रक, कार्यालय आदेश आदि), नियम, अधिसूचना, प्रशासनिक एवं अन्य रिपोर्ट, प्रेस विज्ञप्ति, संविदा, करार, अनुज्ञप्ति, अनुज्ञापत्र, सूचना और निविदा प्रारूप।

राजभाषा (संघ के शासकीय प्रयोजनों के लिए प्रयोग) नियम, 1976

नियम 2: सम्पूर्ण भारत का भाषावार वर्गीकरण :

(1) 'क्षेत्र क' से बिहार, हरियाणा, हिमाचल प्रदेश, मध्य प्रदेश, छत्तीसगढ़, झारखंड, उत्तराखंड, राजस्थान, उत्तर प्रदेश राज्य तथा अंडमान और निकोबार द्वीप समूह, दिल्ली संघ राज्य क्षेत्र अभिप्रेत है।

(2) 'क्षेत्र ख' से गुजरात, महाराष्ट्र और पंजाब राज्य तथा चंडीगढ़, दमन और दीव तथा दादरा और नगर हवेली संघ राज्य क्षेत्र अभिप्रेत हैं।

(3) 'क्षेत्र ग' से उपर्युक्त में निर्दिष्ट राज्यों और संघ राज्य क्षेत्रों से भिन्न राज्य तथा संघ राज्य क्षेत्र अभिप्रेत है।

नियम 5: हिंदी में प्राप्त पत्रादि के उत्तर अनिवार्यतः हिंदी में ही दिए जाएं।

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नियम 6: हिंदी और अंग्रेजी दोनों का प्रयोग- राजभाषा अधिनियम 1963 की धारा 3(3) में निर्दिष्ट सभी दस्तावेजों पर हस्ताक्षर करने वाले व्यक्ति का उत्तरदायित्व होगा कि वह यह सुनिश्चित करें कि ऐसे दस्तावेज हिंदी और अंग्रेजी दोनों भाषाओं में तैयार, निष्पादित और जारी किए जाएं।

नियम 9: किसी कर्मचारी के बारे में यह समझा जाएगा कि उसे हिंदी में प्रवीणता प्राप्त है यदि उसने मैट्रिक परीक्षा या समकक्ष परीक्षा हिंदी माध्यम से उत्तीर्ण की है या स्नातक परीक्षा अथवा उसके समतुल्य या उससे उच्चतर किसी अन्य परीक्षा में हिंदी को एक वैकल्पिक विषय के रूप में लिया था या उसके द्वारा इस संबंध में स्वयं एक घोषणा-पत्र प्रस्तुत किया गया हो कि उसे प्रवीणता प्राप्त है।

नियम 10: 1) किसी कर्मचारी के बारे में यह समझा जाएगा कि उसे हिंदी का कार्यसाधक ज्ञान प्राप्त है, यदि उसने मैट्रिक परीक्षा या उसके समतुल्य या उससे उच्चतर परीक्षा हिंदी विषय के साथ उत्तीर्ण की है अथवा उसने केन्द्रीय सरकार की हिंदी शिक्षण योजना के अंतर्गत प्राज्ञ परीक्षा उत्तीर्ण कर ली है अथवा उसके द्वारा इस संबंध में स्वयं एक घोषणा-पत्र प्रस्तुत किया गया हो कि उसे कार्यसाधक ज्ञान प्राप्त है।

2) यदि केन्द्रीय सरकार के किसी कार्यालय में कार्य करने वाले कर्मचारियों में से 80% कर्मचारियों ने हिंदी का कार्यसाधक ज्ञान प्राप्त कर लिया है तो उस कार्यालय के कर्मचारियों के बारे में सामान्यतया यह माना जाएगा कि उन्होंने हिंदी का कार्यसाधक ज्ञान प्राप्त कर लिया है।

नियम 11: केन्द्रीय सरकार के किसी कार्यालय के प्रयोग में आने वाले मैनुअल, संहिताएं, अन्य प्रक्रिया साहित्य, स्टेशनरी की वस्तुएं जैसे फार्म, सभी नामपट्ट, सूचनापट्ट, पत्रशीर्ष और लिफाफों पर उत्कीर्ण लेख तथा स्टेशनरी की अन्य मदें हिंदी और अंग्रेजी में अर्थात् द्विभाषी होंगी।

नियम 12: प्रत्येक कार्यालय के प्रशासनिक प्रधान का यह उत्तरदायित्व होगा कि वह यह सुनिश्चित करें कि राजभाषा अधिनियम एवं नियमों के उपबंधों का अनुपालन किया जाता है और इस प्रयोजन के लिए उपयुक्त और प्रभावकारी जांच के उपाय करें।

Reservation Policy

Reservation in India is a system of affirmative action that provides representation for historically and currently disadvantaged groups in Indian society in education, employment and politics. Enshrined in Articles 15 and 16 of the Indian Constitution, it allows the Indian government to set quotas to ensure any "socially and educationally backward classes of citizens" is properly represented in public life. **Reservation Criteria, at present :**

Schedule Cast (SC)	Schedule Tribe (ST)	Other Backward Class(OBC)
15%	7.5%	27%

- State Govt. can make rules for enhancement in reservation quota.
- As per the Orders of Supreme Court, reservation quota cannot be more than 50%
- Seats and specific quota in educational institutes, Govt. jobs are kept reserved according to various parameters. Keeping in view the expected vacancies/posts, reserve quota for the people of a specific group is placed, in a specific proportion.

Meaning of Creamy Layer : There is a provision of 27% reservation for the persons of OBC category in educational institutes, Govt. jobs. If the annual income of the such backward family is more than Rs 8 lakh, then, they should be out of the purview of reservation benefits, available to OBC and would be treated under "Creamy Layer".

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Reservation on economic basis:

10% reservation was allowed for economically backward people by enacting 103rd amendment in our constitution on 12.01.2019.

To avail the benefit of this reservation, the eligibility criteria is as under :-

Annual income of the family should not be more than Rs 8 lakh, agriculture land should not be more than 5 acre, house in the city should not be more than 1000 square feet, plot in the notified municipal area should not be more than 100 yards, plot in non-notified municipal area should not be more than 200 yards.

Persons belonging to communities that already have reservations such as Scheduled Castes, Scheduled Tribes and the "creamy layer" of Other Backward Classes are also not eligible for reservation under this quota.

ज्ञान परीक्षण (Knowledge Test)

प्रश्न 1. राजभाषा से क्या आशय है?

- (क) राष्ट्रभाषा (ख) देश में सबसे अधिक प्रयोग की जाने वाली भाषा
(ग) सरकारी काम-काज की भाषा (घ) अन्य देशों से संपर्क की भाषा

प्रश्न 2. संविधान की अष्टम अनुसूची में कितनी भारतीय भाषाओं को मान्यता प्रदान की गई है?

- (क) 23 (ख) 28 (ग) 21 (घ) 22

प्रश्न 3. संविधान में राजभाषा संबंधी उपबंध कहां दिए गए हैं?

- (क) 343 से 351 तक के अनुच्छेद भाषा से संबंधित हैं (ख) 344 से 352 तक के अनुच्छेद भाषा से संबंधित हैं
(ग) 345 से 353 तक के अनुच्छेद भाषा से संबंधित हैं (घ) 357 से 362 तक के अनुच्छेद भाषा से संबंधित हैं

प्रश्न 4. भाषाई वर्गीकरण के आधार पर अंडमान और निकोबार द्वीप समूह किस क्षेत्र में आता है?

- (क) ग (ख) क (ग) घ (घ) ख

प्रश्न 5. सरकार की राजभाषा नीति का आधार क्या है?

- (क) प्रेरणा और दंड (ख) प्रोत्साहन और दंड
(ग) प्रेरणा और प्रोत्साहन (घ) प्रेरणा और अनुसरण

प्रश्न 6. संविधान सभा ने 14 सितम्बर 1949 को हिंदी को भारत देश की राजभाषा के रूप में स्वीकार किया था।

इस दिन को किस दिवस के रूप में मनाया जाता है?

- (क) हिंदी दिवस (ख) युवा दिवस (ग) संविधान दिवस (घ) इनमें से कोई नहीं

प्रश्न 7. राजभाषा विभाग, केंद्र सरकार के किस मंत्रालय के अंतर्गत आता है?

- (क) वित्त मंत्रालय (ख) गृह मंत्रालय (ग) समाज कल्याण मंत्रालय (घ) शिक्षा मंत्रालय

प्रश्न 8. शाखा स्तर पर गठित राजभाषा कार्यान्वयन समिति की वर्ष में कितनी बैठकें आयोजित की जानी चाहिए?

- (क) 03 (ख) 02
(ग) 04 (घ) 12

प्रश्न 9. राजभाषा नियम किस वर्ष में बने?

- (क) 1975 (ख) 1976 (ग) 1977 (घ) 1978

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प्रश्न 10. देवनागरी क्या है?

(क) एक लिपि (ख) एक भाषा (ग) एक साहित्य (घ) एक बोली

प्रश्न 11. संविधान में मान्यता प्राप्त 22 भारतीय भाषाएं किस अनुसूची में दी गई हैं?

(क) नवी अनुसूची (ख) अष्टम अनुसूची (ग) पंचवी अनुसूची (घ) प्रथम अनुसूची

प्रश्न 12. राजभाषा नियम के अनुसार लेखन सामग्री (स्टेशनरी मर्दें) किस भाषा में होनी चाहिए?

(क) हिंदी (ख) अंग्रेजी (ग) क्षेत्रीय भाषा (घ) द्विभाषिक

प्रश्न 13. राजभाषा अधिनियम 1963 की धारा 3(3) में निर्दिष्ट सभी दस्तावेज़ किस भाषा में तैयार किए जाएंगे?

(क) हिन्दी और अंग्रेजी दोनों में तैयार किए जाएंगे (ख) हिन्दी में ही तैयार किए जाएंगे
(ग) अंग्रेजी में ही तैयार किए जाएंगे (घ) हिन्दी और क्षेत्रीय भाषा में तैयार किए जाएंगे

प्रश्न 14. संविधान के अनुसार हिन्दी भाषा के भंडार के लिए शब्द कहां से ग्रहण किए जाते हैं?

(क) संस्कृत से (ख) हिन्दी प्रदेश की बोलचाल की भाषा से
(ग) मुख्यतः संस्कृत और गौणतः अन्य भाषाओं से (घ) संस्कृत, भारतीय भाषाओं और अंग्रेजी से

प्रश्न 15. वार्षिक कार्यक्रम 2020-21 के अनुसार 'ग' क्षेत्र से 'ग' क्षेत्र का हिन्दी में मूल पत्राचार का कितना लक्ष्य है?

(क) 65% (ख) 55% (ग) 100% (घ) 50%

प्रश्न 16. राजभाषा विभाग, गृह मंत्रालय के आदेशानुसार देश के उन सभी नगरों में जहां केंद्रीय सरकार के 10 या इससे अधिक कार्यालय हों, तो किस समिति का निर्माण किया जाता है?

(क) राजभाषा समिति (ख) संसदीय राजभाषा समिति
(ग) राजभाषा कार्यान्वयन समिति (घ) नगर राजभाषा कार्यान्वयन समिति

प्रश्न 17. प्रति वर्ष विश्व हिन्दी दिवस कब मनाया जाता है?

(क) 14 सितंबर (ख) 10 जनवरी
(ग) 14 जनवरी (घ) 12 सितंबर

प्रश्न 18. राजभाषा नियम 1976 के अनुसार, भाषाई आधार पर भारत देश को कितने वर्गों में विभाजित किया गया है?

(क) 02 (ख) 03 (ग) 05 (घ) 10

प्रश्न 19. राजभाषा नियम 1976 किस राज्य पर लागू नहीं है?

(क) राजस्थान (ख) केरल (ग) पश्चिम बंगाल (घ) तमिलनाडु

प्रश्न 20. हिन्दी में प्रवीणता प्राप्त कर्मचारी का क्या अर्थ है:

(क) कर्मचारी ने मैट्रिक परीक्षा हिन्दी माध्यम से उत्तीर्ण की है
(ख) कर्मचारी ने मैट्रिक परीक्षा हिन्दी विषय के साथ उत्तीर्ण की है
(ग) कर्मचारी ने केन्द्रीय सरकार की हिन्दी प्रशिक्षण योजना के अन्तर्गत प्रबोध परीक्षा उत्तीर्ण की है
(घ) इनमें से कोई नहीं

प्रश्न 21. संसदीय राजभाषा समिति की कौन सी उप समिति बैंकों में राजभाषा निरीक्षण के लिए आती है?

(क) प्रथम उप समिति (ख) द्वितीय उप समिति
(ग) तृतीय उप समिति (घ) पाँचवी उप समिति

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प्रश्न 22. संसदीय राजभाषा समिति कितने सदस्यों की एक समिति होती है?

- (क) 40 (ख) 50 (ग) 30 (घ) 20

प्रश्न 23. राजभाषा आयोग की स्थापना किस वर्ष में हुई?

- (क) 1949 (ख) 1950 (ग) 1951 (घ) 1955

प्रश्न 24. केन्द्रीय सरकार द्वारा हिन्दी प्रशिक्षण योजना के अंतर्गत कौन से प्रशिक्षण कार्यक्रम आयोजित किए जाते हैं?

- (क) प्रबोध एवं प्रज्ञ (ख) प्रबोध, प्रवीण एवं प्राज्ञ
(ग) प्रवीण एवं प्रबुद्ध (घ) उपरोक्त सभी

प्रश्न 25. राजभाषा नियम 10 के अनुसार किसी कार्यालय के कितने प्रतिशत कर्मचारियों के हिन्दी ज्ञान प्राप्त कर लेने पर उस कार्यालय का नाम राजपत्र में अधिसूचित किया जाता है?

- (क) सौ प्रतिशत (ख) अस्सी प्रतिशत (ग) साठ प्रतिशत (घ) इनमें से कोई नहीं

प्रश्न 26. हिन्दीतर राज्यों में बोर्ड के लिए भाषा का क्या क्रम होना चाहिए?

- (क) अंग्रेजी, हिन्दी तथा क्षेत्रीय भाषा (ख) क्षेत्रीय भाषा, हिन्दी तथा अंग्रेजी
(ग) हिन्दी, अंग्रेजी तथा क्षेत्रीय भाषा (घ) हिन्दी, क्षेत्रीय भाषा, अंग्रेजी

Q.27 What is the percentage of reservation provided to Other Backward Class(OBC) category as per our reservation policy?

- (A) 52% (B) 25% (C) 27% (D) 50%

Q.28 What is the maximum percentage of reservation that can be allowed as per the orders of Supreme Court?

- (A) 52% (B) 75% (C) 70% (D) 50%

Q.29 What should be the maximum annual income of a family to be considered under Non-Creamy Layer?

- (A) Rs 8 lakh (B) Rs 6 lakh (C) Rs 7 lakh (D) Rs 4 lakh

Q.30. What is the maximum percentage of reservation provided to the persons belonging to Schedule Tribe category as per our reservation policy?

- (A) 27% (B) 15% (C) 7.5% (D) 20%

परीक्षण कुंजी (TEST KEY)

प्रश्न सं.	01	02	03	04	05	06	07	08	09	10
उत्तर	(ग)	(घ)	(क)	(ख)	(ग)	(क)	(ख)	(ग)	(ख)	(क)
प्रश्न सं.	11	12	13	14	15	16	17	18	19	20
उत्तर	(ख)	(घ)	(क)	(ग)	(ख)	(घ)	(ख)	(ख)	(घ)	(क)
प्रश्न सं.	21	22	23	24	25	26	27	28	29	30
उत्तर	(ग)	(ग)	(घ)	(ख)	(ख)	(ख)	C	D	A	C

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33. AWARD STAFF SERVICE CONDITIONS

Most of the service related provisions are settled through Bipartite Settlements between IBA and employee unions. Till now 10 such bipartite settlements are reached between the IBA and Bank employees. 11th settlement is due since 01.11.2017. In addition, Bank Board itself is capable in taking decision with regards to extra benefits to be awarded to the employees.

Basic Pay: Clerks- ranges between Rs. 11765/- to Rs. 31540/-

Sub Staff- ranges between Rs. 9560/- to Rs. 18545/- Two increments on passing SSC

Stagnation increments (After reaching maximum of the higher scale):-

Clerks: 5 stagnation increments after every 3 completed years of service of Rs. 1310 each and 3 stagnation increments after every 2 completed years of service of Rs.1310/- each

Sub Staff: 8 stagnation increments of Rs.655/- each after every 2 completed years of service

One increment after passing JAIB and two extra after passing CAIB to non-Sub Staff

Special Allowance (It will not reckoned for superannuation benefits):-

For All Award Staff ----- 7.75% of Basic Pay + applicable DA thereon

DEARNESS ALLOWANCE

For every rise or fall of 4 points over 4440 points in the quarterly average working class Consumer Price Index (General) Base 1960 = 100 at the rate of 0.10% of Pay.

HOUSE RENT ALLOWANCE

Area	Rate
Major 'A' Class cities & Project Area Centres in Group 'A' 45L	10% of Pay
Other Places in Area I & Project Area Centres in Group 'B' & state of Goa 12 to <45L	9% of Pay
All other places <12L	7.5% of Pay

Transport Allowance Rs. 425/- per month up to 15th stage and Rs. 470/- from 16th stage

Working Hours – Clerks 6.5 hours, Sub staff 7 hours, Guard & Godown keeper 8 hours, Driver 7.5 hours

Graduation Pay/ Professional Qualification Pay(clerks) reaching at the top stage

after 1 year 410/-

after 2 year 800/-

after 3 year 1210/-

after 4 year 1620/-

after 5 year 2010/-

Festival Advance : One month gross salary subject to 35% net take home salary

Hospitalisation (medical reimbursement): Rs.300000/- for self and dependent family member.

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Medical aid – family: For domiciliary treatment of their dependent family members on declaration basis is Rs.2200/- p.a.

Leave rules:

	CASUAL	PRIVILEGE	SICK Leave	Extra ordinary leave
CALCULATION	12 days in a calendar year	@1 day for every 11 days of active service	1 month for every calendar year of service up to 18 years	For 2 years in entire Service period
AVAILABILITY	Not more than 4 days per occasion	No bar on number of occasion	On production of medical certificate	Maximum for 3 months At one time
EMOLUMENTS	Full emoluments	Full emoluments	½ pay and allowances	No emoluments
Date of credit	-----1 st January every year-----			
Accumulations	Converted as UCL	270 days /encashment 240 days	18 months + 3 months after 24 yrs	
Prefix & Suffix of Holidays	Allowed with prior sanction	Allowed	Allowed provided medical certificate does not cover	
Retirement	Lapse	Encashable	Lapse	
Death or Cessation of service	Lapse	Encashable. Resignation ½ leave paid	Lapse	

Leaves:

- Paternity leave for Male members for 15 days if having less than 2 child. Leave can be availed any time 15 days prior to birth of child upto 6 months after birth.
- Maternity leave for female employee twice in entire service for 6 months period each.
- Special/ Duty Leave is available in addition for promoting small family norms, mountaineering, trekking, representing the Bank/State in sports, Voluntary Blood Donation and to the office bearers of staff union for specific purposes subject to certain ceiling

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LFC:

Distance for	4 YEARS	2 YEARS	ENTITLED CLASS
CLERKS	4000 KM	2000 KM	AC 2 TIER
SUB-STAFF	5000 KM	2500 KM	AC 3 TIER
100% LFC ENCASHABLE – NO NEED TO AVAIL LEAVE			
ROAD MILEAGE CHARGES – RS. 6/- PER KM			

Encashment will be 100% of notional train fare depending on the age and train fare applicable. Encashment of leave is taxable.

Employee can encash his/her PL for 30days in case of 4 years block and for 15 days in case of 2 years span

LOANS:

Clean overdraft: To all confirmed Award Staff - 40% TL & 60% OD

Limit for clerk = Rs.1.65 lakh up to 5 years service, Rs.3 lakh up to 10 years service and Rs.7 lakh above 10 years service

Limit for sub staff = Rs.1.35 lakh up to 5 years service, Rs.2 lakh up to 10 years service and Rs.4 lakh above 10 years service

Interest = 7 %

Home loan: after 2 years

Limit for clerk: 90% value of property/ flat or Rs. 50 lakh whichever is lower.

Limit for sub staff: lower of 90% or Rs. 28 lakh

Simple intt 5% up to Rs.1.10 lakh , 5.5% above Rs. 1.10 lakh up to Rs.40 lakh and 6 % above Rs.40 lakh. Repayment 225 installments of principal and 75 installments of interest. Margin 10%

Loan for Repairs: Rs.8 lakh for clerk, Rs. 5 lakh for sub staff

Vehicle loan: for clerk and sub staff both- after 5 years service for 4 wheeler and after 2 years service for 2 wheeler. Total loan for both the vehicle will be Rs. 7.5 lakh.

Margin 15%

Interest 5.5% simple

Repayment: 4 Wheeler- 120 Installments of principal and 80 installments of interest. 2 Wheeler 70 installments of principal and 14 installments of interest.

All employees should follow the guidelines/instructions laid down in our Social Media Policy & all other guidelines issued from time to time.

KNOWLEDGE TEST

Q 1 Who comes under definition of dependent family members -

A. Spouse

B. Parents, son and daughter whose income is not exceeding Rs.10000 p.m.

C. Disabled siblings (with 40% and above disability) earning not to exceed Rs.10000 p.m.

D. All of the above

Q 2 How many increments are payable to a clerk on passing of JAIIB and CAIIB both.

A. 1+1

B. 1+2

C. No increment to clerk, only PQP will be paid

D. 1+2 Increments will be given one year after reaching at the last stage of the scale

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- Q 3** Special allowance will be-
- A. Inclusive of allowance+ DA + HRA and will be reckoned for superannuation
 - B. Allowance + DA and will be reckoned for superannuation
 - C. Allowance + DA and will not be reckoned for superannuation
 - D. Allowance + DA+HRA but will not reckoned for superannuation
- Q 4** Dearness allowance is based on
- A. Whole sale price index
 - B. Retail Price index
 - C. Working class consumer price index
 - D. Separate price index maintained for Bankers
- Q.5.** Who is the competent authority to approve change of place for Home Town/Domicile for BOI employee ?
- A. GM-HR-HO
 - B. Zonal Manager.
 - C. GM-NBG
 - D. Dy. Zonal Manager
- Q 6** Festival advance may be granted to an employee as under-
- A. Maximum up to one month gross salary
 - B. One month gross salary subject to minimum 35% net take home pay
 - C. Maximum up to monthly basic pay and net take home clause will not apply
 - D. Maximum up to one month basic plus DA thereon
- Q 7** Which is incorrect statement as regards allowances:
- A. Rs.820/- per month to a Single window operator
 - B. Rs. 1280/- per month to Head cashier category II
 - C. Rs. 1750/- per month to Special assistant
 - D. Rs. 560/- per month to a Daftary
- Q 8** What is true in case of Privilege leave –
- A. Will be accumulated and encashable maximum up to 240 days on retirement
 - B. Will be accumulated maximum for 270 days but encashable up to 240 days only
 - C. Number of leaves encashed for LFC during last (latest) LFC block will be reduced from 240 days at the time of final encashment
 - D. 30 PL are credited on the 1st January each year
- Q 9** Rules with regards to sick leaves are-
- A. 30 SL are credited each year up to 18 years of service on half pay
 - B. 30 additional SL (for each year) are credited for continuous three years from 24th year onward.
 - C. SL may be accumulated but not encashable at the cessation of service
 - D. All above are correct

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- Q 10** No prior permission is required for an employee from the Bank in case of-
- A. Borrowing from outside
 - B. Foreign tour
 - C. Participating in job process outside bank
 - D. None of the above is correct
- Q. 11.** Which is correct with regard to Interest free vehicle loan to award staff ?
- A. Loan upto Rs 25000 is allowed, if joined prior to 18.09.1989
 - B. No such scheme in vogue now
 - C. Loan upto Rs 25000 is allowed to all award staff members
 - D. Loan upto Rs 25000 is allowed, to sub staff only.
- Q.12.** What is the maximum limit sanctioned to the ward of staff members under Education Loan scheme at concessional rate of interest ?
- A. Rs 40 Lakhs
 - B. Rs 20 Lakhs
 - C. Rs 10 Lakhs in India & Rs 20 Lakhs for study abroad
 - D. Rs 30 Lakhs
- Q 13.** Which is incorrect with regard to conversion of Star Education Loan of ward of our staff members in to Staff Education Loan on concessional rate of interest ?
- A. Applicable for all our staff members
 - B. Aggregate exposure should not be more than Rs 40 Lakhs
 - C. All loans sanctioned after 27.12.2018 are eligible
 - D. Rate of interest is equal to 1 year MCLR (simple)
- Q.14.** Which is correct with regard to “Star Abhaar- Life Cover” ?
- A. Initially, scheme was valid till 20.07.2020
 - B. Ex-gratia payment of Rs 20 Lakhs to BOI employee’s nominee upon death due to Covid19 virus
 - C. It is applicable to all BOI employees
 - D. All above
- Q15.** Below are the working hours decided for staff. Which is incorrect ?
- A. All award staff 7 hours
 - B. clerks 6.5 hours
 - C. Daftery 7 hours
 - D. Guard 8 hours
- Q16.** What amount of clean OD facility can be availed by a clerk after completion of 6 years service?
- A. Rs. 3 lakh
 - B. Rs. 4 lakh
 - C. Rs. 2.5 lakh
 - D. Rs. 3.5 lakh
- Q17.** Paternity leave can be availed by a male staff subject to-
- A. He is having less than 2 child
 - B. for maximum 15 days duration at a time
 - C. Can avail from 15 days before birth of the child
 - D. All above
- Q18.** Who can be considered as dependent on a BOI employee, if all other conditions are satisfied?
- A. Parents earning Rs.9000/- p.m.
 - B. Unemployed divorced Sister aged 42 years
 - C. Unemployed Widowed daughter aged 44 years
 - D. All of the above
- Q.19.** What was the name of the initiative taken by BOI under Employee Engagement & Connect?
- A. Star Recognition
 - B. Star Bonding
 - C. Star Connect
 - D. Shining of the Star

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Q.20. Which is correct with regard to dress code guidelines for employees of BOI ?

- A. Applicable to staff officers only
- B. Applicable to subordinate staff only
- C. Applicable to all employees, including subordinate staff members
- D. Only officers should wear Bank's ID card, provided to them, while on duty

TEST KEY

1	2	3	4	5	6	7	8	9	10
D	B	C	C	B	B	C	B	D	D
11	12	13	14	15	16	17	18	19	20
A	A	C	D	A	A	D	D	B	C

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34. Banking terms & Various bank committees

ARC: Asset Reconstruction Company
ARDR: Agricultural and Rural Debt Relief
ASSOCHAM: Associated Chambers of Commerce and Industry
ATM: Automatic Teller Machine
AML – Anti Money Laundering
BIFR: Board of Industrial and Financial Reconstruction
BCBS: Basel committee for Banking Supervision
BCSBI: Banking Codes and Standards Board of India
BIS: Bureau of Indian Standards
CAR: Capital adequacy ratio
CARE: Credit Analysis & Research Ltd.
CBS: Core banking solution
CCIL: Clearing Corporation of India limited
CDD – Customer Due Diligence
CDSL: Central Securities Depository Limited
CERSAI Central Registry of Securitisation Asset Reconstruction and Security Interest
CFT – Combating Of Financing Of Terrorism
CGTMSE-CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES
CIBIL: Credit Information Bureau (India) Ltd
CIP – Customer Identification Procedure
CPS – Customer Profile Sheet
CRAR: Capital to Risk (Weighted) Assets Ratio
CRILIC-Central Repository of Information on Large Credits
CRISIL: Credit Rating Information Services of India Limited
CRR: Cash Reserve Ratio
ECB: External Commercial Borrowings
ECS: Electronic clearing system
EFT: Electronic fund transfer
EEFC Accounts: Exchange Earners Foreign Currency Account
FATF – Financial Action Task Force
FEMA: Foreign Exchange Management Act
FERA: Foreign Exchange Regulations Act
FICCI: Federation of Indian Chambers Of Commerce and Industry
FI: Foreign Institutional Investors
FIU-IND – Financial Intelligence Unit - India
GDP: Gross Domestic Product
GDR: Global Depository Receipt
ICRA: Investment information and Credit Rating Agency
IFRS: International Financial Reporting Standard
IFSC: Indian financial system code
ILO: International Labour Organization
IMF: International Monetary Fund
IDR: Indian Depository Receipts
IPO: Initial public offer
KYC: Know your customer
LLP: Limited Liability Partnership
MFI: Micro finance institution
MFIN: Micro finance institution network
MSME: Micro Small and Medium Enterprises

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NABARD: National Bank for Agriculture and Rural Development.
NAV: Net Asset Value
NCLT-National Company Law Tribunal
NBFC: Non Banking Finance Companies
NEFT: National Electronic Fund Transfer
NNP: Net National Production
NPA: Non Performing Asset
PML – Prevention Of Money Laundering
PPF: Public Provident Fund
RBI: Reserve Bank Of India
RIDF: Rural infrastructure development fund
RRB: Regional Rural Bank
RTGS: Real Time Gross Settlement System
SARFAESI ACT: The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SDR: Special Drawing Rights
SEBI: Securities And Exchange Board Of India
SEZ: Special Economic Zone
SIDBI: Small Industries Development Bank of India
SLR: Statutory Liquidity Ratio
STR – Suspicious Transaction Report
SWIFT: Society for Worldwide Financial Telecommunications,
TDS: Tax Deduction at Source

Various bank committees and their focus areas:

Name of the committee	Focus Area
A Ghosh Committee	Frauds & Malpractices in India
A K Khandelwal Committee	HR issues of public sector banks
Abid Hussain Committee	For Small Scale Industries
Aditya Puri Committee	For Dissemination of Credit Information
Arvind Mayaram Committee	For giving clear definitions to Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII)
Basel Committee	For Banking Supervision
Bhide Committee	Coordination between commercial banks and SFC's
Bimal Jalan panel	To scrutinize applications for new bank licenses
C Rangarajan committee	For poverty scale estimates in the country
Cook Committee	Capital adequacy of banks
Damodaran Committee	Improving of customer services in banks

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Deepak Mohanty Committee	Data and information management in the RBI
Deepak Parekh committee	Financing Infrastructure sector
Dinesh Sharma Committee	To propose new regulation related to digital currencies or virtual currencies
Goiporia committee	Customer service in banks
H R Khan Committee	Evaluate unclaimed PPP and post office saving
James Raj Committee	Functioning of public sector banks
Janakiraman Committee	Investigate the security transactions of the bank
Justice M B Shah Commission	On black money
K M Chandrasekhar committee	For rationalization of foreign investment norms
K.V.Kamath Panel	Examine the financial architecture for Micro, small and medium enterprises
Kelkar Committee	Tax Structure Reforms
MBN Rao Committee	Prepare the blueprint of India's first women's bank
N. K Singh Committee	Review the fiscal responsibility and budget management act
Nachiket Mor Committee	Comprehensive financial services for small businesses and low-income households
Narasimham Committee	Banking Sector Reforms
P J Nayak Committee	Governance of Boards of Bank in India
Parthasarathi Shome	For Tax Administration Reform Commission
Pulak Kumar Sinha Committee	To study the feasibility of Aadhaar as an additional factor for authentication of card present transactions
R. Jilani Committee	Inspection System in Banks
R.H. Khan Committee	Harmonization of role of financial institution in banks
Raghuram Rajan Committee	Financial Sector Reforms
Raja Chelliah Committee	Tax Reforms

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Rakesh Mohan Committee	Small Savings
Rattan P Watal Committee	boost digital payment system in India
RS Gujral Committee	Suggest measures to boost MSME exports
S P Talwar Committee	Restructuring Of Weak Public Sector Bank
SS Nadkarni Committee	Trading in public sector banks
Sudharshan Sen Committee	To study regulatory issues relating to financial technology and digital banking in India
Suma Verma Committee	To update, and revise the Banking Ombudsman Scheme, 2006
Tandon Committee	Follow up for bank credit
Urjit Patel Committee	To examine the current monetary policy framework
Vipin Malik Committee	Consolidated Accounting by banks
Vagul Committee	India's money market

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