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GENERAL KNOWLEDGE
BANKING AND FINANCE

CAPSULE

2ND DECEMBER TO 8TH DECEMBER 2018

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WEEKLY GENERAL KNOWLEDGE BANKING & FINANCE CAPSULE

(02nd to 08th December 2018)

Banking & Financial News

World Bank announces investment in Climate Action for 2021-25.

- The World Bank has announced investment of 200 billion US Dollars in climate action for 2021 to 2025, adding that this amounts to a doubling of its current five-year funding.
- The division of 200 billion dollars would include approximately 100 billion as direct finance from the World Bank.
- The move coincides with a UN climate summit in Katowice.

World Bank.

- **President : Jim Yong Kim.**
- **Headquarters: Washington, D.C.**
- **Established in - 1944.**

RBI approved merger of Mauritius' SBM with its Indian Subsidiary.

- The Reserve Bank of India has approved the merger of SBM (Mauritius), operations with its subsidiary India SBM Bank (India).
- SBM Bank is the first foreign bank to set up a wholly owned subsidiary (WOS), to provide universal banking service with a focus on wholesale banking, trade finance, capital market and retail banking.
- RBI has sanctioned the Scheme of amalgamation of the entire undertaking of SBM Bank (Mauritius) Limited, India with SBM Bank (India) Limited which has been granted licence by the Reserve Bank to carry on the business of banking in India through Wholly Owned Subsidiary (WOS) mode under the Banking Regulation Act.

\$85 mn Loan Agreement signed between India and ADB for Odisha.

- Asian Development Bank (ADB) and India have signed \$85 mn Loan Agreement for Odisha to improve skill development ecosystem to the citizens of Odisha.
- An advanced skill training center, the World Skill Center (WSC) will also be established in Bhubaneswar with the help of a loan.
- The Odisha Skill Development Project agreement was signed by Additional Secretary in the Finance Ministry Sameer Kumar Khare and Country Director of ADB's India Resident Mission Kenichi Yokoyama in New Delhi.

Asian Development Bank.

- **President - Takehiko Nakao.**
- **Headquarters - Manila, Philippines.**
- **Established in - 1966.**

NPCI urges corporates and Banks to adopt e-mandate.

- The National Payments Corporation of India (NPCI) is pushing banks and corporate entities to sign up for electronic verification of customers through channels like net banking and debit cards.
- This has been chalked out as an alternative to the Aadhaar-based process.
- Paper-based NACH debits could take 15-20 days while the API based mandate could get done in two days.

Permission for new branches for UCBs only after amending bye-laws to set up a Board of Management.

- The Reserve Bank of India has reiterated that Urban Cooperative Banks (UCBs) will be allowed to open new branches only if they amend laws to set up a Board of Management (BoM).
- RBI has unveiled this move to ensure more professionalism and ensure better governance in the co-operative sector.
- Guidelines also propose that regulatory approvals such as expansion of area of operation and opening of new branches may be allowed only for UCBs that have made such a provision in their bye laws.

RBI lays down norms on loan system for large borrowers.

- The Reserve Bank has come out with guidelines for enhancing credit discipline among large borrowers.
- In respect of borrowers having aggregate fund based working capital limit of Rs 150 crore and above, a minimum level of 'loan component' of 40 per cent will be effective from April 1, 2019.
- For such borrowers, the outstanding 'loan component' (working capital loan) must be equal to at least 40 per cent of the sanctioned fund-based working capital limit.
- Drawings in excess of the minimum loan component threshold may be allowed in the form of cash credit facility.
- The amount and tenor of the loan component may be fixed by banks in consultation with the borrowers, subject to the tenor being not less than seven days.
- The 40 per cent loan component will be revised to 60 per cent, with effect from July 1, 2019.

RBI's relaxation in securitisation may release Rs 60,000 crore.

- The Reserve Bank of India's recent relaxation in securitisation guideline is likely to release Rs 60,000 crore of portfolio available for securitisation, as per industry estimate.
- RBI has reduced the holding period from 12 months to 6 months for loans having original maturity of 5 years and more.
- The move is likely to benefit housing finance companies and non-banking finance companies engaged in loan against property and home loans where the loan tenor is more than 5 years.
- This will lend more confidence to the banking system and encourage banks to buy more portfolios and build their own retail book, something they have struggled to build.
- NBFCs and banks will lend more stability to the debt market, which is the need of the hour.



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Financial Schemes & MoUs

Moody's Estimates India's Real GDP to Grow at 7.2% in FY 2018-19.

- Moody's Investors Service's annual Banking System Outlook on India estimated the country's real gross domestic product (GDP) for the current financial year.
- As per Moody's estimate next fiscal to grow at 7.2% and 7.4%, respectively.
- In its banking system outlook, the global rating agency stated that the growth will be driven by investment growth and strong consumption.

Hindustan Unilever Board Approves Merger with GSKCH India.

- FMCG major Hindustan Unilever Limited (HUL) announced that its board has approved the merger with GlaxoSmithKline Consumer Healthcare (GSKCH India) through an all-equity deal, valuing the total business of the latter at Rs31,700 crore.
- The transaction is an all-equity merger with 4.39 shares of HUL being allotted for every share in GSKCH India, which sells consumer healthcare products, including popular drink brand Horlicks.

'PAiSA' Launched Under Day-NULM.

- "PAiSA – Portal for Affordable Credit and Interest Subvention Access", a centralized electronic platform for processing interest subvention on bank loans to beneficiaries under Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM).
- The web platform has been designed and developed by Allahabad Bank which is the Nodal bank.
- All 35 states / UTs & all scheduled commercial banks, RRBs, and Cooperative Banks are expected to be on board the PAiSA portal soon.

TIPS Instant Payment System launched by ECB.

- The European Central Bank launched a new system aimed at letting banks settle payments instantly across Europe, helping them to compete with PayPal and other global tech giants.
- Developed in just over a year, the ECB's TARGET Instant Payment Settlement (TIPS) system will let people and companies in Europe transfer euros to each other within seconds and regardless of the opening hours of their local bank.

RBI Leaves Repo Rate Unchanged At 6.5%.

- The Reserve Bank of India has kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.5%.
- Consequently, the reverse repo rate under the LAF remains at 6.25%, and the marginal standing facility (MSF) rate and the Bank Rate at 6.75%.
- Based on an overall assessment, GDP growth for 2018-19 has been projected at 7.4% (7.2-7.3% in H2) as in the October policy, and for H1:2019-20 at 7.5%, with risks somewhat to the downside

- On the domestic front, gross domestic product (GDP) growth slowed down to 7.1% year-on-year (y-o-y) in Q2:2018-19, after four consecutive quarters of acceleration.

India's First 'Chance of Approval' Feature launched by Paisabazaar.com.

- Paisabazaar.com, India's largest online marketplace for financial products has launched an industry-first feature that will help loan applicants choose their most-suited lender on its platform.
- Named 'Chance of Approval', this advanced predictive algorithm has been created by Paisabazaar.com by using the last four years of lending data.
- While this is the first such initiative in India, globally a few leading players, like Credit Karma in the US, have developed similar features to improve the acceptance rate on their platforms.

HCL To Buy 7 IBM Products for \$1.8 bn In Its Biggest Acquisition.

- In its biggest acquisition so far, Noida-based IT major HCL Technologies will acquire seven IBM products by mid-2019 for \$1.8 billion (over Rs 12,700 crore).
- The deal includes the transfer of some IBM employees as well.
- The all-cash deal entails software in areas including security, marketing, collaboration solutions, and represents a total addressable market of over \$50 billion.

Cabinet Approves Agriculture Export Policy.

- The Union cabinet approved an export policy for agriculture, lifting all restrictions on organic and processed food, to help the government's efforts to double farmers' income by 2022.
- The 'Agriculture Export Policy, 2018' seeks to double farm exports to \$60 billion by 2022 from \$30 billion currently.
- It will invest 1,400 crore to set up specialised clusters in different states for different produce to push exports.

Appointments and Resignations

AS Rajeev Appointed MD & CEO of Bank of Maharashtra.

- State-owned Bank of Maharashtra announced that AS Rajeev has joined the lender as its managing director and chief executive officer.
- Prior to this, he was executive director of Indian Bank.

Bank of Maharashtra.

- **Chairman : Ravindra P Marathe.**
- **Headquarters : Pune.**
- **Established in : 1935.**

Yes Bank Appoints Ex-IRDAI Chief Vijayan As Additional Director.

- Private sector lender Yes Bank Ltd appointed former IRDAI chief T.S. Vijayan as an additional director (Independent).

- He has been appointed for the term of five years with immediate effect.
- Yes Bank's independent director R. Chandrashekhar and chairman Ashok Chawla has already stepped down.
- Vijayan's appointment would be subject to the approval of Yes Bank shareholders general meeting of the bank.
- Vijayan has also served as the Chairman of Life Insurance Corporation of India (LIC).

AN Jha Appointed New Finance Secretary.

- Ajay Narayan Jha, the Secretary of Department of Expenditure, has been appointed as new Finance Secretary to succeed Hasmukh Adhia who retired on November 30.
- Fifty-nine-year-old Jha is a 1982-batch IAS officer of Manipur Tripura cadre.
- An alumnus of St Stephens College, he passed with first class in Graduation and Post Graduation in History.

State Bank of India appoints Swapna Barman As Brand Ambassador For YONO.

- State Bank of India has roped in Asian Games gold medalist Swapna Barman as brand ambassador for its digital app YONO.
- YONO, the bank's digital platform that makes both lifestyle and banking available through a single app, was launched exactly a year back.
- Swapna won Gold medal in Heptathlon in Jakarta Asian Games with a score of 6026 and is looking to break the 6200 score barrier to qualify for the Tokyo 2020 Olympics.

Axis Capital CEO Dharmesh Mehta Resigns.

- Leading Investment Bank Axis Capital announced that its MD & CEO Dharmesh Mehta has stepped down.
- The bank has elevated Salil Pitale and Chirag Negandhi as Joint Managing Directors and Co-Chief Executive Officer.

Government Appoints Krishnamurthy Subramanian As New Chief Economic Advisor.

- The government appointed Dr. Krishnamurthy Subramanian as the new Chief Economic Advisor.
- Dr. Subramanian will have a tenure of three years.
- The Appointments Committee of the Cabinet has cleared his name. He is currently working as an Associate Professor at the Indian School of Business, Hyderabad.
- A Ph.D. from the University of Chicago Booth School of Business and a top-ranking IIT-IIM alumnus, Subramanian is one of the world's leading experts in banking, corporate governance and economic policy.

Government appoints Lalit Kumar as its nominee on ICICI Bank.

- The government has appointed Lalit Kumar, a 1995-batch Indian Economic Service (IES) officer as the new government nominee on private sector ICICI Bank.
- Kumar who is at present an Economic Advisor in the department of financial services of the finance ministry will replace Lok Ranjan.
- has been laterally transferred to Department of Personnel and Training (DOPT).