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THE BANKING & FINANCIAL UPDATES

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ABOUT US

The Banking Updates is a platform managed by experts having Rich academic track record and experience in different verticals of banking.

We publish monthly magazine covering every developments relating to banking and financial world and release e-books covering various aspects of banking.

The magazine covers all fields of banking and financial awareness and also covers the concept of some topics for in-depth knowledge. The contents will be useful for bank promotion examinations and interviews and all those dealing with financial services.

BENCHMARK POLICY RATES

Rate	Last Change	Benchmark
Repo Rate	06.06.2025	5.50%
SDF Rate	06.06.2025	5.25%
MSF	06.06.2025	5.75%
Bank Rate	06.06.2025	5.75%
Fixed Reverse Repo Rate		3.35%
CRR	28.12.2024	4.00%
SLR	11.04.2020	18.00%

RESERVES POSITION

Total reserves (as on 20.06.2025)	US$ 697.93 bn
Foreign Currency Assets (as on 20.06.2025)	US$ 589.07 bn
Gold (as on 20.06.2025)	US$ 85.74 bn
Aggregate deposits (as on 13.06.2025)	Rs.230.69 Lakh crores
Outstanding Bank credit (as on 13.06.2025)	Rs.183.14 Lakh crores

RBI NOTIFICATIONS

RESOLUTION OF THE MONETARY POLICY COMMITTEE (JUNE 4-6 2025)

The Monetary Policy Committee (MPC) held its **55th meeting** from June 4 to 6, 2025 under the chairmanship of Governor, RBI and the key outcomes of the meeting are;

- The policy **repo rate** reduced by 50 basis points to **5.50 per cent** with immediate effect.
- Consequently, the standing deposit facility (SDF) rate shall stand adjusted to **5.25 per cent** and the marginal standing facility (MSF) rate and the Bank Rate to **5.75 per cent**.

OUTLOOK

- Global growth and trade projections have been revised downwards by multilateral agencies. Market volatility has eased in the recent period with equity markets staging a recovery, dollar index and crude oil softening, though gold prices remain high.
- According to the provisional estimates released by the National Statistical Office (NSO) on May 30, 2025, real **GDP growth in Q4:2024-25 stood at 7.4 per cent** as against 6.4 per cent in Q3. On the supply side, real gross value added (GVA) rose by 6.8 per cent in Q4:2024-25. For **2024-25,** real GDP growth was placed at **6.5 per cent**, while real GVA recorded a growth of 6.4 per cent.
- Real **GDP growth for 2025-26** is projected at **6.5 per cent**, with Q1 at 6.5 per cent, Q2 at 6.7 per cent, Q3 at 6.6 per cent, and Q4 at 6.3 per cent.
- CPI inflation moderated to a nearly six-year low of **3.2 per cent (YoY) in April 2025** led mainly by food inflation which recorded the sixth consecutive monthly decline.
- **CPI inflation** for the financial year **2025-26 is now projected at 3.7 per cent**, with Q1 at 2.9 per cent; Q2 at 3.4 per cent; Q3 at 3.9 per cent; and Q4 at 4.4 per cent.
- The next meeting of the MPC is scheduled from August 4 to 6, 2025.

LIQUIDITY & FINANCIAL MARKET

- It has been decided to **reduce the CRR by 100 basis** points to **3.0 per cent** of net demand and time liabilities (NDTL) in a staggered manner in four equal tranches of 25 bps each with effect from the fortnights beginning September 6, October 4, November 1 and November 29, 2025.
- The cut in CRR would release primary liquidity of about **₹2.5 lakh crore** to the banking system by December 2025.
- **Credit Deposit ratio** for the banking system at the end of December 2024 was at **81.84 per cent**.

REVISION IN QUALIFYING ASSET CRITERIA FOR NBFC-MFIs: On a review, RBI has decided to revise the qualifying asset criteria for the NBFC-Micro Finance Institutions as under;

- The definition of 'qualifying assets' of NBFC-MFIs has been aligned with the definition of 'microfinance loans'. As per the definition specified by RBI, a microfinance loan is defined as a collateral-free loan irrespective of end use given to a household **having annual household income up to ₹3,00,000**. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.
- Under the earlier qualifying assets criteria, a NBFC-MFI is required to have minimum 75 per cent of its net assets as 'qualifying assets'. As per the revised guidelines, qualifying assets of NBFC-MFIs shall constitute a minimum of **60 percent** of the total assets (netted off by intangible assets), on an ongoing basis. If an NBFC-MFI fails to maintain the qualifying assets as aforesaid for four consecutive quarters, it shall approach the Reserve Bank with a remediation plan for taking a view in the matter.

RBI GUIDELINES ON LENDING AGAINST GOLD & SILVER AS COLLATERAL

RBI on 6th June issued comprehensive guidelines on lending against gold and silver as collateral. The regulatory objectives behind these revised Directions are to: (i) put in place a harmonised regulatory framework for such loans applicable across various Regulated Entities (REs); (ii) address the concerns observed relating to some of the lending practices being followed and provide necessary clarity on certain aspects; and (iii) strengthen the conduct-related aspects. The Instructions issued shall be applicable to all commercial banks, co-operative Banks and NBFCs and to be complied by April 1, 2026. The various aspects of the guidelines are as under;

- Reserve Bank has restricted lending against primary gold such as gold bullion due to broader macro-prudential concerns as also due to speculative and non-productive nature of gold. However, REs have been permitted to lend against the collateral security of **gold jewellery, ornaments and coins**.
- Lenders need to undertake detailed credit assessment, including assessment of borrower's repayment capacity, in case the total loan amount (total amount payable at maturity in case of bullet repayment loans) against eligible collateral is **above ₹2.5 lakh** to a borrower.
- Renewal or top-up shall be permitted only within the permissible LTV, and provided the loan is classified as standard. Further, renewal of bullet repayment loan shall be allowed only after payment of accrued interest, if any. Such renewals and top-ups should be clearly identifiable in the Core Banking System or Loan Processing System of the lender.

RESTRICTIONS AND CEILINGS

- A lender shall not grant any advance or loan against primary gold or silver or financial assets backed by primary gold or silver, e.g., units of Exchange-traded funds (ETFs) or units of Mutual Funds.
- A suitable document or declaration shall be obtained from the borrower in all cases to the effect that the borrower is the rightful owner of the eligible collateral.
- A lender shall not avail loans by re-pledging gold or silver pledged to it by its borrowers or extend loans to other lenders, entities or individuals by accepting gold or silver collateral pledged to such lenders, entities, or individuals by their borrowers as collateral.
- Tenor of **consumption loans in the nature of bullet repayment** loans shall be **capped at 12 months**, which may be renewed then after.
- The aggregate weight of ornaments pledged for all loans to a borrower **shall not exceed 1 kilogram for gold ornaments, and 10 kilograms for silver ornaments**. The aggregate weight of **coin(s)** pledged for all loans to a borrower **shall not exceed 50 grams in case of gold coins, and 500 grams in case of silver coins.**
- The lender shall ensure that; Loan disbursals are made to the borrower's account and not to a third-party account and Loan servicing, repayment, etc. is executed by the borrower directly in the lenders' bank account without any pass-through account or pool account of any third party.

VALUATION AND ASSAYING OF GOLD AND SILVER: Gold or silver accepted as collateral shall be valued based on the reference price corresponding to its actual purity (caratage). The value to be arrived at lower of the following;

a) The average closing price for gold or silver, of that specific purity over the **preceding 30 days** OR
b) The closing price for gold or silver, of that specific purity on the **preceding day**, as published either by the India Bullion and Jewellers Association Ltd. (IBJA) or by a commodity exchange regulated by SEBI.

If price information for the specific purity is not directly available, the lender shall use the published price available for the nearest available purity and proportionately adjust the weight of the collateral based on its actual purity to arrive at valuation.

LOAN TO VALUE RATIO (LTV): The maximum LTV ratio in respect of consumption loans against gold/silver shall not exceed LTV ratios as under and the prescribed LTV ratio shall be maintained on an ongoing basis throughout the tenor of the loan.

Total consumption loan amount per borrower	Maximum LTV ratio
≤₹2.5 lakh	85 per cent
> ₹2.5 lakh & ≤ ₹5 lakh	80 per cent
> ₹5 lakh	75 per cent

- A lender shall ensure that a standardised procedure is put in place to assay the purity of gold and silver collateral, its weight (gross as well as net), etc, which shall be adopted uniformly across all its branches.
- A lender shall display on its website the methodology adopted by it for determination of net weight of the gold and silver content of the eligible collateral and the price used to value the gold and silver content of

the eligible collateral for determination of LTV ratio.

- A lender shall ensure presence of the borrower(s) while assaying the collateral at the time of sanctioning the loan. The deductions relating to stone weight, fastenings, etc., as part of the assaying procedure shall be explained to the borrower(s) and details incorporated in the certificate to be issued.
- Post pledging, cases involving loss of gold or silver collateral and any deterioration or discrepancy in quantity or purity observed during internal audit or otherwise including at the time of return or auction of collateral shall be recorded and communicated promptly to the borrower(s)/ legal heir(s). The process for making reimbursement or compensation as per the policy or SOP shall also be communicated to the borrower(s)/ legal heir(s).

DOCUMENTS:

- Documentation shall be standardised across all branches of a lender.
- The loan agreement shall cover the description of the eligible collateral taken as security, value of such collateral, details and the circumstances leading to auction of the eligible collateral, the notice period which shall be allowed to the borrower for repayment or settlement of loan before the auction is conducted, timelines for release of pledged eligible collateral upon full repayment or settlement of loan, refund of surplus, if any, from the auction of the pledged eligible collateral and other necessary details. All applicable charges payable by the borrower, including those related to assaying, auction, etc., shall be clearly included in the loan agreement and Key Fact Statement (KFS).
- A lender, while accepting the eligible collateral, shall prepare a certificate or e-certificate in duplicate regarding the assay of the collateral and state therein the purity (in terms of carats); gross weight, net weight of gold or silver content therein and deductions, if any, relating to weight of stones, lac, etc.; damage, breakage or defects, if any, image of the collateral; and the value of collateral arrived at the time of sanction. One copy of the certificate or e-certificate shall be kept as part of the loan documents and the other copy be given to the borrower under their acknowledgement.
- All communication with the borrower, shall be in the language of the region or in a language as chosen by the borrower. For an illiterate borrower, important terms and conditions shall be explained in the presence of a witness, who shall not be an employee of the lender.

COLLATERAL MANAGEMENT:

- A lender shall ensure that necessary infrastructure and facilities are put in place with security measures and the gold and/ or silver collateral is handled only in its branches and only by its employees.
- A lender shall store the collateral only in its branches which are manned by its employees and having safe deposit vaults fit for storing gold and silver.
- Lender shall carry out periodic surprise verification of the gold and silver collateral pledged with it and shall maintain a record thereof.
- A lender shall release or return the pledged collateral held as security to the borrower(s)/ legal heir(s) on the **same day but in any case, not exceeding a maximum period of seven working days upon full repayment or settlement of the loan.** In case of delay in release of the pledged collateral after full repayment or settlement of loan by the borrower, where reasons for delay are attributable to the lender, the lender shall compensate the borrower(s)/ legal heir(s) at the rate of **₹5,000 for each day of delay** beyond the timeline prescribed.
- A lender shall give adequate notice to the borrower(s)/ legal heir(s), to repay the loan dues prior to initiating the auction procedure. In case the lender is unable to locate the borrower(s)/ legal heir(s) despite best efforts and even after issuance of a public notice, it may proceed with the auction, provided that a period of one month has lapsed from the date of the public notice.
- Announcement of the auction to the public to be done by issue of advertisements in at least two newspapers, one in the regional language and another in a national daily.
- A lender shall declare a reserve price for the gold and silver collateral at the time of auction, which shall **not be less than 90 per cent of its current value**. Provided that in case auctions fail twice, a reserve price not less than **85 per cent** of its current value shall be adopted.
- The first auction shall be conducted physically in the same district in which the lending branch is located. However, in case of failure of first auction, a lender may conduct the auction in an adjoining district or

conduct online auction.
- The lender or its related parties shall not participate in the auctions.
- After the auction, the lender shall mandatorily provide full details of the value fetched at the auction and the dues adjusted to the borrower(s)/ legal heir(s). The surplus, if any, from the auction shall be refunded to the borrower(s)/ legal heir(s) within a **maximum period of seven working days** from the date of receipt of the full auction proceeds. The lender may recover shortfall, if any, as per terms of the loan agreement.
- A report on unclaimed gold and silver collateral shall be put up to the Customer Service Committee or the Board, as the case may be, at half-yearly intervals for a review.

RBI REMOVES THE RESTRICTIONS PLACED ON THE USE OF RATINGS OF BRICKWORK RATINGS INDIA PRIVATE LIMITED (BRIPL): RBI during October 2022, had advised regulated entities/market participants that, no fresh ratings/evaluations shall be obtained from Brickwork Ratings India Pvt. Ltd. However, in July 2024, banks were permitted to use it's ratings for fresh bank loans not exceeding Rs.250 crore and In respect of existing ratings, the CRA may undertake rating surveillance irrespective of the rated amount, till the residual tenure of such loans. Further, in case of existing ratings assigned to working capital facilities exceeding Rs.250 crore, the CRA shall undertake rating surveillance only till the next renewal of such facility. Now, RBI vide notification dated 9th June 2025 has **removed the above restrictions**.

RBI ISSUES INSTRUCTIONS ON INOPERATIVE ACCOUNTS/ UNCLAIMED DEPOSITS IN BANKS: Vide notification dated 12 June 2025, RBI advised all Banks that, a bank shall make available the facility of updation of KYC for activation of inoperative accounts and unclaimed deposits at all branches (including non-home branches). Further, a bank shall to provide the facility of updation of KYC through Video-Customer Identification Process (V-CIP). Additionally, the services of Business Correspondent of the bank may be utilized for activation of inoperative accounts.

RESERVE BANK OF INDIA KYC (AMENDMENT) DIRECTIONS, 2025: RBI has made following changes and new additions to its master directions on KYC norms;
- With respect to Periodic updation of KYC, an individual customer who is categorized as low risk, the RE shall allow all transactions and ensure the **updation of KYC within one year of its falling due for KYC or upto June 30, 2026, whichever is later.** The RE shall subject accounts of such customers to regular monitoring. This shall also be applicable to low-risk individual customers for whom periodic updation of KYC has already fallen due.
- **Use of Business Correspondent (BC) by banks for Updation/ Periodic Updation of KYC:** Self-declaration from the customer in case of no change in KYC information or change only in the address details may be obtained through an authorized BC of the bank. The bank shall enable its BC systems for recording these self-declarations and supporting documents thereof in electronic form after successful biometric based e-KYC authentication in the bank's systems. The bank shall update the customer's KYC records and intimate the customer once the records get updated in the system. However, the ultimate responsibility for periodic updation of KYC remains with the bank concerned.
- **Due Notices for Periodic Updation of KYC:** The RE shall intimate its customers, in advance, to update their KYC. Prior to the due date of periodic updation of KYC, the RE shall give **at least three advance intimations**, including **at least one intimation by letter**. Subsequent to the due date, the RE shall give at least **three reminders**, including at least one reminder by letter, at appropriate intervals, to such customers who have still not complied with the requirements, despite advance intimations.
- The RE shall implement the above guidelines not later than by January 01, 2026.

REVISED INSTRUCTIONS ON UPDATION/ PERIODIC UPDATION OF KYC

RBI master directions on KYC, instructs the Regulated Entities (REs), including banks, that the customers' KYC Identifier shall be the first reference point for the purpose of establishing an account-based relationship or for verification of identity of customers. Accordingly, while onboarding customer, the REs shall download customers' KYC records online from CKYCR with customer's consent without requiring him/ her to submit the same records again, unless there is a change in records available with CKYCR. The processes of onboarding customer and updation/ periodic updation of KYC have been simplified as under:
- **Face-to-face mode for onboarding the customer:** Customer may be onboarded in face-to-face mode

through Aadhaar biometric based e-KYC authenticating and, in such case, if customer wants to provide a current address, different from the address available in the UIDAI database, he may give a self-declaration to that effect to the RE.

- **Non-face-to-face (NFTF) modes for onboarding the customer:** Consent-based onboarding of customer in NFTF mode may be done using Aadhaar OTP based e-KYC authentication subject to certain conditions as per KYC norms. Further, such account shall be placed under strict monitoring, and Customer Due Diligence (CDD) procedure shall be completed **within a year.**
- Customer onboarding using **Video based Customer Identification Process (V-CIP)** is treated on par with face-to-face onboarding.

SIMPLIFIED PROCESS OF UPDATION AND PERIODIC UPDATION OF KYC:

- REs are allowed to obtain self-declaration regarding “no change in KYC information” or “a change only in address details” from customers using digital and non-digital modes, through customer’s email / mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter, BCs, etc.
- The updation/ periodic updation of KYC records are allowed to be carried out at any branch of the RE with which customer maintains the account.
- Aadhaar OTP based e-KYC and V-CIP are permitted for updation/ periodic updation of KYC.
- The REs have been directed to update customers’ KYC information/ records based on the update notification received from CKYCR.

SEPARATE TRADING OF REGISTERED INTEREST AND PRINCIPAL OF SECURITIES (STRIPS) IN STATE GOVERNMENT SECURITIES (SGS):

RBI has decided to introduce STRIPS in State Government Securities as per notification dated May 29, 2025, published in the Official Gazette, the brief of which is mentioned below.

- **Eligible securities:** All fixed coupon securities issued by State Governments/Union Territories having a residual maturity of **up to 14 years** and **minimum outstanding of ₹1,000 crore** as on the day of stripping, provided that such securities are reckoned as eligible investment for the purpose of meeting SLR requirements and are transferable.
- **Placing of Request:** Market Participants having an SGL account with the Reserve Bank can place requests directly in Reserve Bank of India Core Banking Solution (e-Kuber system) for stripping / reconstitution.

RELAXATION IN NORMS FOR IMPORT OF SHIPPING VESSEL: With a view towards enhancing ease of doing business and keeping in view the sector-specific constraints, it has been decided to allow importers to make advance remittance for import of shipping vessel, without bank guarantee, or an unconditional, irrevocable standby Letter of Credit, **up to USD 50 million**, subject to fulfilment of required conditions.

REVISION IN RATES OF PAYMENT OF AGENCY COMMISSION ON CONDUCT OF GOVERNMENT BUSINESS BY AGENCY BANKS: RBI, vide notification dated 16 June 2025 has revised the rates of agency commission payable to Banks on government business at following rates w.e.f April 1, 2025.

Type of Transaction	Unit	Existing Rate	Revised Rate
Receipts - Physical mode	Per transaction	₹40/-	₹40/-
Receipts - e-mode	Per transaction	₹9/-	₹12/-
Pension Payments	Per transaction	₹75/-	₹80/-
Payments other than Pension	Per ₹100 turnover	6.5 paise per ₹100	7 paise per ₹100

RBI CUTS SMALL FINANCE BANKS' LENDING REQUIREMENT TO PRIORITY SECTORS: In terms of the ‘Guidelines for Licensing of Small Finance Banks in Private Sector’ and the ‘Guidelines for ‘on-tap’ Licensing of Small Finance Banks in Private Sector’ a small finance bank (SFB) is required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending. Further, while 40 per cent of its ANBC should be allocated to different sub-sectors under PSL, the bank can allocate the balance 35 per cent to any one or more sub-sectors under the PSL where it has competitive advantage. On a review, it has been decided that financial year 2025-26 onwards, the additional component (35 per cent) of PSL shall be reduced to **20 per cent**, thereby making the overall PSL target as **60 per cent** of ANBC or Credit Equivalent of Off-Balance Sheet Exposures (CEOBE), whichever is higher. The SFB shall continue to allocate 40 per cent of its ANBC or CEOBE, whichever is higher, to different sub-sectors under PSL as per the extant PSL prescriptions, while the balance 20 per cent shall be allocated to any one or more sub-sectors under the PSL where the bank has competitive advantage.

RESERVE BANK OF INDIA (PROJECT FINANCE) DIRECTIONS, 2025

RBI issued the directions in this regard to provide a harmonised framework for financing of projects in infrastructure and non-infrastructure (including CRE & CRE-RH) sectors by Regulated Entities (REs). These Directions also lay down the revised regulatory treatment upon change in the DCCO of such projects. These Directions shall come into force with effect **from October 01, 2025** and applicable to Regulated Entities (RE) such as Commercial Banks (excluding Payment Banks, Local Area Banks and RRBs), NBFCs, Primary (Urban) Cooperative Banks and All India Financial Institutions (AIFIs). These Directions shall not apply to projects where financial closure has been achieved as on the effective date.

PROJECT FINANCE: "Project Finance"– refers to the method of funding a project in which the **revenues to be generated by the funded project serve as the primary security for the loan, and also as a source of repayment.** It may be for financing the construction of a new capital installation (greenfield), or financing an improvement/enhancement in the existing installation (brownfield). For the purpose of these Directions, an exposure shall qualify as a project finance exposure if the following conditions are satisfied:

- The pre-dominant source of repayment as envisaged at the time of financial closure (i.e., atleast 51%) must be from cash flows arising from the project which is being financed.
- All the lenders have a common agreement with the debtor.

PHASES OF A PROJECT: Projects shall be broadly divided into three phases namely:

- **Design phase:** This is the first phase which starts with the genesis of the project and includes, inter-alia, designing, planning, obtaining all applicable clearances/approvals till its financial closure.
- **Construction phase:** This is the second phase which begins after the financial closure and ends on the day before the actual DCCO.
- **Operational Phase:** This is the last phase which starts with commencement of commercial operation by the project on the day of the actual DCCO and ends with full repayment of the project finance exposure.

PRUDENTIAL CONDITIONS RELATED TO SANCTION:

- For all projects financed by a lender, it shall be ensured that; Financial closure has been achieved and original DCCO is clearly spelt out and documented prior to disbursement of funds. The project specific disbursement schedule vis-à-vis stage of completion of the project is included in the loan agreement and The post DCCO repayment schedule has been realistically designed to factor in the initial cash flows. Provided that, the original or revised **repayment tenor, including the moratorium period, if any, shall not exceed 85% of the economic life of a project.**
- For a given project, original/extended/actual DCCO, as the case may be, shall be same across all lenders to the project.
- In under-construction projects where the aggregate exposure of the lenders **is up to ₹1,500 crores**, **no individual lender shall have an exposure which is less than 10%** of the aggregate exposure. For projects where aggregate exposure of all lenders is **more than ₹1,500 crores, the exposure floor for an individual lender shall be 5% or ₹150 crores, whichever is higher**. Provided that, the above minimum exposure requirements shall not apply post-actual DCCO and lenders may freely acquire from or sell exposures to other lenders.
- A lender shall ensure that all applicable approvals/clearances for implementing/constructing the project are obtained before financial closure. However, approvals/clearances which are contingent upon achievement of certain milestones in terms of project completion would be deemed to be applicable only when such milestones are achieved.

"Date of Financial Closure" refers to the date on which the capital structure of the project, including equity, debt, grant (if any), accounting for **minimum 90%** of total project cost, becomes legally binding on all stakeholders.

PRUDENTIAL CONDITIONS RELATED TO DISBURSEMENT AND MONITORING:

- A lender shall ensure availability of sufficient land/right of way for all projects before disbursement of funds, subject to the minimum requirements of 50% for infrastructure projects under PPP model and 75% for all other projects (non-PPP infrastructure, and non-infrastructure including CRE & CRE-RH). For transmission line projects – as decided by a lender.
- In case of infrastructure projects under PPP model, disbursement of funds shall begin only after declaration of the Appointed date or its equivalent, for the project. "Appointed Date" refers to the date, as defined in the concession agreement entered into between the concessionaire and the concession granting authority.
- A lender shall ensure that disbursal is proportionate to the stages of completion of the project as also to the progress in equity infusion and other sources of finance, agreed as part of financial closure and receipt of remaining applicable clearances. The lender's Independent Engineer (LIE)/Architect shall certify the stages of completion of the project.

<u>PRUDENTIAL NORMS FOR RESOLUTION</u>

RESOLUTION OF STRESS:

- Occurrence of a credit event with any of the lenders during the construction phase, shall trigger a collective resolution. "Credit Event" shall be deemed to have been triggered on the occurrence of any of the following: Default with any lender; Any lender(s) determines a need for extension of the original/extended DCCO, of the project; Expiry of original/extended DCCO; Any lender(s) determines a need for infusion of additional debt or the project is faced with financial difficulty.
- Any such credit event shall be reported to the CRILC in compliance with the extant instructions.
- A lender shall undertake a prima facie review of the debtor account **within thirty days** from the date of such credit event **("Review Period")**. The conduct of the lender(s) during this Review Period, including signing of Inter Creditor Agreement (ICA), and the decision to implement a resolution plan, wherever required, shall be guided by the provisions of the Prudential Framework.

RESOLUTION PLANS INVOLVING EXTENSION OF ORIGINAL / EXTENDED DCCO:

A project finance account classified as standard and where a resolution plan involving extension of original/ extended DCCO, is implemented, shall continue to be classified as 'Standard', provided the envisaged resolution plan ab initio conforms to the conditions stipulated hereunder:

- **Permitted DCCO Deferment:** Extension of Original / extended DCCO with the consequential shift in repayment schedule for equal or shorter duration is **permitted up to 3 years in case of Infrastructure Projects and up to 2 years in case of Non-Infrastructure Projects (including CRE and CRE-RH).**
- **Cost Overrun**: As part of a resolution plan, a lender may finance, cost overrun associated with permitted DCCO deferment in compliance with above, up to a maximum of 10% of the original project cost, in addition to IDC (Interest During Construction) and classify the account as 'Standard'. Cost overrun is financed through Stand by Credit Facility (SBCF) specifically sanctioned by the lender at the time of financial closure and the financial parameters like D/E ratio, external credit rating (if any) etc. remain unchanged or are enhanced in favour of the lender post such cost overrun funding.
- **Change in Scope and Size:** A project finance account where DCCO extension is necessitated by an increase in the project outlay on account of increase in scope and size of the project, may be classified as 'Standard', subject to complying with the following conditions: (i) The rise in project cost excluding any cost-overrun in respect of the original project is **25%** or more of the original outlay as the case may be, (ii) A lender re-assesses the viability of the project before approving the enhancement of scope and fixing a fresh DCCO, (iii) On re-rating (if already rated), the new external credit rating is not below the previous external credit rating by **more than one notch**. If the project debt was unrated at the time of increase in scope or size, then it should be externally rated investment grade upon such increase in scope or size in case of projects where aggregate exposure of all lenders is equal to or **greater than ₹100 crores**. The standard asset classification benefit on account of 'change in scope' shall be allowed only once during the lifetime of the project.
- Further, in all the above cases, the following conditions shall be required to be met before the expiry of 180 days from the end of the Review Period, for successful implementation of a resolution plan: i. all

required documentation, including execution of necessary agreements between a lender and the debtor/ creation of security charge/ perfection of securities, are completed in consonance with the resolution plan being implemented, and ii. the new capital structure and/ or changes in the financing agreement get duly reflected in the books of a lender and the debtor.

- If the resolution plan involving change in DCCO is not successfully implemented as above, then the account shall be downgraded to NPA immediately.

CRITERIA FOR UPGRADATION: A project finance account downgraded to NPA for non-compliance with the parameters as above, can be upgraded only after the account performs satisfactorily (as per the prudential norms) post actual DCCO. A project finance account downgraded to NPA for non-compliance with implementation of resolution plan within 180 days of review period as mentioned above, can be upgraded on successful implementation of resolution plan, provided no further request for DCCO deferment is received.

PROVISIONING FOR STANDARD ASSETS

	Construction Phase	Operational Phase – after commencement of repayment of interest and principal
CRE	1.25%	1.00%
CRE-RH	1.00%	0.75%
All others	1.00%	0.40%

PROVISIONING FOR DCCO DEFERRED STANDARD ASSETS: For accounts which have availed DCCO deferment and are classified as 'standard', lenders shall maintain additional specific provisions of **0.375%** for infrastructure project loans and **0.5625%** for non-infrastructure project loans (including CRE and CRE-RH), for each quarter of deferment, over and above the applicable standard asset provision. These additional specific provisions shall be reversed upon commencement of commercial operation.

REVISED OPERATIONAL GUIDELINES ON DEAF SCHEME 2014:
RBI issued revised guidelines on operational aspects of The Depositor Education and Awareness (DEA) Fund Scheme, 2014, which shall come into effect from October 01, 2025. The important aspects of the revised guidelines are as under;

REGISTRATION IN e-Kuber SYSTEM: Firstly, a bank needs to register under the DEA Fund module on e-Kuber system. Secondly, a bank shall share two e-mail ids with dea.fund@rbi.org.in to complete the registration process. A bank (non-member bank), which does not have access to e-Kuber system is required to provide two e-mail ids to its sponsor bank to complete the registration process. The aforesaid registration process is a pre-requisite for a bank to remit the unclaimed amounts due and submit refund claims.

AUTHORISED SIGNATORIES OF A BANK: A bank shall identify officers (authorised signatories) to operate the bank's DEA Fund account jointly, who shall be responsible for authorising the applicable returns under the DEA Fund Scheme. (with a maximum of ten signatories).

PROCEDURE FOR TRANSFERRING THE UNCLAIMED AMOUNT TO THE FUND: A bank shall transfer to the DEA Fund, the amounts becoming due in each calendar month (i.e., proceeds of the inoperative accounts and balances remaining unclaimed for 10 years or more), including the interest accrued till the date of transfer, during the last five working days of the subsequent month. Before transferring the amount due to the Fund, the bank shall ensure that all legal obligations till that date, including those pertaining to taxes deductible and payable, are met or adequate arrangements are made therefor. A member bank shall transfer to the Fund, the entire amount due through e-Kuber system under the module "DEA Fund Services"

DEPOSIT WINDOW FOR TRANSFERRING UNCLAIMED AMOUNT: The window for transferring unclaimed amounts/deposits to the Fund through e-Kuber shall be kept open only during the last five working days of every month, and a bank (including the non-member bank) is permitted to effect only one transfer of unclaimed amounts per month.

CLAIM WINDOW FOR SUBMISSION OF CLAIM: The window for submitting claim from the Fund shall be kept open in e-Kuber system during the first 10 working days of every month. A bank shall submit only one consolidated claim per month.

PROCEDURE FOR SUBMITTING CLAIM REFUND (FORM-II): In case of demand from a customer/depositor, whose unclaimed amount/deposit had been transferred to Fund, a bank shall repay the customer/depositor, along with interest, if applicable, and thereafter, lodge a claim for refund. The claim will be examined by RBI. If the claim is in order, the claimed amount will be credited to the account of the member bank (with the sponsor bank in case of a non-member bank) maintained with RBI by the end of the same month A bank is not required to provide the customer-wise details in case of refund claims.

DISCLOSURE IN NOTES TO ACCOUNTS: All unclaimed liabilities (where amount due has been transferred to Fund) may be reflected as “Contingent Liability – Others, items for which the bank is contingently liable” under Schedule 12 of the Annual Financial Statements. A bank shall also disclose the amounts transferred to Fund under the Notes to Accounts.

INDIA’S EXTERNAL DEBT AS AT THE END OF MARCH 2025:

- At end-March 2025, India’s external debt was placed at **US$ 736.3 billion**, an increase of US$ 67.5 billion over its level at end-March 2024.
- The external debt to GDP ratio increased to 19.1 % at end-March 2025 from 18.5 % at end-March 2024.
- US dollar-denominated debt remained the largest component of India’s external debt, with a share of 54.2 per cent at end-March 2025, followed by debt denominated in the Indian rupee (31.1 per cent), yen (6.2 per cent), SDR (4.6 per cent), and euro (3.2 per cent).

HIGHLIGHTS OF SECTORAL DEPLOYMENT OF BANK CREDIT (MAY 2025)

The highlights on sectoral deployment of bank credit for the month of May 2025 based on data collected from 41 select scheduled commercial banks (SCBs), accounting for about 95 per cent of the total non-food credit by all SCBs are as under;

- Non-food bank credit as on the fortnight ended May 30, 2025, grew by **9.8 per cent** YoY as compared to 16.2 per cent during the corresponding fortnight of the previous year.
- Credit to agriculture and allied activities registered a YoY growth of **7.5 per cent** against 21.6 per cent in the corresponding fortnight of the previous year.
- Credit to industry recorded a YoY growth of 4.9 per cent, compared with 8.9 per cent in the corresponding fortnight of the previous year.
- Credit to services sector moderated to 9.4 per cent YoY (20.7 per cent in the corresponding fortnight of the previous year), primarily due to decelerated growth in credit to NBFCs.
- Credit to personal loans segment registered a decelerated YoY growth of 13.7 per cent, as compared with 19.3 per cent a year ago.

GOVT EASES SEZ RULES TO PROMOTE CHIPS, ELECTRONICS COMPONENT MANUFACTURING: The government has unveiled a series of policy relaxations aimed at boosting high-tech manufacturing, including semiconductors and electronic components in special economic zones (SEZs). According to a gazette notification, the minimum land requirement for setting up such SEZ units has been reduced from 50 hectares to **10 hectares**. The relaxed norms will apply to sectors including semiconductors, display module sub-assemblies, various other module sub-assemblies, printed circuit boards, lithium-ion battery cells, mobile and IT hardware components, hearables, and wearables.

FROM JULY, GST RETURNS TO BE BARRED AFTER THREE-YEAR WINDOW: Any GST returns due on or before June 20, 2022, will be barred from filing from July 2025 onwards as the GST Administration has set a date of July 2025 for barring GST Returns on the expiry of three years. Also, from July itself onwards, auto-populated liabilities in GSTR-3B will become non-editable. The Finance Act 2023 amended the CGST Act, which prescribed that taxpayers will not be allowed to file their GST returns after the expiry of three years from the due date of furnishing the said return. These returns are filed under Section 37 (Outward Supply), Section 39 (payment of liability), Section 44 (Annual Return) and Section 52 (Tax Collected at Source). These Sections cover GSTR-1, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9.

E-WAY BILL GENERATION HITS NEAR-RECORD HIGH IN MAY 25: E-Way Bill (EWB) generation in May surged to 12.26 crore, marking the second-highest figure ever reported by GSTN. This represents a substantial 19 per cent increase compared to May of last year and nearly matches the all-time high of 12.45 crore recorded in March, 2025.

29TH MEETING OF FINANCIAL STABILITY AND DEVELOPMENT COUNCIL (FSDC), HELD AT MUMBAI: Union Minister for Finance and Corporate Affairs chaired the 29th meeting of the Financial Stability and Development Council (FSDC), in Mumbai on 10th June. In light of the analysis of cybersecurity regulations, sectoral preparedness, and the recommendations of Financial Sector Assessment Programme (FSAP) 2024-25, the FSDC considered strengthening the cyber resilience framework of the Indian financial sector through a financial sector-specific cybersecurity strategy.

SEBI UNVEILS UPI VERIFICATION TOOL TO CURB CYBER FRAUD, ROLLOUT FROM OCTOBER 1: In a major step towards safeguarding retail investors against cyber fraud, SEBI has announced the launch of a new tool, **SEBI Check**, to verify the authenticity of UPI addresses used in securities market transactions. The upcoming system, scheduled for launch on October 1, 2025, will allow investors to authenticate the UPI handles of SEBI-registered intermediaries prior to initiating transfers.

MICROFINANCE SECTOR INTRODUCES NEW GRIEVANCE REDRESSAL TOOLS FOR CUSTOMER PROTECTION: Sa-Dhan, the RBI-recognized SRO, has launched a toll-free grievance helpline and a comprehensive Client Grievance Redressal Mechanism (CGRM) manual to enhance customer protection in the microfinance sector. These initiatives aim to foster transparency, trust, and accountability, addressing the critical role of microfinance in supporting underserved communities.

BANKS' SUPERVISORY DATA QUALITY INDEX IMPROVED IN MARCH 2025: The Supervisory Data Quality Index (sDQI) of scheduled commercial banks improved to **89.3** in March 2025 from 86.8 in March 2024. The sDQI measures data quality in terms of accuracy, timeliness, completeness, and consistency in the submission of regulatory returns by banks to RBI. A score between 80 and 90 is considered “acceptable”, while a score between 70 and 80 indicates that improvement is required. Any score below 70 is deemed “not acceptable”, and a score above 90 is considered “good”.

EPFO INCREASES AUTO-SETTLEMENT LIMIT FOR ADVANCE CLAIMS TO RS 5 LAKH TO ENABLE QUICKER ACCESS: The Employees’ Provident Fund Organisation (EPFO) has raised the auto-settlement limit for advance claims (ASAC) from Rs 1 lakh to **Rs 5 lakh**, and such claims will get cleared within three days. This move will enable withdrawal of the amount without needing manual verification.

BUSINESS, FINANCE & ECONOMY

RECORD EXPORT ORDERS, STRONG DEMAND PUSHES INDIA’s PMI TO 14-MONTH HIGH IN JUNE: The HSBC Flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, jumped to a 14-month high of 61.0 this month from 59.3 in May. The 50-mark separates growth from contraction and the latest data showed nearly four years of sustained expansion. Services gained momentum with the activity index rising to 60.7 from May's 58.8, the strongest since August last year, while manufacturing gained pace thanks to robust output. Its PMI climbed to 58.4 in June from 57.6.

UPI TRANSACTION CROSSES RS 25 LAKH CRORE IN MAY, BOTH VALUE AND VOLUME SEE GROWTH: UPI transactions reached a record high of Rs 25.14 lakh crore in May, according to data released by NPCI. The value of total transactions grew by 5 percent on a month-on-month basis, as it stood at Rs 23.94 lakh crore in April.

NHAI RELEASES FIRST-EVER ASSET MONETISATION STRATEGY DOCUMENT TO DRIVE GROWTH IN ROAD SECTOR: To unlock value of operational National Highway assets and increase Public Private Partnership in India's infrastructure development, NHAI released its first ever 'Asset Monetization Strategy for the Road Sector' to mobilise capital through Toll-Operate-Transfer (ToT), Infrastructure Investment Trusts (InvITs), and securitisation models. These instruments have helped NHAI raise over ₹1.4 lakh crore across more than 6,100 km of National Highways under National Monetisation Pipeline.

Maruti Suzuki Dzire BECOMES INDIA'S FIRST 5-STAR BHARAT NCAP-RATED SEDAN: Maruti Suzuki India Limited has achieved a significant milestone in vehicle safety, with the all-new Dzire becoming the first sedan in the country to receive a 5-star safety rating under the Bharat New Car Assessment Program (Bharat NCAP).

NUMBER OF ATMS WITH ₹100 OR ₹200 NOTES RISES SHARPLY: With more than three months left before the RBI's September 30, 2025 deadline requiring that 75% of ATMs dispense ₹100 or ₹200 denomination notes from at least one cassette, banks have already achieved 73%. Exclusive data from CMS Infosystems, which manages 73,000 of the country's 215,000 ATMs, reveals that the share of ATMs dispensing low-denomination notes has grown to 73% within the CMS ATM network.

CIBIL BROADENS MSME SCORING METHODOLOGY: Cibil has broad-based its MSME scoring methodology to rank borrowers who lack sufficient documentation to help lenders take a holistic view in assessing their credit worthiness. The new model looks at longer credit history - 36 months from 24 months earlier and does deeper analysis of borrower behaviour. The credit bureau will analyse the repayment record post and pre-COVID period. CreditVision CIBIL Commercial Rank (CV CMR) is an objective indicator of borrower's creditworthiness based on quantitative credit data points.

INDIA's FIRST MARITIME NBFC LAUNCHED: India has launched **Sagarmala Finance Corporation Limited (SMFCL)**, its first maritime sector NBFC. Registered with the RBI, SMFCL aims to address financing gaps by offering tailored financial solutions to ports, startups, and maritime institutions. With substantial Tier 1 capital, it will support strategic sectors like shipbuilding and cruise tourism.

NEW DEVELOPMENTS IN BUSINESS & FINANCE

- Canara Bank has scrapped the average monthly balance (AMB) requirement across all savings bank accounts in a bid to shore up deposits.
- **Flipkart** gets RBI nod to lend directly, becomes first Indian **e-com giant with NBFC licence**.
- Central Bank of India has completed acquisition of 24.91 per cent equity stake in Future Generali India Insurance Company Ltd (FGIICL) and 25.18 per cent equity stake in Future Generali India Life Insurance Company Ltd (FGILICL).
- RBI rejects universal bank licence application of **Annapurna Finance**.
- PhonePe launches UPI interface for feature phones users.
- **Jana Small Finance** Bank has submitted application to RBI seeking approval to transition into a universal bank.
- RBI to discontinue daily VRR auctions from June 11 onwards due to evolving liquidity conditions.
- State Bank of India gives Rs 8,076.84 cr dividend to govt for FY25.
- Indian Overseas Bank launches 'Locate IOB' facility enabling customers to easily identify the nearest branches and ATM networks.
- Groww Mutual Fund has launched the **Groww Nifty India Internet ETF**, the first-ever exchange-traded fund that aims to track the Nifty India Internet Index.
- NSE gets SEBI nod to launch monthly electricity futures.
- SBI has cut the interest rate on savings bank deposits across all account balances to 2.50 per cent.

- **Sumitomo Mitsui Financial Group Inc. (SMFG) and SBI** Holdings Inc. are planning a new joint venture to offer wealth management services in Japan.
- NSE gets Sebi's go ahead for **Tuesday** expiry, BSE gets **Thursday**.
- Bank of Maharashtra signs MoU with SBI Card for co-branded credit cards.
- **India Post Payments Bank** honoured with Digital Payments Award 2024-25 by Ministry of Finance.
- **Odisha** removes HDFC Bank, ICICI Bank, and Axis Bank as authorised banks for govt businesses.
- RBI has extended the timings of the call money market by two hours till **7 pm** w.e.f July 1, 2025. Accordingly, the call money market will operate from **9 am to 7 pm** as against the current 9 am to 5 pm.
- PSBs' net profit zoomed to ₹1.78 lakh cr, NPA declined to 0.52% in FY 2024-25 as per Finance Ministry statement.
- Aditya Birla Capital Digital app hacked; digital gold worth ₹1.95 cr stolen.
- From August 2025, all post offices in India will begin accepting digital payments using dynamic QR codes linked to the UPI system.
- **UPI** has achieved a landmark milestone by **surpassing Visa** in daily digital transaction volume, crossing 650 million transactions per day as of June 2025.
- NPCI Launches NACH 3.0 to Enable Faster Salary, EMI, and SIP.
- **Bajaj Allianz General Insurance** launched **State-wise health insurance** policies that tailor premiums based on regional healthcare dynamics like hospital infrastructure, treatment costs, and disease prevalence.
- India and Cyprus have taken a significant step toward digital payment integration, with NPCI and Eurobank Cyprus signing an MoU to introduce UPI services.
- DFCC Bank PLC, one of Sri Lanka's leading financial institutions, has achieved a significant milestone by becoming the first foreign corporate to list a green bond on India's NSE International Exchange (NSE IX) at GIFT City.
- **Scapia,** in collaboration with **Federal Bank**, has launched **India's first dual-network credit card combining Visa and RuPay**, known as the Scapia Federal RuPay Credit Card.
- NPCI and IDRBT signed an MoU to conduct specialized training, launch a payment security certification programme, and provide access to IBCART 3.0 (सचेत), a threat intelligence platform.

ECONOMIC OUTLOOK

- **World Bank** retains India's growth forecast at **6.3% for FY26**.
- The gross loan portfolio of players in the microfinance space de-grew 13.5 per cent YoY to ₹3,75,030 crore as at March-end 2025, against ₹4,33,697 crore as at March-end 2024.
- India's goods exports contract 2.17% in May to $38.73 bn.
- India's unemployment rate (UR) rose to 5.6 per cent in May 2025 as against 5.1 per cent in April.
- According to provisional data, India's **wholesale price index-based inflation** fell to a 14-month low of **0.39% in May**, down from 0.85% in the previous month.
- Indian money in Swiss banks triples in 2024, reaches nearly ₹37,600 cr.
- India's core sector growth across eight industries slowed down to a nine-month low of 0.7 % in May.
- Retail inflation based on **Consumer Price Index (CPI)** dipped to **2.82 per cent** in May as against 3.16 per cent in April. May's headline number is the lowest year-on-year inflation since February 2019.
- Retail inflation for farm and rural workers eased to 2.84 per cent and 2.97 per cent respectively in May from 3.48 per cent and 3.53 per cent, respectively, in April this year.
- India records current account surplus in Q4, FY25 deficit narrows to 0.6 percent.
- India's economy posted a robust performance in the financial year 2024-25, clocking real GDP growth of **6.5%,** driven by strong domestic demand, resilient rural consumption, and buoyant services activity, according to the Ministry of Finance's Monthly Economic Review for May 2025.

- RBI reported a 3.1% year-on-year rise in the All-India House Price Index (HPI) for Q4 FY2024–25.
- India's extreme poverty has dramatically decreased over the past decade, with the rate falling to 5.3% in 2022-23 according to World Bank report.

NEW APPOINTMENTS

- Govt extends tenure of Punjab & Sind Bank MD Swarup Kumar Saha till February 2027.
- FSIB recommends **R Doraiswamy as next MD & CEO of LIC**.
- **Sivasubramanian Ramann** took charge as the chairperson of the **PFRDA.**
- The government has demoted Pankaj Dwivedi from Executive Director of Union Bank of India to General Manager in Punjab & Sind Bank. This decision follows a pending case in the Delhi High Court questioning the appointment's validity due to the absence of vigilance clearance.
- The government has re-appointed the Chairman of the Central Board of Direct Taxes (CBDT) Ravi Agrawal for one more year.
- Both Managing Director & CEO and Executive Director of Karnataka Bank resigned citing personal reasons and relocation issues.
- Senior IPS Officer **Parag Jain** has been appointed as the new Chief of RAW.
- Amitabh Kant Joins Fairfax as Senior Adviser After G20 Sherpa Role.
- China's **Zou Jiayi,** has been appointed as the next **President of the Asian Infrastructure Investment Bank (AIIB).**
- Meta has appointed Arun Srinivas as its India Head and Managing Director.

UNION MINORITY AFFAIRS MINISTER LAUNCHES UMEED CENTRAL PORTAL, A CENTRALIZED DIGITAL PLATFORM FOR REAL-TIME UPLOADING, VERIFICATION, AND MONITORING OF WAQF PROPERTIES: The UMEED Central Portal, short for Unified Waqf Management, Empowerment, Efficiency and Development Act, 1995 will serve as a centralized digital platform for real-time uploading, verification, and monitoring of Waqf properties. The portal is expected to bring about a paradigm shift in how Waqf assets are administered across India by introducing greater transparency, accountability, and public participation.

INDIA EYES ALTERNATIVES AFTER CHINA'S RARE EARTH MAGNET EXPORT BAN: In a significant geopolitical development, India is preparing to reduce its reliance on Chinese imports of rare earth magnets, following Beijing's recent export restrictions. These magnets are critical components in electric vehicles, electronics, wind turbines and defence applications.

GOVT TO LAUNCH FASTag-BASED ANNUAL PASS OF ₹3,000 FOR PRIVATE VEHICLES FROM AUGUST 15: The Ministry of Road Transport and Highways (MoRTH) will launch a FASTag-based annual pass for private vehicles, which will be priced at ₹3,000, effective August 15. Valid for **one year from the date of activation or up to 200 trips**, whichever comes first. This pass is designed exclusively for non-commercial private vehicles.

GOVERNMENT LAUNCHES 'NAVYA' A NEW SKILLING INITIATIVE FOR ADOLESCENT GIRLS UNDER VIKSIT BHARAT@2047: In a significant step towards empowering young girls and furthering the vision of Viksit Bharat@2047, the Ministry of Women and Child Development (MWCD), in convergence with the Ministry of Skill Development and Entrepreneurship (MSDE), launched 'NAVYA' (Nurturing Aspirations through Vocational Training for Young Adolescent Girls). NAVYA programme aims to equip adolescent girls aged 16 to 18 years with vocational training mainly in non-traditional and emerging job roles.

INDIAN RAILWAYS TO HIKE PASSENGER FARES FROM JULY 1: The Indian Railways is set implement marginal hike in passenger fares starting July 1 across various classes of long-distance trains, including AC and non-AC Mail and Express services. Fares for non-AC Mail and Express trains will increase by 1 paise per kilometre, while AC class fares will see a hike of 2 paise per kilometre. According to the revised fare structure set to take effect on July 1, 2025, there will be no change in fares for suburban trains and monthly season tickets. In Ordinary Second Class, fares will remain unchanged for journeys up to 500 kilometres. However, for distances exceeding 500 kilometres, fares will increase by 0.5 paise per kilometer.

SHUBHANSHU SHUKLA BECOMES 634TH ASTRONAUT TO REACH SPACE: Shubhanshu Shukla, an Indian Air Force officer, became the 634th astronaut to enter space, marking a significant chapter in India's space journey. Part of the Axiom-4 mission, he successfully docked at the ISS on June 26, 2025, alongside astronauts from the USA, Poland, and Hungary.

CURRENT AFFAIRS & FINANCIAL AWARENESS IN SHORT:

- RBI took enforcement action against regulated entities (REs) and imposed 353 penalties aggregating to Rs 54.78 crore in the fiscal ending March 31, 2025 for contraventions with provisions of statutes.
- Over 63,000 digital payment frauds reported in last decade.
- The Centre will implement e-mail verification via OTP from June 16 for all RTI applications.
- US President Donald Trump has declared a sharp increase in tariffs on foreign steel and aluminium, doubling the current 25% tariffs to **50%.**
- **Dassault Aviation** partners with **Tata** to manufacture Rafale fuselage for India, other markets.
- Govt targets at least 1,000 hydrogen trucks, buses on roads by 2030.
- Elon Musk's Starlink gets licence to provide satellite services in India.
- Maharashtra, Karnataka account for 51% of FDI in India in FY25.
- Govt approves Rs 5,400-crore viability gap funding to develop 30 GWh battery storage.
- The Indian Railways has announced that from July 1, only Aadhaar authenticated users will be able to book Tatkal tickets.
- TRAI Launches Pilot Project for Digital Consent Management in Partnership with RBI and Banks.
- The Central Board of Indirect Taxes and Customs (CBIC) detected GST evasion of ₹2.23 trillion in the financial year 2024-25, an all-time high figure.
- CBSE Class 10 Board Exams to Be Held Twice a Year from 2026; First Attempt Mandatory, Second Optional.
- IBPS allowed to use Aadhaar to verify candidates in bank exams.
- **Reliance Industries** mcap again reaches **₹20 lakh crore-mark** as stock jumps.
- Panasonic India to discontinue washing machines, refrigerator categories.
- **MSME Day** was celebrated on **June 27, 2025.**
- India bans jute, woven fabric imports from Bangladesh through land ports. Imports will only be allowed through Nhava Sheva port in Mumbai.
- MoSPI Celebrated 19th Statistics day on 29th June to commemorate 132nd Birth Anniversary of Prof. P. C. Mahalanobis with the theme '75 Years of National Sample Survey'.
- Union Home Minister Amit Shah inaugurated the National Turmeric Board Headquarters in Nizamabad, Telangana.
- **Adani Green** Becomes First Indian Firm to Cross 15 GW Renewable Energy Milestone.
- Centre Launches '**Adi Karmyogi'** to Train Officials for Better Tribal Scheme Execution.
- **Tata Group** has become the first Indian brand to cross the **$30-billion mark in brand value**, as per Brand Finance 2025 rankings. It is followed by Infosys and HDFC, while Adani Group has emerged as the fastest-growing brand. Taj Hotels remains the strongest brand with an AAA+ rating.
- **Andhra Pradesh** took a progressive step in education with the launch of '**Vidya Shakti',** a remedial learning initiative focused on slow learners in government schools.
- Gold has risen to become the second-largest reserve asset after the U.S. dollar, according to a European Central Bank (ECB) report.

- UPSC has launched "**Pratibha Setu",** a revamped platform that allows employers to access details of non-recommended candidates who cleared all stages of UPSC exams but were not on the final merit list.The objective of the platform is to connect Top Candidates with Private Employers.
- Yoga Sangam 2025, an initiative by the Ministry of Ayush, marks a transformative celebration of the 11th International Day of Yoga (IDY) with the theme "Unity Through Breath".
- The International Day of Yoga 2025, observed on 21st June, marks its 11th edition with the **theme "Yoga for One Earth, One Health",** emphasizing the deep interconnection between personal well-being and planetary health.
- India initiated the "**Operation Sindhu**" to evacuate its nationals from Iran amid the growing threat of conflict with Israel.
- **Bihar** becomes the first Indian state to implement **mobile-based e-voting**, set to launch during the 28th June municipal elections.
- TCS has partnered with the Council of Europe Development Bank (CEB) in Paris to automate and optimise its financial reconciliation process.
- Prime Minister **Narendra Modi** was awarded the **Grand Cross of the Order of Makarios III, Cyprus' highest civilian honour,** by President Nikos Christodoulides on June 16, 2025, in recognition of his efforts to deepen India-Cyprus ties.
- Union Home Minister inaugurated the **Bharatiya Bhasha Anubhag (BBA)** to integrate Indian languages into administrative and governance processes, minimizing the dominance of English. This platform will ensure real-time translation and allow communication in mother tongues, especially with Region C States.
- Prime Minister Narendra Modi inaugurated the **Chenab Bridge**, the world's tallest railway arch, standing 359 metres above the Chenab River.

ARTICLES & SUBJECT UPDATES

FARMER PRODUCER ORGANIZATION (FPO) & FARMER PRODUCER COMPANY (FPC)

FPO (Farmer Producer Organization) is a broader term encompassing various legal structures like cooperatives, trusts, etc, while FPC (Farmer Producer Company) is a specific type of FPO registered as a company under the Companies Act. Essentially, an FPC is a type of FPO, specifically a company formed by primary producers like farmers.

INCORPORATION: FPO is a generic name, which means and includes farmer- producers' organization incorporated/ registered either under Companies Act or under Co-operative Societies Act of the concerned States and formed for the purpose of leveraging collectives through economies of scale in production and marketing of agricultural and allied sector. However, FPOs registered under Co- operative Societies Act of the State, is to be insulated from all kinds of interference including in election process and day today management through suitable provisioning in their Memorandum of Association and Bye-laws with a view to encourage healthy growth and development of FPO. However, Bye-laws of these FPOs will be in consistent with the Cooperative Societies Act of respective States.

BROAD SERVICES AND ACTIVITIES UNDERTAKEN:

- Supply quality production inputs like seed, fertilizer, pesticides etc at reasonably lower wholesale rates.
- Make available need based production and post-production machinery and equipment like cultivator, tiller, sprinkler set, combine harvester etc on custom hiring basis for members to reduce the per unit production cost.
- Value addition like cleaning, assaying, sorting, grading, packing and also farm level processing facilities on reasonably cheaper rate. Storage and transportation facilities may also be made available.
- Undertake higher income generating activities like seed production, bee keeping, mushroom farming etc.
- Facilitate market information about the produce for judicious decision in production and marketing.
- A Business Plan Linked development in both medium and long-term will be the hallmark of strong

business growth for FPO.

FORMATION OF FPO AND IDENTIFICATION OF CLUSTER AREA:

- Formation and promotion of FPO is based on **Produce Cluster Area**, which is a geographical area wherein agricultural and allied produce such as horticultural produce of similar nature is cultivated; therefore, an FPO can be formed for leveraging economies of scale in production and marketing. Produce cluster area is to be identified with the input of District Level Monitoring Committee (D-MC), State Level Consultative Committee (SLCC), other Ministries/Departments of Government of India and the States as well as with recommendations of Implementing Agencies with input from Cluster- Based Business Organization (CBBO) and suggestions of relevant Government of India Organizations.
- FPO with a minimum farmer-members' size of **300** shall be eligible under the scheme in plains, while in North-Eastern and Hilly areas, size of **100** shall be eligible. Farmer-members cohesively located with almost same interest are to be mobilized to form a group of 15- 20 Members, calling the group as Farmer Interest Group (FIG) or SHG, Farmers Club (FC), Joint Liability Group (JLG), Rythu Mitra Group etc. Such 20 or more groups from a produce cluster area or a village/ cluster of neighboring villages based on certain commonalities are to be put together to form an FPO. However, efforts will be made to achieve an average membership size of **500** farmers in plain areas and **200** farmers in Hilly and North-Eastern regions to make them sizable for economic sustainability and profitability.
- While adopting cluster-based approach for produce or produce mix, formation of FPOs will also focus on "One District One Product" approach for development of product specialization.

NATIONAL PROJECT MANAGEMENT AGENCY (NPMA): At national level, a National Project Management Agency (NPMA) is set up by Small Farmers' Agri-Business Consortium (SFAC) for providing overall project guidance, data maintenance through integrated portal, information management and monitoring.

IMPLEMENTING AGENCIES: In order to form and promote FPOs in uniform and effective manner so as to achieve the target of formation of **10,000 new FPOs in 5 years** and to make the FPOs economically sustainable, **three Implementing Agencies, namely, SFAC, NCDC and NABARD**, shall be responsible to form and promote FPOs. **SFAC** will form and promote those FPOs to be incorporated under of Companies Act. **NCDC** will form and promote those FPOs to be registered under any Co- operative Societies Act of the States. **NABARD** will form and promote those FPOs which are registered either under Companies Act or registered under any Co-operative Societies Act of States. Implementing Agencies will set up **Cluster-Based Business Organizations (CBBOs)** at the State/Cluster level to form and promote FPOs as per their requirements.

FORMATION AND PROMOTION OF 10,000 FARMER PRODUCER ORGANIZATIONS (FPOs): The Central Sector Scheme for **"Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)**" was launched by Prime Minister Shri Narendra Modi on 29th February, 2020. The scheme was launched with a budget outlay of ₹6,865 Crore till 2027-28. Since the launch of the scheme, ₹254.4 Crore in equity grants has been released to 4,761 FPOs and credit guarantee cover worth ₹453 Cr. has been issued to 1,900 FPOs (PiB data as on February 2025).

FINANCIAL SUPPORT:

- Financial support to FPO @ up to maximum of **Rs. 18 lakh / FPO (including taxes)** or actual, whichever is lesser is to be provided during three years from the year of formation.
- The indicative financial support broadly covers (i) the support for salary of its CEO/Manager (maximum up to Rs.25000/month) and Accountant (maximum up to Rs. 10000/month); (ii) one time registration cost(one time up to maximum Rs. 40000 or actual whichever is lower); (iii) office rent (maximum up to Rs. 48,000/year); (iv) utility charges (electricity and telephone charges maximum up to Rs. 12000/year); (v) one-time cost for minor equipment, including furniture and fixture, maximum up to Rs. 1,00,000 subject to the condition that the FPO is saving from other heads like office Rent, travel, cleaning, etc. by the FPO, (vi) travel and meeting cost (maximum up to Rs.18,000/year); and (vii) misc.(cleaning, stationery etc. maximum up to Rs. 12,000/year) subject to overall ceiling of assistance of Rs. 18 lakhs per FPOs in 3 years.

- Further, financial assistance upto **Rs. 25 lakh per FPO is provided to the Cluster Based Business Organization (CBBO)** for promotion and handholding of the FPOs.
- The CEO/Manager is to be appointed by the executive body of the FPO who should be either graduate in agriculture / agriculture marketing / agribusiness management or BBA or equivalent. Locally available professionals with 10+2 and preferably diploma in agriculture / agriculture marketing / agribusiness management or in such other related areas may be preferable.
- FPO will forward the periodic utilization certificate for FPO management cost received and utilized as may be necessary to Implementing Agency through concerned CBBO.

EQUITY GRANT: To strengthen financial base of FPOs and help them to get credit from financial institutions., equity Grant shall be provided by government in the form of matching grant upto **Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh** fixed per FPO. The eligibility to receive equity grant includes;

- It shall be a legal entity and raised equity from its Members as laid down in its Articles of Association/ Bye laws.
- **Minimum 50%** of its shareholders are **small, marginal and landless tenant farmers**.
- Maximum shareholding by any one member **shall not be more than 10%** of total equity of the FPO.
- A farmer can be member in more than one FPO with different produce clusters but he/she will be eligible only once(for any one FPO that he/she is a member) for the matching equity grant up to his/her share.
- In the Board of Directors or Governing Body, there shall be adequate representation of women farmer member(s) and there should be **minimum one woman member**.
- It has a business plan and **budget for next 18 months** that is based on a sustainable, revenue model.
- Equity Grant sanctioned shall be released to respective Implementing Agency for transferring to the bank account of the FPO. The FPO shall, within 45 days of the receipt of the Equity Grant, issue additional shares to its shareholder members, equivalent in value to the amount of the Grant received by it, provided that the maximum grant for individual member shall be up to Rs.2000/-

CREDIT GUARANTEE SCHEME FOR FARMER PRODUCER ORGANIZATIONS (FPOS) FINANCING

The Credit Guarantee Scheme for Farmer Producer Organizations (FPOs) provides a credit guarantee cover to lenders, encouraging them to provide loans to FPOs. The scheme is a Central Sector Scheme, meaning it's fully funded by the Government of India. It operates through a Credit Guarantee Fund (CGF) with a **corpus of Rs. 1,000 crore**, jointly contributed by the Government of India and NABARD. **NABSanrakshan**, a subsidiary of NABARD, acts as the Trustee for the Credit Guarantee Fund Trust for FPOs.

ELIGIBLE LENDING INSTITUTION (ELI): Scheduled Commercial Bank, RRB and SFB, Co-operative Banks, National Cooperative Development Corporation (NCDC), subsidiaries of NABARD, other NBFCs rated AAA/AA+/AA, North Eastern Development Finance Corporation Ltd (NEDFI), or any other institution decided by the Trust or as directed by the Government of India from time to time.

ELIGIBLE FPOs:

- FPO shall be a legal entity incorporated either under Companies Act or under Co-operative Societies Act.
- Minimum number of farmer member should be **300** (**100** in case of North-Eastern and Hilly areas which are areas at a height of 1000 metre or above from MSL).
- FPO must be eligible for lending as per the Lendability Assessment Tool available in the NABARD's Guidance Note on FPO financing or any other tools developed by NABARD/IBA or ELI's approved assessment tool.

ELIGIBLE CREDIT FACILITIES:

- Fund based credit facility without without any collateral security or third-party guarantee (including personal guarantee of Board of Directors/Governing Body Members).
- Credit facility in respect of which risks are additionally covered under any other scheme is not eligible.
- Any credit facility granted to a borrower for which any lending institution has earlier invoked the credit guarantee is not eligible.
- Any credit facility that is overdue for repayment/ NPA taken over by the ELI from any other lender or any

other default converted into a credit facility, any overdue credit facility and credit facility which has been rescheduled or restructured on becoming overdue for repayment are not eligible.

GUARANTEE COVER:

- The credit guarantee cover per FPO is limited to a loan amount of **Rs.2.00 crore**. In case of credit facility **up to Rs. 1 crore**, credit guarantee cover will be **85%** of sanctioned credit facility with ceiling of Rs.85 lakh; while in case of credit facility **above Rs.1 crore**, credit guarantee cover will be **75%** of the sanctioned credit facility with a maximum ceiling of Rs. 1.50 crore. For project loan of more than Rs. 2 crore, credit guarantee cover will be limited maximum upto Rs.2.0 crore only.
- Period of guarantee cover from the guarantee start date shall be the agreed tenure of the term credit, and where working capital facilities or Term loan alone or working capital along with the Term Loan is sanctioned, for a total period of 5 years and/or loan / working capital credit or composite credit facilities' termination date, whichever is earlier.
- The ELI shall be required to apply for Guarantee Cover to the Trust in the specified format for credit proposals sanctioned by them during any quarter prior to expiry of the following quarter.

GUARANTEE FEE:

- For credit facility upto Rs.1.0 crore, Annual Guarantee Fee (AGF) shall be charged **@0.75%.** For credit facility above Rs. 1 crore, AGF shall be charged @ **0.85%** subject to a **maximum AGF ceiling of Rs. 1,70,000.**
- AGF shall be charged on the sanctioned amount (till full disbursement) of credit facility for the first year and on the outstanding amount for the remaining tenure of the guarantee for TL. For working capital limits, it shall be calculated on maximum (peak) working capital limit availed by the borrower/enterprise during the previous financial year.
- Annual Guarantee Fee (first time fee) shall be paid to the Trust by the ELI availing of the guarantee within 30 days from the date of issue of sanction letter for CGC.
- The Annual Guarantee Fee (subsequent to first time fee) at specified rate (as specified above) on pro-rata basis for the second and last year of guarantee and in full for the intervening years would be paid by ELI to the Trust by the 31st May each year.

INVOCATION OF GUARANTEE:

- On account of the account becoming NPA, the ELI may invoke the guarantee in respect of credit facility within a **maximum period of 24 months** from the date of NPA, if NPA is after lock-in period. If NPA is within lock-in period, the guarantee can be invoked **within 24 months** of the end of lock-in-period.
- **Lock-in period** for invocation of guarantee is **12 months** from the guarantee cover start date.
- The ELI shall exercise all necessary precaution and take recourse to all measures to recover the entire amount of credit facility from the borrower as per its Board approved policy before submitting the claim. (under due process of law against the borrower (DRT, Civil Court, Lok Adalat, RRA, SARFAESI etc.)
- Legal proceedings as a pre-condition for invoking of guarantees shall be **waived** for credit facilities where claim is **up to Rs.1,00,000/-,** subject to the condition that for all such cases, where the filing of legal proceedings is waived, a Committee of the ELI headed by an Officer not below the rank of G,M should examine all such accounts and take a decision for not initiating legal action, and for filing claim.
- In cases where eligible claim amount is upto Rs. 1,00,000/-, claim shall be settled in one shot after taking a certificate from ELI that no further recoveries are expected in the case and that it is not worth pursuing legal course in the case.
- In all other cases, claim settlement shall be in two phases. In the first phase of claim settlement, the Trust shall pay 75 per cent of the eligible claim on submission of eligible claim by the ELI, subject to the claim being otherwise found in order and complete in all respects. The balance 25 per cent of the eligible claim amount will be paid on conclusion of recovery proceedings by the ELI or on receipt of a Certificate/Declaration from ELI to the effect that no further recoveries are expected in the case and that it is not worth pursuing further legal course in the case. Such Certificate/declaration could be submitted by ELI only after three years from the date of settlement of first claim.
- The Trust shall pay claims found in order and complete in all respects, within 90 days from the date of lodgement of claim.

IMPORTANT MCQs

1. As per the announcement made by RBI during Monetary Policy Committee meeting held during 4-6 June 2025, It has been decided to reduce the _______in a staggered manner in four equal tranches of 25 bps each with effect from the fortnights beginning September 6.

a. Reduction by 100 bps to 3.00 percent
b. Reduction by 50 bps to 3.50 percent
c. Reduction by 50 bps to 3.00 percent
d. Reduction by 25 bps to 3.50 percent

2. What is the definition of a microfinance loan as per RBI?

a. Any collateral free loan given to SHG members up to Rs.50000/-
b. Any collateral free loan given to individuals having household income up to Rs.1,60,000.
c. Collateral-free loan for income generation purpose given to a household having annual household income up to ₹3,00,000
d. Collateral-free loan irrespective of end use given to a household having annual household income up to ₹3,00,000

3. Qualifying assets of NBFC-MFIs by way of Micro Finance loans shall constitute a minimum of ________percent of the total assets.

a. 85 percent
b. 60 percent
c. 75 percent
d. 51 percent

4. As per the revised guidelines of RBI regarding gold loans (to be complied by lenders latest by 1st April 2026), Lenders need to undertake detailed credit assessment, including assessment of borrower's repayment capacity, in case the total loan amount to a borrower (total amount payable at maturity in case of bullet repayment loans) against eligible collateral is ________

a. Above ₹2.5 lakh
b. Above ₹1.0 lakh
c. Above ₹5.0 lakh
d. Not required

5. As per the revised guidelines of RBI regarding gold loans (to be complied by lenders latest by 1st April 2026), Tenor of consumption loans in the nature of bullet repayment loans shall be capped at________, which may be renewed then after.

a. 24 months
b. 36 months
c. 12 months
d. 60 months

6. As per the revised guidelines of RBI regarding gold loans (to be complied by lenders latest by 1st April 2026), The aggregate weight of ornaments pledged for all loans to a borrower shall not exceed _________ for gold ornaments, and ______ for silver ornaments.

a. 500 gm and 5 kg
b. 1 kg and 10 kg
c. 2 kg and 10 kg
d. No limit

7. As per the revised guidelines of RBI regarding gold loans (to be complied by lenders latest by 1st April 2026), The aggregate weight of coin(s) pledged for all loans to a borrower shall not exceed _______ in case of gold coins, and ________ in case of silver coins.

a. 100g and 1 kg
b. 500g and 2 kg

c. 50g and 500g
d. 1kg and 5 kg

8. As per the revised guidelines of RBI regarding gold loans (to be complied by lenders latest by 1st April 2026), The maximum LTV ratio in respect of consumption loans against gold/silver shall not exceed______ in cale of loan amount up to Rs.2.50 Lakh.

a. 75%
b. 80%
c. 85%
d. 90%

9. As per the revised guidelines of RBI regarding gold loans (to be complied by lenders latest by 1st April 2026), a lender shall release the pledged collateral held as security to the borrower(s)/ legal heir(s) on the same day but in any case, not exceeding a maximum period of _________ upon full repayment or settlement of the loan.

a. 30 days
b. 15 working days
c. 7 days
d. 7 working days

10. As per latest RBI guidelines, with respect to Periodic updation of KYC, an individual customer who is categorized as low risk, the RE shall allow all transactions and ensure the updation of KYC within ______

a. one year of its falling due for KYC.
b. one year of its falling due for KYC or upto June 30, 2026, whichever is later.
c. 6 months of its falling due for KYC
d. Before the due date for Re-KYC.

11. What is the full form of STRIPS?

a. Separate Trading of Restricted Interest and Principal of Securities
b. Specific Trading of Registered Interest and Principal of Securities
c. Separate Trading of Registered Inland and Principal of Securities
d. Separate Trading of Registered Interest and Principal of Securities

12. AD Banks may allow importers to make advance remittance for import of shipping vessel, without bank guarantee, or an unconditional, irrevocable standby Letter of Credit, up to an amount of_______, subject to fulfilment of required conditions.

a. USD 10 Million
b. USD 100 Million
c. USD 50 Million
d. USD 200 Million

13. What is the rate of agency commission on conducting government business payable by RBI to Banks for receipts in electronic mode?

a. ₹12/- per transaction
b. ₹9/- per transaction
c. ₹11/- per transaction
d. ₹15/- per transaction

14. What is the rate of agency commission on conducting government business payable by RBI to Banks for payment of pension?

a. ₹75/- per transaction
b. ₹60/- per transaction
c. ₹85/- per transaction
d. ₹80/- per transaction

15. What is the rate of agency commission on conducting government business payable by RBI to Banks for payments other than pension?

a. 6.5 paise per ₹100
b. 7.0 paise per ₹100
c. 5.5 paise per ₹100

d. 7.5 paise per ₹100

16. What is the rate overall target under Priority Sector Lending for Small Finance Banks from FY 2025-26 onwards as percentage of ANBC or Credit Equivalent of Off-Balance Sheet Exposures (CEOBE), whichever is higher?

a. 40 percent
b. 75 percent
c. 50 percent
d. 60 percent

17. As per Reserve Bank of India Project Finance Directions 2025 to be applicable from 1st October 2025 the original or revised repayment tenor of a project loan, including the moratorium period, if any, shall not exceed what percent of the economic life of a project?

a. 85 percent
b. 75 percent
c. 80 percent
d. 60 percent

18. As per Reserve Bank of India Project Finance Directions 2025 to be applicable from 1st October 2025, for projects where aggregate exposure of all lenders is more than ₹1,500 crores, what should be the exposure floor for an individual lender up to the actual DCCO?

a. 5% or ₹150 crores, whichever is higher
b. 10%
c. 15% or ₹300 crores, whichever is lower
d. No restrictions

19. As per Reserve Bank of India Project Finance Directions 2025 to be applicable from 1st October 2025, Extension of Original / extended DCCO with the consequential shift in repayment schedule for equal or shorter duration is permitted with retaining the asset classification as 'Standard' up to _____years in case of Infrastructure Projects and up to ______years in case of Non-Infrastructure Projects (including CRE and CRE-RH)

a. 2 years and 3 years respectively
b. 3 years and 2 years respectively
c. 4 years and 3 years respectively
d. None of the above

20. As per Reserve Bank of India Project Finance Directions 2025 to be applicable from 1st October 2025, what is the required provision in standard assets during construction phase (without extension in DCCO) for CRE projects?

a. 0.75%
b. 1.00%
c. 1.25%
d. None of the above

21. In a major step towards safeguarding retail investors against cyber fraud, SEBI has announced the launch of a new tool called _______ to verify the authenticity of UPI addresses used in securities market transactions.

a. SEBI Check
b. UPI Authenticate
c. I-Check
d. SEBI Fast

22. ___________ is the first maritime NBFC of the country launched in recent past.

a. MPEDA First
b. Sagarmala Finance Corporation Limited (SMFCL)
c. Marine Finance Corporation Limited (MFCL)
d. None of the above

23. Which entity became the first Indian e-com giant with NBFC licence?

a. Nyka
b. Flipkart

c. Zepto
d. Blinkit

24. RBI has extended the timings of the call money market till what time?
a. 9.00 am to 5.00 pm
b. 9.00 am to 7.00 pm
c. 9.00 am to 6.00 pm
d. 10.00 am to 7.00 pm

25. Scapia, in collaboration with which Indian Bank, has launched India's first dual-network credit card combining Visa and RuPay?
a. Axis Bank
b. Kotak Mahindra
c. Karnataka Bank
d. Federal Bank

ANSWERS TO MCQs:

1	2	3	4	5	6	7	8	9	10
a	d	b	a	c	b	c	c	d	b
11	12	13	14	15	16	17	18	19	20
d	c	a	d	b	d	a	a	b	C
21	22	23	24	25					
a	b	b	b	d					

RECALLED QUESTIONS OF RECENT BANK PROMOTION TESTS

CANARA BANK SCALE I TO II DATED 17 NOVEMBER 2024

1. As per RBI guidelines, Lending institutions need to release the security documents to borrowers within a maximum period of________- from the date of closure of credit facilities. (**Ans:30 days)**

2. Loans to agriculture infrastructure up to what extent can be classified as agriculture credit under Priority Sector Lending? **(Ans. Rs.100 crore from the Banking system).**

3. As per Priority sector lending guidelines, processing charges for small value priority sector loans to SHGs/JLGs etc is waived for loan amount up to___________ **(Ans. Rs.50000/-)**

4. As per the Prime Minister's Task Force on MSMEs, banks are advised to achieve ______ per cent year-on-year growth in credit to micro and small enterprises. **(Ans: 20 percent).**

5. If a bill remains overdue for _________ days, in the case of bills purchased and discounted, it will be classified as NPA. **(Ans: More tha 90 days)**

6. Action under SARFAESI is applicable if the amount due is not less than________**(Ans. Rs.1.00 Lakh)**

7. A loan account will remain in SMA II if the period of overdue is___________ **(Ans. More than 60 days and up to 90 days**)

8. What is the minimum balance required in SNRR account? (Ref: Individual Banks guidelines)

9. What is the margin requirement on loans sanctioned under Agriculture Infrastructure fund scheme? (Ref: Individual Banks guidelines)

10. Suspicious Transaction Report (STR) to be reported within a period of_________ **(Ans: Within 7 working days of the reporting entity determining that a transaction or a series of transactions is suspicious).**

11. What is the income criteria under "Dr. Ambedkar Scheme of Interest Subsidy on Educational Loans for Overseas Studies for Other Backward Classes (OBCs) and Economically Backward Classes (EBCs)" under the scheme Scholarships for Higher Education for Young Achievers Scheme- SHREYAS? **(Ans: For OBC candidates, total income from all sources of the employed candidate or his/her parents/guardians in case of unemployed candidate shall not exceed present Creamy Layer**

criteria currently set at Rs 8 lakh. For EBC candidates, total income from all sources of the employed candidate or his/her parents/guardians in case of unemployed candidate shall not exceed Rs.5.00 lakh per annum.)

12. What is the full form of FATF? **(Ans: Financial Action Task Force)**
13. What is the full form of EASE? **(Ans: Enhanced Access & Service Excellence)**
14. CTR to be reported for cash transaction amounting______ **(Ans: Exceeding ₹10 Lakh)**
15. Under the Rupay Insurance program (PMJDY), for claim, there should be minimum one successful transaction at any POS using physical RuPay card or an e-commerce transaction done using details of RuPay card, both Intra and Interbank i.e. on-us or off us within ________ days prior to date of accident including date of accident. **(Ans: 90 days. In case of premium cards, it is 30 days and ATM transactions are not counted in case of premium cards).**
16. As per Official Language Policy, purchase of books / periodicals in hindi language in 'C' category regions should be minimum _____ percent of total purchase. **(Ans: 15% in C Category Regions, 25% in B category regions and 50% in A category regions)**
17. ___________is a risk-based supervisory framework developed by RBI for banks. It's a forward-looking approach that focuses on a detailed assessment of a bank's risks, both current and potential, to identify emerging issues and facilitate timely corrective actions and it replaces the older CAMELS and CALCS frameworks, which were more compliance-based and transaction-oriented. **(Ans: The Supervisory Program for Assessment of Risks and Capital (SPARC))**
18. What is the maximum transaction limit under Indo Nepal remittance scheme? **(Ans: Upto ₹2 lakh per transaction to the beneficiary residing in Nepal; provided the sender maintains account with any NEFT enabled bank branch in India. Walk-in / Non-customer can remit upto ₹50,000 per transaction to Nepal residing beneficiary).**
19. What is the loan life coverage ratio? **(Ans: This ratio compares the present value of the future cash flows from the project with Term Loan outstanding at any point of time).**
20. What is the limit of deposit for classification as Bulk deposit? **(Ans: Single Rupee term deposits of Rupees Three crores and above for Scheduled Commercial Banks (excluding RRBs) and Small Finance Banks and Single Rupee term deposits of Rupees 1.00 cr and above for RRBs and Local area Banks)**
21. What is the limit on number of UPI transactions for receiving money under P2P (individuals) category per day? **(Ans: 20)**
22. Whose permission is required for opening of accounts of Pakistani nationals? **(Ans: RBI)**
23. What is the interest subvention rate available under PM Vishwakarma scheme? **(Ans: Upfront interest subvention to the extent of 8%)**
24. What is the maximum sum assured and annual premium payable under PMJJBY? **(Rs.2.00 Lakh and Rs.436 per annum)**
25. What is the provision required against standard assets on loans to CRE sector? **(Ans: 1.25 percent during construction phase and 1.00 percent during operational phase after commencement of repayment of interest and principal)**
26. Banks can ask the locker hirers a security deposit for maximum amount of__________ **(Ans: Amount equivalent to 3 years rent plus the notional charges for Break-open of locker).**
27. What is the agency commission payable to Banks by RBI on pension payment? **(Ans: ₹80/- per pension credit transaction).**
28. What is the maximum project cost admissible for margin money subsidy under PMEGP in service sector? **(Ans. Rs.20 Lakh)**
29. As per fraud risk management policy, cash shortage for what amount will be treated as fraud? **(Ans. Cash shortage more than Rs.10000/- and more than Rs.5000/- if detected by management / auditor/ inspecting officer and not reported on the day of occurrence by the persons handling cash).**
30. If an account remains in Sub-Standard category for a period of___________ it will be degraded to Doubtful category.**(Ans: 12 months)**

31. Loans to distressed persons [other than distressed farmers indebted to non-institutional lenders] not exceeding ₹__________ per borrower to prepay their debt to non-institutional lenders will be eligible for classification as other Priority Sector advance. **(Ans: ₹1.00 lakh).**

32. Protection to collecting banker is available under which section of NI Act? **(Ans: Section 131)**

33. What is the minimum monthly contribution required for a person aged 18 years to receive Rs.1000/- pension under APY? **(Ans. Rs.42/-)**

34. __________scheme is an initiative under the Ministry of Rural Development under DAY-NRLM, to empower women in Self-Help Groups (SHGs) to earn an annual household income of at least Rs. 1 lakh. **(Ans: Lakhpati Didi Yojana).**

35. What is the age limit for ex-serviceman for investment under Senior Citizens Savings Scheme? **(Ans: 50 years)**

36. The secure creditor before sale of any asset taken possession under SARFAESI needs to give a sale notice of minimum period of _________ before sale/auction of the asset. **(Ans: 30 days)**

37. What is the maturity period of deposits under Sukanya Samridhi Yojana? **(Ans: 21 years from the date of opening of account)**

38. What is the minimum margin required under NRLM for loans above Rs.10 Lakh? **(Ans: Maximum 10%)**

39. What is the target under weaker section advances in case of RRBs? (**Ans: 15% of ANBC or Credit Equivalent of Off-Balances Sheet Exposure (CEOBE) whichever is higher)**

40. Under DAY-NRLM, the Participating banks should credit the interest subvention amount in respective Loan account within ________days of the receipt of funds from Nodal Bank. **(Ans: 3 days)**

41. What is the maximum ceiling for Banks on capital market exposure? **(Ans: 40 % of its net worth)**

42. Bank credit to registered NBFCs (other than MFIs) for on-lending to Micro & Small enterprises up to Rs._________ per borrower may be classified under Priority Sector. **(Rs.20 Lakh)**

43. What is 'MOTO' that refers to a type of transaction where a customer provides their payment card information to a merchant via mail, phone, or fax, rather than in person or through an online platform. This is considered a "card-not-present" transaction. **(Ans: Mail Order/Telephone Order).**

CANARA BANK SCALE II TO III DATED 17 NOVEMBER 2024

44. Under RuPay debit card insurance scheme, the claim intimation should be given within a period of _________ from the date of accident. (**Ans:90 days).**

45. The number of pension related transactions eligible for payment of agency commission should not exceed ______ per pensioner per year. **(Ans: 14)**

46. Minimum margin stipulated for loans against market value of shares/convertible debentures should be _______% in case of shares held in physical form and __________% of market value of shares/convertible debentures in case of shares held in dematerialised form. **(Ans: 50% and 25% respectively).**

47. As per the prudential norms applicable for restructuring of MSME accounts where aggregate exposure of the lenders is less than ₹25 crores; An account may be upgraded to 'standard' only if it demonstrates satisfactory performance during the specified period. 'Specified Period' means a period of _______ from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package. **(Ans: 1 year).**

48. The threshold for Early Warning Signals (EWS) and Red Flagged Account (RFA) is an exposure of _________**(Ans: ₹ 50.00 crores or more at the level of a bank).**

49. What is the maximum amount of deposit allowed in Sukanya Samridhi Account in a year? **(Ans: Rs.1.5 Lakh).**

50. Joint Lending Arrangements (JLAs) involve multiple public sector banks (PSBs) collaborating to provide loans to large borrowers, typically those seeking credit limits of ________**(Ans: ₹150 crore and above).**

51. Under PM KUSUM scheme, maximum what percentage of project cost is available for setting up solar pumps and ________% loan is also available to cover the remaining cost**.(Ans: 60% and 30% respectively).**

52. What is the maximum tenure of SNRR Account? **(Ans: The tenure of the SNRR account should be concurrent to the tenure of the contract/ period of operation/ the business of the account holder).**

53. What is the penalty payable by Banks for delay in release of property documents on closure of credit facilities? **(Ans: For delay beyond 30 days after full repayment/ settlement of loan, Bank shall compensate the borrower at the rate of ₹5,000/- for each day of delay.)**

54. What is capital subsidy available under NRLM? **(Ans: No capital subsidy available).**

55. An InvIT has 4 parties such as Trustee, Sponsor(s), Investment Manager and ______ **(Ans: Project Manager).**

56. What is the maximum transaction limit under UPI 123 Pay? **(Ans: Per transaction limit is ₹10000 and per day transactions limit is ₹1,00,000)**

57. What is the target for credit to Micro Enterprises as per Priority Sector Lending? **(Ans: 7.50% ANBC or Credit Equivalent of Off-Balances Sheet Exposure (CEOBE) whichever is higher for Domestic commercial banks including RRBs & SFBs and foreign banks with 20 branches and above)**

58. In case of foreign banks with 20 branches and above, the incremental export credit over corresponding date of the preceding year up to what extent will be eligible for classification under Priority Sector lending? **(Ans: 2 % of ANBC or CEOBE whichever is higher).**

59. Loans against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding ________ subject to a limit up to ₹_________ against NWRs/eNWRs shall be classified as farm credit under priority sector.**(Ans: 12 months and Rs.90 Lakh respectively)**

60. What is the standard asset provision requirement for medium enterprises? **(Ans: 0.40%)**

61. Under the Single Window system, banks can sanction a composite loan limit of up to ₹________ to enable MSME entrepreneurs to access both working capital and term loan facilities. **(Ans: Rs. 1 crore)**

62. The pension payment under APY commences after attaining the age of _________.**(Ans: 60 years)**

63. What is the investment and turnover criteria for classification as Micro Enterprise? **(Ans: investment in plant and machinery or equipment does not exceed Rs.2.50 crore (₹1 crore earlier) and turnover does not exceed Rs.10 crore (₹5 crore earlier))**

64. Under large exposure framework, what is the maximum cap on exposure by a Bank to a borrower group? **(Ans: 25% of the Bank's eligible capital base).**

65. With effect from FY 2024-25, a higher weight (125%) shall be assigned to the incremental priority sector credit in the identified districts where the credit flow is comparatively lower, i.e, the per capita PSL is less than ______ **(Ans: Rs.9000/-)**

66. What is the minimum period of deposit under NRO and NRE? **(Ans: 7 days for NRO and 1 year for NRE)**

67. Bank shall maintain all necessary records of transactions, both domestic or international for at least a period of_______ from the date of transaction between the bank and the client. **(Ans: 5 years)**

68. The area housing the lockers should remain adequately guarded at all times. As per their internal security policy, banks may cover the entry and exit of the strong room and the common areas of operation under CCTV camera and preserve its recording for a period of not less than _____ **(Ans: 180 days)**

69. _______ is a comprehensive and inclusive dictionary which is being prepared with a view to enrich hindi with other languages of the country. **(Ans: Shabdsindhu)**

70. Where the customer is a partnership firm, the beneficial owner is the natural person(s), has/have ownership of/entitlement to more than _________ per cent of capital or profits of the partnership or who exercises control through other means. **(Ans: 10 percent)**

71. What is the maximum per transaction limit through UPI Lite? **(Ans: The upper limit of a UPI Lite payment transaction shall be Rs. 1000. The total limit of UPI Lite balance for an "On-device wallet" shall be Rs. 5,000 at any point of time. The cumulative daily spend limit is capped at ₹4000/-.)**

72. While opening account of a foreign student, pending verification of local address within 30 days of opening of account, the account shall be operated with a condition of allowing foreign remittances not exceeding USD ________ or equivalent into the account and a cap of Rs________ on aggregate in the same, during the 30-day period. **(Ans: USD 1000 and Rs.50000/-)**

73. The rate of interest payable by banks to the depositors/claimants on the unclaimed interest-bearing deposit amount transferred to the DEAF shall be ________per annum w.e.f 11.05.2021 and claim refund from RBI from the date of transfer of the amount to the fund. **(Ans: 3 per cent simple interest).**

74. Maximum deposit under Senior Citizen Savings Scheme is_______ **(Ans: Rs.30 Lakh)**

75. What is the maximum cash withdrawal limit under AEPS and for Off-us transactions initiated from Micro-ATM (AePS & Card +PIN)? **(Ans: Rs.10000/- per transaction and Rs.50000/- per month)**

76. What is the limit on housing loan for purchase/construction to be classified under Priority Sector? **(Ans: Centres with population of 50 lakh and above: Rs.50 Lakh, Population of 10 lakh and above but below 50 lakh: Rs.45 Lakh and Centres with population below 10 lakh: Rs.35 Lakh. The maximum cost of dwelling units for these three category of centres would be Rs.63 Lakh, Rs.57 Lakh and Rs.44 Lakh respectively)**

77. What is the maximum limit of remittance abroad permitted under LRS? **(Ans: USD 2.50 Lakh per financial year)**

78. Assessment of working capital limit for traders can be made through turnover method for limit up to___________ **(Ans: Rs.2.00 crore)**

79. What is the provision to be made in case where there is extension of DCCO in project loans and the revised DCCO is within two years/one year from the original DCCO prescribed at the time of financial closure for infrastructure and non-infrastructure projects (including commercial real estate projects) respectively? **(Ans: As per latest guidelines w.e.f 01 October 2025, Provision required during construction phase shall be 1.25% for CRE and 1.00% for CRE-RH and other projects. Lenders shall maintain additional specific provisions of 0.375% for infrastructure project loans and 0.5625% for non-infrastructure project loans (including CRE and CRE-RH), for each quarter of deferment of DCCO, over and above the applicable standard asset provision)**

80. The transactions and other related aspects pertaining to SNRR accounts to be reported by AD Banks to_______ **(Ans: RBI)**

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