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BANKING AND FINANCE

CAPSULE

25TH NOVEMBER TO 1ST DECEMBER 2018

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WEEKLY GENERAL KNOWLEDGE BANKING & FINANCE CAPSULE

(25th November to 1st December 2018)

Banking News

India & ADB signed \$200 million agreement

- On 26 November 2018, the government of India and the Asian Development Bank (ADB) signed a \$200 million loan agreement.
- The loan amount will be used for widening and upgrading State Highways (SHs) in Bihar under the 'Bihar State Highways III Project' (BSHP-III).
- The Project will also establish a State-level Road Research Institute.

Non-food bank credit grows at fastest pace

- According to the RBI data, the total credit flow from banks to the commercial sector grew at 15.6% year-on-year to Rs. 97.32 lakh crore in the fortnight ended 9 November 2018.
- The non-food credit grew by 15.12% to Rs 90.51 lakh crores, while the total non-statutory liquidity ratio (SLR) investments rose 22.26%.
- Bank credit was lowest during the November 2016 to March 2017 period.

'TIPS' system launched by ECB

- The European Central Bank (ECB) launched the first pan-eurozone instant payment system called 'TARGET Instant Payment Settlement' (TIPS) system on 30 November 2018.
- The 'TIPS' system will let people and companies in Europe transfer money to each other within seconds.
- It will settle transactions only in euros.
- It is restricted to European Union banks only.

India and ADB signed \$75 Million Loan pact

- On 27 November 2018, India and Asian Development Bank (ADB) signed \$75 million loan agreement.
- The loan amount will be used for a water supply project in four coastal towns of Karnataka.
- The fund will also be used to improve sanitation infrastructure for Mangalore town.
- The project was approved by ADB Board in 2014.

Asian Development Bank

- **President** – Takehiko Nakao
- **Headquarters** – Manila, Philippines
- **Founded in** - 1966

'PAiSA' launched by government of India

- The government of India launched 'PAiSA - Portal for Affordable Credit and Interest Subvention Access' on 26 November 2018.
- The portal is a centralised electronic platform for processing interest subvention on bank loans to beneficiaries under 'Deendayal Antyodaya Yojana'.
- The web platform has been designed and developed by 'Allahabad Bank' which is the Nodal bank.

Allahabad Bank

- **Headquarters** – Kolkata
- **Founded in** – 1865

Port Blair to host IIBF

- The first ever India-Indonesia Business Forum (IIBF) will be held on 29 November 2018 at Port Blair in Andaman and Nicobar Islands.
- The forum aims to facilitate the commercial and people-to-people linkages between the Andaman and Nicobar Islands with Aceh and North Sumatra Provinces of Indonesia.
- The 1st Business Forum was held in Indonesia in July 2018.

Financial Schemes & MoUs

SEBI issues norms for raising debt finance

- On 26 November 2018, Securities and Exchange Board of India (SEBI) came out with a framework to identify listed companies that need to meet 25% of their financing needs through debt securities.
- It would be applicable to all entities that have an outstanding long-term borrowing of Rs.100 crore or more and a credit rating of AA and above.
- The framework will come into effect from 1 April 2019.

Securities and Exchange Board of India

- **Chairman** –Ajay Tyagi
- **Headquarters** – Mumbai, Maharashtra
- **Founded in** – 1992

Hedging provision for ECBs reduced by RBI

- On 26 November 2018, the Reserve Bank of India (RBI) relaxed norms for External Commercial Borrowings (ECBs).
- It reduced the mandatory hedge coverage from 100% to 70% under 'Track I' of the ECB framework.

- 'Track I' refers to medium-term foreign currency-denominated ECBs with a minimum average maturity of 3-5 years.
- This move will help reduce costs for companies that raise foreign funds.

- KP is a global initiative to remove conflict diamonds from the global supply chain.
- The conflict diamonds are used by rebel movements to finance wars against legitimate governments in the world.
- India is the founding member of Kimberley Process Certification Scheme (KPCS).

4 Indian-origin women among Forbes list

- Four Indian-origin technology executives have made it to the Forbes' list of America's 50 women in technology space in 2018.
- The list includes Neha Narkhede, Chief technology Officer and co-founder of Confluent; Kamakshi Sivaramakrishnan, CEO and founder of Drawbridge.
- The other two are Padmasree Warrior, former Chief Technology Officer of Cisco, and Komal Mangtani, Senior Director at Uber.

India's economy grew at 7.1% 2nd quarter

- According to the data released by Central Statistics Office (CSO), India's GDP (gross domestic product) growth rate for the second quarter (July-September) for the financial year 2018-2019 was 7.1%.
- The size of the GDP in the second quarter is estimated at Rs 33.98 lakh crore.
- India's GDP growth rate for the first quarter (April-June) of the financial year 2018-2019 came in at 8.2%.

EU sets goal to be 'climate neutral' by 2050

- The European Union has unveiled a strategy to become the first major economy to go 'climate neutral' by 2050.
- The strategy includes investing in technological solutions to help lower carbon emissions.
- This move will cut premature air pollution deaths by 40%.
- Climate neutrality is achieved when carbon emissions are at zero.

RBI to inject Rs. 40,000 crore in Dec 2018

- The Reserve Bank of India (RBI) will infuse Rs. 40,000 crores into the system through Open Market Operations (OMOs) in December 2018.
- The RBI had announced to inject Rs 40,000 crore into the system in November 2018.
- OMO refer to the buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system.

Norms for interoperability of CCPs issued

- The Securities and Exchange Board of India (SEBI) has announced the guidelines for interoperability of Clearing Corporations (CCPs).
- The interoperability would permit trading members to clear trades through a firm of their choice instead of going through the CCPs owned by the stock exchanges.
- The new norms will help in reducing the trading costs.
- It will be effective from 1 June 2019.

India to chair Kimberley Process from Jan 2019

- India will chair the Kimberley Process (KP) from January 2019.

Norms eased for NBFCs to securitise loan books

- The Reserve Bank of India (RBI) relaxed norms for Non-Banking Financial Companies (NBFCs) to securitise their loan books.
- They have been permitted to securitise loans of over five-year maturity after holding them for six months on their books.
- The RBI has also prescribed certain 'Minimum Retention Requirement' (MRR) for NBFCs for availing the relaxed norms.

Interest subsidy for exporters increased to 5%

- The Reserve Bank of India (RBI) increased the interest subsidy on the post and pre-shipment export credit from 3% to 5%.
- This move will boost the exports of the Micro, Small & Medium Enterprises (MSME) sector manufacturers.
- The increased subsidy is applicable from 2 November 2018.
- Exporters get the subsidy under the 'Interest Equalisation Scheme on Pre & Post Shipment Rupee Export Credit'.

NPCC has got the status of 'Miniratna'

- National Projects Construction Corporation Limited (NPCC) has been conferred with the status of 'Miniratna' by the Government of India.
- The empowerment of 'Miniratna' status to NPCC will help the company in taking speedy decisions by enhancing the delegation of powers to the Board.
- NPCC comes under the Ministry of Water Resources, River Development and Ganga Rejuvenation.

Appointments and Resignations

Akhilesh appointed as convenor of task force

- The government of India appointed Akhilesh Ranjan as convenor of 'New Direct Tax Law Task Force' on 26 November 2018.
- The task force was formed to advise the government on drafting a new direct tax law that suits India's economic requirements.
- The task force was constituted in November 2017.
- Akhilesh Ranjan is a member of the Central Board of Direct Taxes (CBDT).

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