oliveboard

Free Ebook

FINANCIAL AWARENESS

For All Banking
&
Government Exams

Financial Awareness is an important part of the GA/GS/GK section in various Bank and Government Exams like NABARD, IBPS RRB, SBI PO and Clerk, IBPS PO and Clerk, RBI Grade B and Assistant, SSC Exams, UPSC and more. Check out some important topics in this eBook to prepare for financial awareness section. In this eBook you'll find:

- Finance
- Important Financial Terms
- Indian Financial System
- Foreign Exchange Reserves
- International Financial Institutions
- Indian Economy
- Structure and Functions of RBI
- Subsidiaries of RBI
- GDP and GNP
- NDP and NNP
- MIBOR and MIBID
- Balance of Trade and Balance of Payment
- Financial Inclusion (FI)
- GST e-way Bill
- Indian Currency
- Negotiable Instruments
- Cheques and its Types
- Crossing of Cheques
- Electoral Bonds
- Bancassurance
- Banking Ombudsman Scheme (2006)
- Confusing Banking Terms
- Important Banking Terminologies
- Basic Economic terminologies
- Top Banking Committees and their Focus Area

In competitive exams, as little as 1 mark can make a lot of difference. For your assistance, we bring to you a Financial Awareness Free eBook. The following pages of the eBook lists down important topics to be covered in this section.

To **connect directly with our faculty** for your queries related to bank and government exams, please download the Telegram App and interact directly with our faculty members. Join the Oliveboard Telegram group at obbanking or click on the image provided below:

Finance

Finance plays a crucial role in the operation of any business activity. It is the pivot on which the whole business process functions, hence, it is also called as life-blood of business organisation. No matter, how big or small business functions are, they need finance to run it effectively. It provides security, stability and flexibility to both profit and non-profit organizations in order to develop goods and services to meet the demands.

Definition of Finance

M.Y. Khan and P.K. Jain opines that,

"Finance may be defined as the art and science of managing money."

To quote **John J. Hapton,**

"Finance can be defined as the management of the flow of money through an organization, whether it be a corporation, school, bank, or government agency. Finance concerns itself with the actual flow of money, as well as any claims against money".

Proper **planning** and **controlling** of finance lead to the efficient utilization of resources. Managing the finance properly also alter the size and variability of the profitability. The profitability could be augmented if the rate of flow of funds could be accelerated while a slow rate may lead to low profits or losses. Hence, Financial Management performs a crucial role in the **survival and success of any business** undertaking.

Financial Management

Financial Management is mainly concerned with the **effective management of funds** in the business. To put it simply, Financial Management, as practiced by business firms, can be called as **Corporation Finance or Business Finance**. It is that **managerial activity** which is concerned with the planning and controlling of the firm's financial resources.

According to **Weston and Brigham,**

Financial management "is an area of financial decision-making, harmonizing individual motives and enterprise goals".

In the words of **S.C. Kuchal,**

"Financial Management deals with the procurement of funds and their effective utilization in the business".

Objectives of Financial Management

The objectives of Financial Management are the maximization of profits, wealth and well-being of shareholders, minimization of capital cost, etc.

- **Maximization of Profit**: The ultimate aim of any economic activity is earning profit. It happens when marginal cost is equal to marginal revenue. It is also called as cashing per share maximization.
- **Wealth maximization** means maximization of shareholders' wealth or wealth of the persons involved in the business concern. It involves the latest innovation and improvement in the field of business concern. It is also known as value maximization or net present maximization. It ensures the economic interest of the society.
- **Survival of company** is an important consideration when the financial managers make financial decisions. Their incorrect decision(s) may lead the company to be bankrupt.
- Maintaining proper cash flow is a short-run objective of financial management. It is necessary for operations to pay the day-to-day expenses e.g. raw material, electricity bills, wages, rent etc. A good cash flow also ensures the survival of company.

- **Minimization on capital cost** in financial management can help operations gain more profit.

Financial Managers

Financial manager is a person who is responsible for carrying out the finance functions. Financing is an integral part of managerial functions and the responsibilities assigned for financial managers affect the organization's performance. Thus, the financial manager occupies a key position in a modern enterprise. He/she, generally, assumes the role in **top management team**, and, is involved in solving **complex fund management** problems. They manage various tasks, such as, **financial forecasting**, **budgeting**, **management of cash, credit administration, financial analysis**, etc. they are responsible for **shaping the fortune of the company** and plays dynamic role in **decision making.**

Various functions of the financial managers are:

- Financial Analysis and Planning

Financial managers are concerned with the transformation of data into a form so as to monitor the financial condition; determining whether additional financing is required or not; developing plan to ensure cash flow; achieving firm's goal, etc.

- Investment Decision

It is also referred to as capital expenditure or capital budgeting decision. Investment refers to the "commitment of resources made in the hope of realizing benefits that are expected to occur over a reasonably long period of time in future."

Investment decision is a major determinant of company's efficiency and corporate power. The financial manager, with the objective of 'value maximization', makes investment decision to form the framework for a company's future development.

- Financing Decision

Financing decision is concerned with the minimization of cost of capital and maximization of return through developing an appropriate capital structure. The firm can finance its assets by raising funds from various sources such as issue of common stock and preferred stock, issuing bonds/debentures, raising loans, etc. This composition is called capital structure. The financial manager is concerned with determining the best financing mix or capital structure, both for short-term and long-term financing.

Important Financial Terms

1) Standard Assets

Standard assets are those which do not disclose any problems and which do not carry more than normal risk attached to the business.

2) Sub-standard Assets

An asset classified as an NPA (non-performing asset) for less than a period of 12 months is known as a sub-standard asset.

3) Doubtful Assets

The assets that have been classified as NPAs for a period of more than 12 months are referred to as doubtful assets.

4) Loss Assets

An asset which is considered uncollectible and loss has been identified by the bank or internal or external auditors or the RBI inspection and the loss has not been written off is regarded as loss asset.

5) Core Banking Solutions (CBS)

Core banking is a banking service provided by a group of networked bank branches where customers may access their bank account and perform basic transactions from any of the member branch offices.

Core banking is often associated with retail banking and many banks treat the retail customers as their core banking customers. Businesses are usually managed via the corporate banking division of the institution. Core banking covers basic depositing and lending of money.

6) Prime Lending Rate

A **prime rate** or **prime lending rate** is an interest rate used by banks, usually the interest rate at which banks lend to favored customers — i.e., those with good credit. Some variable interest rates may be expressed as a percentage above or below prime rate.

7) Special Drawing Rights (SDRs)

Special Drawing Rights are supplementary foreign-exchange reserve assets defined and maintained by the International Monetary Fund (IMF). The SDR is the unit of account for the IMF, and is not a currency per se. It represents a claim to currency held by IMF member countries for which they may be exchanged. SDRs are allocated to countries by the IMF.

8) Negotiated Dealing System

The Negotiated Dealing System (NDS) facilitates the members to submit bids or applications for primary issuance of Government Securities when auctions are conducted, electronically. NDS also provides an interface to the Securities Settlement System (SSS) of the Public Debt Office and RBI, thus facilitating settlement of transactions in government securities conducted in the secondary market.

9) Asset Management Companies

Asset management companies provide investors with more diversification and investing options than they would have by themselves.

Mutual funds, hedge funds and pension plans are all run by asset management companies. These companies earn income by charging service fees to their clients.

10) NDS OM : Negotiated Dealing System Order Matching

It is an online anonymous bond trading platform of the central bank (RBI). This is an order driven electronic system, where the participants can trade anonymously by placing their orders on the system or accepting the orders already placed by other participants. NDS-OM is operated by the Clearing Corporation of India Ltd. (CCIL) on behalf of the RBI.

BANK AND GOVERNMENT EXAMS 2018
REGISTER FOR
FREE ALL INDIA TEST
oliveboard
Banking| MBA |Government

Indian Financial System

The 'Indian Financial System' is an important topic in the general awareness section of banking exams. In this blog post, we bring to you everything you need to know about the financial system in India.

What is a financial system?

While performing economic activities some units (such as shops, companies etc.) will be placed in surplus/deficit/balanced budgetary situations.
A financial system or financial sector functions as an intermediary and facilitates the flow of funds from the areas of surplus to the areas of deficit. A Financial System is a composition of various institutions, markets, regulations and laws, practices, money manager, analysts, transactions and claims and liabilities.
In other terms,
A financial system helps in wealth creation by linking savings with investments. It facilitates the flow of funds from the households (savers) to business firms (investors) and thus aids the development of both sides.
The financial system is mostly concerned about money, credit and finance – these terms are related but differ from each other as well. The **Indian financial system** primarily consists of the following:-

- Financial Services
- Financial Assets/Instruments
- Financial Markets
- Financial Intermediaries

The following sections discuss each of these in detail.

Financial Services

These refer to the activities concerning the design and delivery of financial instruments to individuals and businesses within the area of banking and related institutions, personal financial planning, leasing, investment, assets, insurance etc. These include:-

- Operations & services provided by the banks
- Currency exchange, foreign exchange banking or the wire transfer
- Asset management, hedge fund management and the custody services
- Selling insurance policies, brokerages, insurance underwriting or the reinsurance

Financial Markets

It is defined as the market in which financial assets are created or transferred. Financial markets can be categorized as follows:-
1. Money Market– It is defined as the market for short-term money and financial assets that are near substitutes for money. The term short-term means generally a period upto one year and near substitutes to money is used to denote any financial asset which can be quickly converted into money with minimum transaction cost. It can be sub-categorized as follows:-

- Unorganized Market: money lenders, chit funds etc.
- Organized Money Market: Instruments include: treasury bills, commercial papers, certificate of deposit etc. Organized Markets work as per the rules and regulations of RBI. RBI controls the Organized Financial Market in India.

2. Capital Market – The capital market is designed to finance the long-term investments. The transactions taking place in this market will be for periods over a year. It can be classified into three groups:-

- Corporate Securities Market: Corporate securities are equity and preference shares, debentures and bonds of companies. The corporate security market is a very sensitive and active market. It can be divided into two groups: primary and secondary.
- Government Securities Market: In this market government securities are bought and sold. The securities are issued in the form of bonds and credit notes. The buyers of such securities are Banks, Insurance Companies, Provident funds, RBI and Individuals.
- Long-Term Loans Market: Banks and Financial institutions that provide long-term loans to firms for modernization, expansion and diversification of business. It is further categorized into: Term Loans Market, Mortgages Market and Financial Guarantees Market

3. Forex Market – The Forex market deals with the multi-currency requirements, which are met by the exchange of currencies. Depending on the exchange rate that is applicable, the transfer of funds takes place in this market. This is one of the most developed and integrated market across the globe.

4. Credit Market– Credit market is a place where banks, FIs and NBFCs purvey short, medium and long-term loans to corporate and individuals.

Financial Assets / Instruments

Financial Assets or Financial Instruments represents a claim to the payment of a sum of money sometime in the future and /or periodic payment in the form of interest or dividend.

A financial transaction involves creation or transfer of a financial asset (as against a real transaction that involves exchange of money for real goods or services).

Some important financial assets / instruments are briefly discussed below :-

1. Call /Notice-Money Market

- It's money borrowed or lent on demand for a very short period.
- Thus money borrowed on a day and repaid on the next working day is called **call money**.
- When money is borrowed or lent for more than a day and up to 14 days it is called **notice money**.
- No collateral is required to cover these transactions.

2. Inter-Bank Term Money

Deposits with maturity period beyond 14 days is referred as the term money. The entry restrictions are the same as that of Call/Notice Money. However, lending beyond 14 days is not allowed.

3. Treasury Bills

These are short term (up to one year) borrowing instruments of the union government. It is an IOU by the Government (i.e. a promise by the Government to pay a sum of money after expiry of the stated period in less than one year). They are issued at a discount to the face value, and on maturity the face value is paid to the holder. The rate of discount and the corresponding issue price are determined at each auction.

4. Certificate of Deposits

It is a negotiable money market instrument and is issued in a de-materialized form or as a Promissory Note, for funds deposited at a bank or other eligible financial institution for a specified time period.
These can be issued by:-
(i) Scheduled commercial banks excluding Regional Rural Banks (RRBs) and Local Area Banks (LABs)
(ii) Select pan India financial institutions that have been permitted by RBI to raise short-term resources within the fixed limit.
(iii) Banks have the freedom to issue CoDs depending on their requirements.

5. Commercial Paper

CP is a note in evidence of the debt obligation of the issuer. It is thus an unsecured promissory note privately placed with investors at a discount rate to face value determined by market forces. A company shall be eligible to issue CP provided-

(i) the tangible net worth of the company is not less than Rs. 4 crores
(ii) the working capital (fund-based) limit of the company from the banking system is not less than Rs.4 crore and
(iii) the borrowal account of the company is classified as a Standard Asset by the financing bank/s.
The minimum maturity period of a commercial paper is 7 days.

Capital Market Instruments

It consists of the following long term period (i.e. more than one year period) financial instruments:-

- Equity shares, preference shares, convertible preference shares, non-convertible preference shares etc
- Zero coupon bonds, deep discount bonds etc.

Financial Intermediation

The role of the financial intermediary is to distribute funds from people who have extra inflow of money to those who don't have enough money to fulfill the needs.
The best example of an intermediary is a bank which transforms the bank deposits to bank loans.
Some of the important intermediaries operating in the financial markets include: investment bankers, underwriters, stock exchanges, registrars, depositories, custodians, portfolio managers, mutual funds, financial advertisers financial consultants, primary dealers, satellite dealers, self regulatory organizations, etc.

Intermediary	Market	Role
Stock Exchange	Capital Market	Secondary Market to securities
Investment Bankers	Capital Market, Credit Market	Corporate advisory services, Issue of securities
Underwriters	Capital Market, Money Market	Subscribe to unsubscribed portion of securities
Registrars, Depositories, Custodians	Capital Market	Issue securities to the investors on behalf of the company and handle share transfer activity
Primary Dealers Satellite Dealers	Money Market	Market making in government securities
Forex Dealers	Forex Market	Ensure exchange ink currencies

Foreign Exchange Reserves

Foreign Exchange Reserves are the assets held on reserve by the central bank of a country (RBI in India) in foreign currency. They are also called foreign currency reserves or foreign reserves. It is a common practice in nations around the world to hold a significant amount of reserves in their foreign exchange. Most of these reserves are held in the U.S. dollar since it is the most traded currency in the world.

What is the purpose of Foreign Exchange Reserves ?

These assets serve many purposes but most importantly these are held to ensure that a central government has backup funds if the national currency rapidly devalues or becomes altogether insolvent. Foreign currency helps to maintain liquidity in case of economic crisis. Foreign reserves are always required for a nation to meet its external obligations. These include international payment obligations, including sovereign and commercial debts. They also include financing of imports and the ability to absorb any unexpected capital movements.

What are the components of India's Foreign Exchange Reserves ?

The components of India's Foreign Exchange Reserves include the following :

- Foreign currency assets (FCA)
- Gold Reserves
- Special Drawing Rights (SDR)
- RBI's Reserve position with International Monetary Fund (IMF)

International Financial Institutions

An **international financial institution** (IFI) is a financial institution that has been established (or chartered) by more than one country, and hence are subjects of international law. Its owners or shareholders are generally national governments, although other international institutions and other organizations occasionally figure as shareholders.
International financial institutions include public banks, such as the World Bank, **International** Monetary Fund, and regional development banks. They provide loans, grants, and technical assistance to governments, as well as loans to private businesses investing in developing countries.
NOTE: Development Financial Institutions (DFIs) occupy the space between public aid and private investment. They are **financial institutions**, which provide **finance** to the private sector for investments that promote **development**. They focus on **developing** countries and regions where access to private sector funding is limited.
The following table shows everything you need to know about the most prominent international financial institutions.

Name of the Institution	Year	Headquarters	President	Functions
African Development Bank (ADB)	1964	Abidjan, Côte d'Ivoire	Akinwumi Adesina	It is established to contribute to the economic development and social progress of African countries. The primary function is to provide loans and equity investments for the socio-economic advancement, technical assistance for development projects, and assists in organizing the development policies.
Asian Development Bank (ADB)	1966	Mandaluyong, Philippines	Takehiko Nakao	It works on reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration. This is carried out through investments in the form of loans, grants and information sharing.

Asian Infrastructure Investment Bank (AIIB)	2015	Beijing, China	Jin Liquin	Its function is to support the building of infrastructure in the Asia-Pacific region. The bank has 50 member states (all "Founding Members") and was proposed as an initiative by the government of China.
European Bank for Reconstruction and Development (EBRD)	1991	London	Suma Chakrabarti	It offers project financing for banks, industries and businesses, for new ventures or existing companies. It works with publicly owned companies to support their privatization, as advocated by the WTO since the 1980 and in the improvement of municipal services.
European Investment Bank (EIB)	1958	Luxembourg	Werner Hoyer	It is a "policy-driven bank" whose shareholders are the member states of the EU. The EIB uses its financing operations to bring about European integration and social cohesion.
International Monetary Fund (IMF)	1944	Washington D.C. United States	Christine Lagarde	Promote international monetary co-operation, facilitate international trade, foster sustainable economic growth, make resources available to members experiencing balance of payments difficulties.
Islamic Development Bank (IDB)	1975	Jeddah Saudi Arabia	Ahamad Mohamed Ali Al Madani	This is a multilateral development financing institution which helps in the development of member states. The basic

				condition for membership is that the prospective member country should be a member of the Organization of Islamic Cooperation.
World Bank Group (WBG)	1944	Washington D.C. United States	Jim Yong Kim	The World Bank focuses on developing countries in fields such as: human development, agriculture and rural development, environmental protection, infrastructure, large industrial construction projects, and governance.

Indian Economy

An economy includes all activities related to consumption, production, trade of goods and services in an area. It applies to everyone from individuals to entities such as corporations and governments. The economy of a country is governed by its culture, laws, history, and geography, among other factors, and it evolves due to necessities of people or nation. Because of this reason, no two economies are the same.

The economic activities can be grouped on the basis of certain important criterion. These groups are referred as **sectors**.

Different Sectors of Indian Economy

I. Sectors of Indian Economy : Based on Nature of Activity

1. Primary Sector: When the goods are produced by exploiting natural resources, it comes under the activity of the primary sector. It involves transforming natural resources into primary products. It forms the base for all other products that we eventually make. Most of the natural products we get are from agriculture, dairy, fishing, forestry. Therefore, this sector is also called as **Agriculture and Related Sector.**

Examples of the Primary Sector:

- Agriculture
- Fishing
- Mining
- Forestry, etc.

Generally, it is the larger sector in the developing countries. In developed countries, activities of the primary sector have become more technologically advanced, for example, the mechanization of farming instead of hand picking and planting.

2. Secondary Sector: The secondary sector encompasses activities in which natural products are changed into other forms, or finished goods by manufacturing that are consequently used

for consumption. The product has to be made and therefore some process of manufacturing is essential. The manufacturing could be done in a factory, workshop or at home.
For example, using cotton fiber from the plant, to spin yarn and weave cloth, or using sugarcane to make jaggery and refined sugar. The manufacturing process is usually associated with the different kinds of industries that come up, therefore, this is also called as **Industrial Sector**.

Secondary Sector is usually divided into **Light Industry** and **Heavy Industry**.

- **Light Industry**: it involves products that require less capital and is more consumer-oriented.

Examples: Manufacturing of clothes, Shoes, furniture, etc.

- **Heavy Industry**: it involves products that are either heavy in weight or in their production process. They require huge capital and advanced resources or facilities.

Examples: Heavy machinery, Chemical Plant, Production of heavy equipments, like crane, etc.

3. Tertiary Sector: The activities in tertiary sector helps in the development of the primary and secondary sectors. These activities do not produce any good, but they are an aid or a support for the production process.
For example, Certain business activities involve borrowing money from banks to help production and trade or goods that are produced in the primary or secondary sector would need transportation facility to be sold in wholesale or retail shops.
Examples of Tertiary Sector:

- Transport
- Storage
- Communication
- Banking
- Insurance
- Trade
- Hospitality
- Tourism
- Entertainment
- Management Consultancy

Since the activities involved in Tertiary Sector generate services rather than goods, it is also called as **Service Sector**.

II. Sectors of Indian Economy : Based on Condition of Work

1. Organized sector:

It involves those enterprises or places of work where the people are offered some amount of job security. The employees are expected to work only a fixed number of hours. In case they work more, they are to be paid overtime by the employer. They also get several other benefits from the employers, for instance, medical benefits, provident funds, paid-leaves, etc. The enterprises are registered by the government and have to follow its rules and regulations under the provision of various laws such as the Factories Act, Minimum Wages Act, Payment of Gratuity Act, etc.
Examples: Hospitals, Schools, etc. where employees are offered regular job and the organisation is governed by various laws and regulations.

2. Unorganized Sector:

Section 2 (l) of the Unorganized Workers Social Security Act, 2008 defines an unorganized sector as:

"an enterprise owned by individuals or self-employed and engaged in the production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less that ten."

The unorganized sector is characterized by small and fragmented units which are mostly outside the control of the government. The rules and regulations are, generally, not followed. The Jobs are often not regular and are low-paid. There is no provision for overtime, paid leave, holidays, leave due to sickness, etc. The employees do not have any job security. They can be asked to leave /quit without any reason. Mostly it depends on the whims of the employer. For eg. The employer may ask the people to quit the job when there is less work.

Examples: Large number of people who are employed on their own doing small jobs such as selling on the street or doing repair work, farmers work on their own and hire labourers as and when they require, etc.

III. Sectors of Indian Economy : Based on Ownership of Assets

1.Private Sector: Here, the ownership of assets and delivery of services is in the hands of private individuals or companies. For example, Reliance Industries Limited (RIL), Aditya Birla Group, etc.

2.Public Sector: In this sector, the government owns most of the assets and provides all the services. For example, Railways, Post-Offices, etc.

Note: Currently, tertiary/service sector is the **backbone of the Indian economy**, contributing the most in Indian GDP. It accounts for 53.66% of total India's GVA of 137.51 lakh crore Indian rupees. Industry sector contributes 29.02%. While, Agriculture and allied sector shares 17.32% and GVA is around of 23.82 lakh crore INR.

Sectors of Indian Economy : Sample Questions:

Q1. Banking comes under which of the following sectors?
1. Primary
2. Secondary
3. Tertiary
4. Both Primary and Secondary
5. Both Secondary and Tertiary

Answer: 3

Q2. The sectors are classified into private and public sector on the basis of:
1. The nature of economic activity
2. Employment conditions
3. Job security
4. Ownership of enterprises

Answer: 4

BANK AND GOVERNMENT EXAMS 2018
REGISTER FOR
FREE ALL INDIA TEST
oliveboard
Banking| MBA |Government

Structure and Functions of RBI

Reserve Bank of India (RBI)

The Reserve Bank of India was established on **April 1, 1935** in accordance with the provisions of the **Reserve Bank of India Act, 1934.**

The Central Office of the Reserve Bank was initially established in **Calcutta** but was permanently moved to **Mumbai in 1937**. The Central Office is where the Governor sits and where policies are formulated.

Though originally privately owned, since **nationalization in 1949**, the Reserve Bank is fully owned by the Government of India.

Structure of RBI

Central Board

The Reserve Bank's affairs are governed by a central board of directors. The **Central Board of Directors** is the apex body in the governance structure of the Reserve Bank. There are also four **Local Boards** for the Northern, Southern, Eastern and Western areas of the country which take care of local interests. The central government appoints/nominates directors to the Central Board and members to the Local Boards in accordance with the Reserve Bank of India (RBI) Act. The composition of the Central Board is enshrined under Section 8(1) of the RBI Act, 1934.

The Central Board consists of:

- The **Governor**
- **4 Deputy Governors** of the Reserve Bank
- **4 Directors** nominated by the central government, one from each of the four Local Boards as constituted under Section 9 of the Act
- **10 Directors** nominated by the central government
- **2 Government officials** nominated by the central government

The Central Board is assisted by **three committees**:

1. The Committee of the Central Board (**CCB**)
2. The Board for Financial Supervision (**BFS**)
3. The Board for Regulation and Supervision of Payment and Settlement Systems (**BPSS**)

Functions of RBI

- Monetary Authority

The Reserve Bank of India being the central bank of the country is the monetary authority of India and the sole authority vested with the power to issue currency notes, regulate the supply of currency and credit in the economy to secure monetary and price stability.

- Regulate & Supervise Financial Stability and Financial inclusion

It is also the responsibility of RBI to regulate & supervise the banking sector with an eye on securing financial stability and financial inclusion.

- Currency Management

Currency Management is the process of managing the life cycle of the notes, which includes:

- Assessing the printing requirement of various denominations of notes,
- Placing indents with the note printing presses,
- Supplying and distributing adequate quantity of currency throughout the country
- Ensuring the quality of banknotes in circulation by continuous supply of clean notes and timely withdrawal of soiled notes.

Section 23 of the RBI Act, 1934, had mandated that the function of issuance of bank notes (above 1 Rupee) is to be conducted by the RBI through a separate department called the Issue Department.

- Foreign Exchange Management

The Reserve Bank oversees the foreign exchange market in India. It supervises and regulates it through the provisions of the Foreign Exchange Management Act (FEMA), 1999.

- Banker to Banks

RBI also act as a banker to banks and Governments by maintaining their accounts and carrying out transactions on their behalf as well as providing them banking services.

- Banker to Government

Managing the Government's banking transactions is one of the key functions of the RBI. Like individuals, businesses and banks, Governments too need a banker to carry out their financial transactions in an efficient way, including the raising of resources from the public. Since its inception, the RBI has undertaken the traditional central banking function of managing the Government's banking transactions. The central bank also serves as an agent and adviser to the Government.

- Regulate and Supervise the financial system

Financial system in India is carried out by different regulatory authorities. The Reserve Bank regulates and supervises the major part of the financial system. The supervisory role of the Reserve Bank involves commercial banks, Urban Co-operative Banks (UCBs), certain Financial Institutions (FIs) and Non-Banking Financial Companies (NBFCs). Some of the FIs, in turn, regulate and/or supervise other institutions in the financial sector.

In addition to these, Reserve Bank of India also represents India at the International Monetary Fund (IMF), promotes the growth of economy, act as a lender of last resort to commercial banks, strengthen and support small local banks and encourage banks to open branches in rural areas, publish economic data, etc.

Sample Questions: Structure and Functions of RBI

Q1. Which of the following is not the function of RBI?
1. Banker to banks and Government, lender of the last resort
2. Credit Management
3. **Accepting deposits and making loans from public**
4. Regulating Currency
5. None of the above

Answer: 3

Q2. When was the Reserve Bank of India nationalized?
1. 1935
2. 1947
3. 1948
4. **1949**
5. 1960

Answer: 4

Subsidiaries of RBI

Before talking about the subsidiaries of RBI, let us first understand what is meant by the word '**subsidiary**'.
A subsidiary bank, or a subsidiary company, is a bank which is owned or controlled by any other bank or company. The subsidiary company is called the daughter company, and the company holding control over the other is known as the Parent company.
India's Central bank, The Reserve Bank of India, manages the monetary policy of the Indian rupee. It was established on April 1, 1935 under the provisions of the Reserve Bank of India Act, 1934, and was nationalized on January 1, 1949.

The Reserve Bank of India has three fully owned subsidiaries, i.e., the entire paid-up capital is contributed by the RBI. They are:

- Deposit Insurance and Credit Guarantee Corporation of India (DICGC)
- National Housing Bank (NHB)
- Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)

Deposit Insurance and Credit Guarantee Corporation of India (DICGC)

- It was established on established on 15 July 1978 under Deposit Insurance and Credit Guarantee Corporation Act, 1961.
- Its functions are governed by RBI under the provisions of 'The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961' and 'The Deposit Insurance and Credit Guarantee Corporation Act, 1961' (DICGC Act).
- The Head Office is at Mumbai.
- Its four branches are situated at Chennai, Nagpur, Kolkata, and New Delhi.
- It aims to provide insurance of deposits and guarantee the credit facilities.
- It insures all bank deposits, such as saving, fixed, current, recurring, etc. except –
- Deposits of foreign Governments;
- Deposits of Central/State Governments;
- Inter-bank deposits
- Deposits of the State Land Development Banks with the State co-operative banks;
- Any amount due on account of and deposit received outside India
- Any amount which has been specifically exempted by the corporation with the previous approval of the RBI.
- It provides insurance cover of Rs. 1,00,000/- per individual.
- Malvika Sinha is the Executive Director of DICGC.

National Housing Bank (NHB)

- It was established on 9 July 1988 under the National Housing Bank Act, 1987.
- The Head Office is at New Delhi.
- It is the Apex level institution for housing.
- It aims at-
  - Promoting housing finance institutions both at local and regional levels
  - Providing financial and other support to such institutions
  - Promoting the market potentials to cater the housing needs of all segments of the population
  - Giving directions to the housing finance institutions
  - Supervising Housing Finance Company (HFCs) through On-site & Off-site surveillance

- Strengthening the credit delivery network for housing finance

- Shri Sriram Kalyanaraman is the Managing Director (MD) & Chief Executive Officer (CEO) of NHB.

Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)

- It was established on 3rd February 1995.
- It design, print and supply banknotes for the Reserve Bank of India(RBI) to meet the demand of the banknotes in the country.
- The headquarter is at Bangalore, Karnataka.
- BRBNMPL has two bank note presses in Mysore and Salboni.
- As the name suggests, it is a Private Limited company, i.e., not listed on Stock market exchange. It was registered as the Private Limited Company under the Companies Act 1956.
- Shri B.P. Kanungo is the Chairman, and Shri S.K. Maheshwari is the Managing Director of BRBNMPL.

GDP and GNP

The economic growth of any country is measured in terms of its increase in the capacity to produce goods and services year after year. Usually, the economic growth is measured in terms of **Gross Domestic Product** (GDP), and **Gross National Product** (GNP).

GDP

Gross Domestic Product (GDP) is the final **monetary value** of all the **goods and services produced within the boundaries** of a country in a period (quarterly or yearly) of time. To simply put it, it measures the **economic output** of the country over a given period of time, **irrespective of the fact that who produces it**.

In **Gross Domestic Product**, **Gross** refers to total market value, **Domestic** refers to income generated locally or within the geographical boundaries of the country, and **Product** refers to the goods and services.

- It **includes** income generated by the residents in the country + the income earned by non-nationals in the country
- It **excludes** income received by the residents of a country **from abroad**.
- It includes all private and public consumption, government outlays, investments, the foreign balance of trade(exports minus imports).

i.e., GDP = Market value of everything produced within the country + Money earned by foreign nationals in the country – Money earned by residents from abroad

Usually, it is indicated as a comparison to the previous year. For eg., if the current GDP of India grew 7.2%, it means that the economy of India has grown by 7.2% over the last year.

How to Calculate GDP?

The formula to find GDP is-

$$GDP = C + I + G + (X - M)$$

Where,

GDP= Gross Domestic Product

C= Consumer Spending

I= Investment

G= Government Spending

X= Export

M= Import

Consumer Spending is the purchases made by private households on durable (household appliances, cars, etc.) and non-durable goods (food, clothing, etc.) and services (like legal, educational, and health services).
Investment refers to the investment in capital, purchasing new houses, money spent/invested by businesses in their business activities, buying machineries, tools, and so on.
Government Spending refers to the purchases and investments made by the Government.

GNP

GNP stands for **Gross National Product**.
It is the market value of all the goods and services produced per year by property and labor provided by the **residents** of a country- **both within the geographical boundaries and outside**.
To put it simply, GNP measures the **economic output** of the country over a given period of time, **irrespective of the fact that where the citizens of the country are located**.

- It **includes** income generated by the **permanent residents** of the country
- It **excludes** income earned by **foreign nationals**.

i.e., GNP = Market value of everything produced within the country + Money earned by residents of the country from abroad – Money earned by foreigners in the country
Or

GNP = GDP + Net Income from Abroad

How to calculate GNP?
Formula to calculate GNP is:

GNP = GDP + NFIA

Where, NFIA stands for Net Factor Income from Abroad

NFIA = X – M

Where,
X= Exports of Goods and Services
M= Imports of Goods and Services
GNP measure the **qualitative** as well as **quantitative** aspect of the economy.

GDP and GNP Sample questions:

(SSC FCI Assistant Grade III Exam, 2012)
Q1. The main difference between the Gross Domestic Product (GDP) and Gross National Product (GNP) is:

1. Transfer Payments
2. Net foreign income from Abroad
3. Capital consumption allowance
4. Capital gains

Answer: 2
Q2. Which of the following statements is/are correct?

1. While calculating GNP, income generated by foreigners in a country is taken into consideration
2. While calculating GNP, income generated by nationals of a country outside the country is taken into account
   a. 1 only
   b. 2 only
   c. Both
   d. None

Answer: b

NDP and NNP

Before talking about NDP and NNP, let us first understand about **depreciation.**

Depreciation

The word 'depreciation' has been derived from the Latin word '**Depritium**', which means '**reduction or devaluation**', i.e., reduction in the value/price of an asset. The monetary value of an asset decreases over time due to use, wear and tear, or obsolescence. This decrease is measured as Depreciation. For eg., Vehicle bought today will not have the same value after few years. Its price will decrease due to its use or wear and tear. This reduction in value is termed as depreciation.

As Harold J. Wheldon puts it,

"Depreciation represents the loss in the value of the capital sunk in buildings, plant, machinery, and other equipments due to normal inevitable deterioration during the life of these assets."

What is NDP?

- NDP stands for Net Domestic Product.
- It is an annual measure of economic output of a nation that is adjusted to account for depreciation. The depreciation accounted for is often referred to as **capital consumption allowance** and represents the amount of capital that would be needed to replace those depreciated assets.
- It is calculated by subtracting depreciation from GDP.

NDP = GDP – Depreciation

In this way, **NDP is always lower than GDP** for the same year, as Depreciation can never be Zero, however the level of depreciation can be minimized.

Uses of NDP

- The government of the economies announces the rates by which the assets depreciate which can be used by different sections of the society to clearly determine level of depreciation in different assets.
- To analyse and compare historical or sectoral level of depreciation in industry and trade in different periods.
- To show how the R&D has achieved to minimize the level of depreciation in the economy.
- To be used as a tool of economic policymaking.

Note: NDP **cannot** be used to **compare the economies of the world** because **different countries** have set **different rates of depreciation**.

What is NNP?

- NNP stands for Net National Product.
- It is the **"National Income"** of the economy, the **purest form** of the **Income** of nation.
- It is calculated by subtracting the loss due to depreciation from the GNP.

NNP = GNP – Depreciation

Or

NNP = (GDP + Income from Abroad) – Depreciation

- It is the **monetary value** of finished **goods and services** produced by the **citizens** of the country, both **overseas and domestically**, in a given period of time.

On dividing NNP by the total population of the nation, we get **Per Capita Income of the nation (income per head per year). It determines the **living standards of people** in a country.

PCI = NNP ÷ Total Population

Sample Question for NDP and NNP

Q1. The difference between GDP and NDP is:
1. Net Indirect Tax
2. Government Revenue
3. Net capital formation
4. Consumption of fixed capital

Answer: 4

Q2. Consider the following statements:
A. Higher the rates of depreciation, lower the PCI of the nation.
B. GDP includes exports; NDP omits exports.
1. Only A is correct.
2. Only B is correct.
3. Both A and B are correct.
4. Neither A not B are correct.

Answer: 1

MIBOR and MIBID

National Stock Exchange launched two new Reference Rates for the overnight money market on June 15, 1998. These rates are MIBOR and MIBID.

Whats is MIBOR?

MIBOR is the acronym for The **Mumbai Interbank Offer Rate.**
It is the rate at which the unsecured funds are borrowed by banks from one another in the interbank market. MIBOR is the indicator of Lending Rates for loans. Banks borrow and lend money to one another on the interbank market to maintain legal liquidity levels and meet reserve requirements placed on them by regulators.

Whats is MIBID?

MIBID stands for The **Mumbai Interbank Bid Rate.**
It is the rate at which banks borrow from other banks. It is the average interest rate at which term deposits are offered between prime banks in the Indian wholesale money market or interbank market.
Note: MIBID rate is always lower than MIBOR rate because banks will try to pay less interest after taking loans and will try to get more interest while offering loans.

History of MIBOR and MIBID

National Stock Exchange (NSE), on the recommendation of **The Committee for the Development of the Debt Market**, had developed and launched the **NSE Mumbai Inter-bank Bid Rate (MIBID) and NSE Mumbai Inter-bank Offer Rate (MIBOR)** as an overnight rate on June 15, 1998. Its success encouraged the NSE to develop a benchmark rate for the term money market.

NSE, then, launched the 14-day NSE MIBID MIBOR on November 10, 1998 and the longer term money market benchmark rates for 1 month and 3 months on December 1, 1998. Later, it introduced a 3 Day FIMMDA-NSE MIBID-MIBOR on all Fridays with effect from June 6, 2008 in addition to existing overnight rate.
FIMMDA: It stands for Fixed Income Money Market and Derivative Association of India.

Calculation of MIBOR and MIBID

Financial Benchmarks India Private Ltd (FBIL), from **July 22nd, 2015**, has taken over the administration of the benchmark for the overnight inter-bank rate to be based on actual traded rate, thereby, replacing the existing '**FIMMDA-NSE Overnight MIBID-MIBOR**' by '**FBIL Overnight MIBOR**'.
FBIL announces the benchmark rate for Overnight Mumbai Interbank Outright Rate (MIBOR) on a **daily** basis, **except Saturdays, Sundays and local holidays.**
The benchmark rate is calculated on the basis of the **actual call money transactions data** obtained from the NDS-call platform of **Clearing Corporation of India Ltd (CCIL)**. The CCIL acts as the Calculating Agent. The rate is announced at **10.45 AM every day**.
FBIL uses transaction based system to arrive at benchmark rates. Only trades that happen on **Negotiated Dealing System (NDS)-Call System** between **9 am and 10 am** are considered for computing the Overnight MIBOR.
Note: The MIBID rate and MIBOR rate are used as a benchmark rate for majority of deals struck for Interest Rate Swaps, Term Deposits, Forward Rate Agreements and Floating Rate Debentures, etc.

Balance of Trade and Balance of Payment

Balance of Trade (BoT)

- Also known as **Trade Balance, Net Export or International Trade Balance**.
- It is a part of Current account.
- BoT is the difference between the value of a country's imports and exports of goods (visible items, like, shoes, clothes, etc.) over a given period of time.

Balance of Trade = Total value of exports – Total value of imports

- The exports and imports of services (invisible items like banking, insurance, interest, profits and dividends on assets, expenditure by tourists, software services, etc.) are not included. They are termed as invisible items because they are not seen to cross national borders.
- It is the largest component of the country's balance of payments as it determines the relative strength of a country's economy.
- If the value of imports is more than the value of its exports, the country has **negative** or **unfavourable** balance of trade or trade **deficit**. If the value of export exceeds import, then the country has a **positive** or **favourable** balance of trade or trade **surplus**.

Balance of Payment (BoP)

Balance of Payment, also known as **Balance of International Payments**, gives the systematic record of all transactions in goods, services and assets between the residents of the country and the rest of world over a period (quarterly or annually).
The transactions can be imports and exports of goods, services and capital, or transfer payments such as foreign aid and remittances. These transactions are made by individuals, firms and government bodies.

The balance of payments divides transactions into two accounts:

- Current account: records exports and imports in goods and services and transfer payments.

Transfer payments are receipts which the residents of a country get 'for free', without having to make any payment in return. They include remittances, gifts and grants, which could be official or private.

- Capital account: records all international purchases and sales of assets such as money, stocks, bonds, etc.

If a country has **received** money (e.g. Receipt from foreigners), it is known as a **credit**, and if a country has **given** money (e.g. Payment to foreigners), the transaction is termed as a **debit**. **Debit** is denoted by a **negative** sign while **credit** is given a **positive** sign.

Current Account	Capital Account
It includes exports and imports of goods and services, transfer, income receipts and payments to and from abroad, etc.	It includes all the international capital transfers for e.g., Foreign direct investment (FDI), Foreign Institutional Investment (FII), External Commercial Borrowing (ECB), commercial borrowing, Financial assets by migrants leaving/entering country, etc.

Balance of payments and Balance of trade have serious implications for the economy of a country. The negative balance would mean that the country spends more on buying goods than it can earn by selling its goods. This would ultimately lead to consumption of its financial reserves.

BANK AND GOVERNMENT EXAMS 2018
REGISTER FOR
FREE ALL INDIA TEST
oliveboard
Banking| MBA |Government

Financial Inclusion (FI)

What is Financial Inclusion?

Financial Inclusion, as the name suggests, is the pursuit of delivering financial services, including payments, savings, credit, etc., to people of low-income and disadvantaged sections of the society at affordable costs. It is also called '**Inclusive Financing**'.

Financial Inclusion's main **objective** is to address constrains that exclude people from participating in the financial sector & make financial services available to them to meet their specific needs without any kind of discrimination.

Why do we need Financial Inclusion?

A large section of the society still remains unbanked. **Unbanked** people are people who only have the basic transaction bank accounts. These are people who have secured the traditional tools for conducting transactions but aren't privy enough to digital incorporation of the same. According to the **World Bank**, around **2 Billion people** don't use formal financial services and more than **50% of adults** in the poorest households are **unbanked**.

This has led to a lot of **financial instability** and pauperism among the people of lower income group who do not have access to financial services and products. There are so little banks, especially in rural areas, that these unbanked users carry out transactions either in cash or cheques, making them vulnerable to theft and fraud.

This is why we need **Financial Inclusion**.

What are some of the measures taken to achieve greater Financial Inclusion?

In India the term **Financial inclusion** was used for the first time in April 2005 by the then Governor of RBI: Y Venugopal Reddy. There are several measures taken to achieve greater **Financial Inclusion**, especially by the **Government**, **World Bank** and the **Reserve Bank of India**, such as facilitating no frills accounts and GCCs. Here are some of the initiatives taken:

Opening BSBD (Basic Savings Bank Deposit) accounts

The **Reserve Bank** has advised all the banks to open a basic account with facilities such as no minimum balance, receipt or credit of money through electronic payment channels, ATM cards facilities, deposit and withdrawal of cash at bank branches as well as the ATM.

Relaxation on know-your-customer (KYC) norms

To make opening of bank accounts easy, especially accounts with low balance such as not exceeding 50,000 and aggregate credits in the accounts not exceeding rupees 1 lakh a year. Banks are also allowed to use aadhar card as proof of address and identity.

Domestic Scheduled Commercial Banks (SCBs) are permitted to open branches in Tier-2 to Tier-6 centers with population under 1 lakh under general permission subject to reporting, to address the issue of uneven spread of bank branches. In North-eastern states and Sikkim, the domestic SCBs can open branches without permission from the **RBI**.

Opening branches in unbanked rural areas

RBI has directed banks to allocate at least 25% of their branches to be opened in Tier-5 and Tier-6 centers during the year.

Licensing of new banks

The business models aimed at furthering **financial inclusion**, would be looked into closely in processing applications for bank licensing.

The **RBI** also urged banks to review their existing **objectives** and practices in order to align them with the **objectives** of **Financial Inclusion**. It also permitted banks to use NGOs and SHGs, **microfinance** institutions and civil society organizations as intermediaries to facilitate **financial** and **banking** services.

*RBIs vision for **2020** is to open nearly **600 million new customers' accounts** and service them through a variety of channels by leveraging on IT.*

What are some other measures taken?

- Thanks to use of **technology** in **Finance industry**, the void of inaccessibility to **Financial** services has been filled.
- Mangalam in Puducherry became the first village in India where all the households were provided with facilities of Banking.
- General Credit Cards (GCCs) were issued to the poor, low-income group and disadvantaged to help them access easy credit.
- A **100% Financial Inclusion campaign** was launched by commercial banks in different regions. This resulted in states or UTs like Puducherry, Kerala and Himachal Pradesh announcing a 100% **financial inclusion** in their districts.
- Many startups were launched to work towards increasing the **Financial Inclusion**. For instance, Fintech is working to create mobile payment and micro-lending facilities for financially underbanked users.
- There are many online payments and mobile payment services to facilitate ease with which unbanked people can immerse themselves in the digital economy, like AliPay and Paytm, and foster **financial inclusiveness**.
- These companies have also come up with innovations to promote transparency in their dealings with customers to gain their trust.

GST e-way Bill

Before starting with GST e-way Bill, let us first understand what waybill, e-way Bill, and GST is.

Waybill

A waybill is a receipt or a document issued by a carrier giving details and instructions relating to the shipment of a consignment of goods. The details include name of the consignor, consignee, the point of origin of the consignment, its destination, and route.

E-Way Bill

The Electronic Way Bill (E-Way Bill) is a compliance mechanism wherein the person causing the movement of goods uploads the relevant information before the commencement of movement of goods and generates e-way bill on the GST portal by way of a digital interface.

GST

GST stands for Goods and Services Tax and is also known as Constitution (122 Amendment) Bill, 2014.

It is a single value-added tax levied at all points in the supply chain of goods and services. Credit is allowed for any tax paid on inputs. It would apply to both goods and services in a comprehensive manner. GST is best explained by this one line:

One Country , One Tax , One Market .

GST e-way Bill

It is an electronic documentation giving details of the movement of goods and must be carried by transporters for any consignment exceeding Rs 50,000 in value (According to Rule 138 of the CGST Rules, 2017). It can be generated from the GSTN set up for the e-way bill system by the transporter before the movement of goods begins. It has two Components –

Part A- It comprises details of GSTIN of recipient, place of delivery (PIN Code), invoice or challan number and date, value of goods, HSN code, transport document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number) and reasons for transportation.

Part B- It comprises the details of the transporter (Vehicle number).

- GST e-way bill is to be generated by the consignor or consignee himself if the transportation is being done in own/hired conveyance or by railways, by air or by Vessel.
- If the goods are handed over to a transporter for transportation by road, E-way bill is to be generated by the Transporter.
- Where neither the consignor nor consignee generates the e-way bill and the value of goods is more than Rs.50,000/- it shall be the responsibility of the transporter to generate it.

Why is it important to generate the GST e-way Bill?

- To ensure that goods being transported comply with the GST Law.
- To track movement of goods and check tax evasion.

Who can generate GST e-way Bill?

The **consignor** or **consignee**, as a registered person or a **transporter** of the goods can generate the e-way bill.

The unregistered transporter can register on the common portal and generate the e-way bill for movement of goods for his clients. Any person can also enroll and generate the e-way bill for movement of goods for his/her own use.

What is the validity of GST e-way Bill?

The validity of e-way bill **depends on the distance** to be travelled by the goods. For **less than 100 Km** of distance, the e-way bill will be **valid for a day** from the relevant date. For every **100 Km thereafter**, the validity will be **additional one day** from the relevant date. The "relevant date" means the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as twenty-four hours.

In general, e-way bill's **validity cannot be extended**. However, the Commissioner may extend the validity period only by issuing notification for certain categories of goods.

Cancellation of GST e-way Bill

If the GST e-way Bill has been generated under this rule, but the goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be **cancelled electronically on the common portal**, either directly or through a **Facilitation Centre** notified by the Commissioner, **within 24 hours** of generation of the e-way bill.

However, an e-way bill cannot be cancelled if it has been verified in transit as per the provisions of rule 138B of the CGST Rules, 2017.

What are the consequences of non-conformance to GST e-way Bill rules?

If e-way bills are not issued according to the provisions contained in Rule 138 of the CGST Rules, 2017, it will be considered as contravention of rules. As per Section 122 of the CGST Act, 2017, a taxable person who transports any taxable goods without the cover of specified documents (e-way bill is one of the specified documents) shall be liable to a **penalty of Rs. 10,000/-** or tax sought to be evaded (wherever applicable) whichever is greater.

As per Section 129 of CGST Act, 2017, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to **detention or seizure**.

Conclusion

GST e-way Bill, thus, ensure that relevant information is uploaded before the movement of a consignment, both intra-state as well as inter-state. In future, the government may use the e-way bill as an effective mechanism for reconciling the movement of goods with GST returns, which would further help in safeguarding its revenues. Also, the GST e-way Bill would effectively dissolve all non-tariff barriers, such as check posts and entry tax, so that movement of goods across states is free of all hindrances, thereby reducing transit time and enhancing supply chain efficiencies.

Indian Currency

The Indian Rupee (INR) is the official currency of India. One rupee consists of 100 Paise.

Who Issues Indian Currency?

Under Section 22 of the **RBI Act 1934**, The **Reserve Bank of India** is solely responsible for managing currency in India, **except One Rupee Note** which is issued by **Union Ministry of Finance** but circulated by RBI.

RBI is responsible for its **designing, production** and overall **management** of the nation's currency, with the objective of ensuring an adequate supply of clean and genuine notes.

RBI is also responsible to enhance **security features** to reduce the **risk of counterfeiting or forgery** of the currency notes.

The **Central government approves the design** of banknotes on the recommendation of the central board of the Reserve Bank of India.

The currency notes are printed at:

- The Currency Note Press in **Nashik**
- The Bank Note Press in **Dewas**
- The Bharatiya Reserve Bank Note Mudran (P) Ltd at **Salboni** and **Mysore**
- The Watermark Paper Manufacturing Mill in **Hoshangabad** (produces papers for banknotes and non–judicial stamps)

Different Series of banknotes circulating at present

- As of 24 August 2017, the current circulating banknotes in denominations of ₹5, ₹10, ₹20, ₹50 and ₹100 are of the **Mahatma Gandhi Series**.
- The denominations of ₹50, ₹200, ₹500 and ₹2,000 are of the new **Mahatma Gandhi New Series.**
- RBI has issued new ₹100 note under **Mahatma Gandhi New Series.**

- The denomination of ₹1 is of the **Lion Capital Series**.

Languages on the Currency Notes

There are 17 languages written on the Currency Note out of the 22 official languages of India that are mentioned in the VIII Schedule of the Constitution of India.
2 **languages** (Hindi and English) are written on the **front** side and **15** on the **backside** (Assamese, Bengali, Gujarati, Kannada, Kashmiri, Konkani, Malayalam, Marathi, Nepali, Odia, Punjabi, Sanskrit, Tamil, Telugu, Urdu).

Issuance of Coins

The coins, under **The Coinage Act 1906**, are minted by the **Government**, not by RBI.
The **distribution of Coins** is undertaken by **RBI** as an agent of the Government.
The Coins are minted by **Security Printing and Minting Corporation of India Limited (SPMCIL)**, a wholly owned company of Govt. of India, at the four mints located at **Mumbai, Kolkata, Hyderabad and Noida.**

Did you know?
In January 1938, the first paper currency was issued by RBI. It was a 5 rupee note bearing King George VI's portrait.

Negotiable Instruments

In all the business activities, exchange of goods and services are very common. Goods are bought and sold for cash as well as on credit. All these activities require transfer of cash either immediately or after a certain period of time. In businesses, where large number of transactions takes place every day, it is quite inconvenient as well as risky for either party to make and receive payments in cash. Therefore, they make use of certain documents as means of making payment. Some of them are called Negotiable Instruments.

Negotiable Instruments are documents that guarantee the payment of a specific sum of money, either on demand or at a set time to a specific person. It is a transferable, signed document that can be transferred from person to person. The person who receives the payment, must be named or otherwise indicated on the instrument.
According to **Section 13 of the Negotiable Instruments Act, 1881**, a negotiable instrument refers to "promissory note, bill of exchange, or cheque, payable either to order or to bearer".
So, as per Negotiable Instruments Act, 1881 there are just three types of negotiable instruments i.e.,

- Promissory note
- Bill of exchange
- Cheque

But apart from these, many other documents are also recognized as Negotiable Instruments on the basis of custom and usage, like Negotiable Instruments 29 treasury bills, share warrants, hundis, etc. (only if they possess the features of negotiability).

Promissory Note

Section 4 of The Negotiable Instruments Act, 1881 defines Promissory Note as:

*"A 'Promissory note' is an **instrument in writing** (not being a bank-note or a currency-note) containing an **unconditional undertaking**, **signed** by the maker, to pay a **certain sum** of money only to, or to the order of, a **certain person**, or to the **bearer** of the instrument."*

A promissory note is a financial instrument which contains a written promise by one party to pay another party a definite amount of money, either on demand or at a specified future date. It typically contains all the terms pertaining to the indebtedness, such as the principal amount, interest rate, date, maturity date, and place of issuance, and issuer's signature. This document, once signed by the specified person, duly stamped and handed over to another person involved, becomes a Negotiable Instrument.

There are mainly **two parties** involved in a promissory note.

- **The Maker or Drawer**: the person who makes the promissory note and promises to pay the amount stated therein.
- **The Payee**: the person to whom the amount is to be paid.

Features of a Promissory Note

- Written Instrument
- Duly Signed and Stamped by the maker
- Contain undertaking or Promise to pay
- Conditional
- Sum of money
- Promise to pay 'money' only
- Payable on demand or after a certain date
- Maker must be certain
- Payee must be certain
- Sum payable must be certain, i.e. can be calculated

Bill of Exchange

Section 5 of the Negotiable Instruments Act, 1881 defines a bill of exchange a

*'an instrument in **writing** containing an **unconditional** order, **signed** by the maker, directing a **certain person** to pay a **certain sum** of money only to or to the order of a certain person, or to the bearer of the instrument'.*

There are three parties involved in a bill of exchange. They are

1. **The Drawer**: The person who makes the order for making payment.
2. **The Drawee**: The person to whom the order to pay is made.
3. **The Payee:** The person to whom the payment is to be made.

Features of Bill of Exchange

- Written
- Duly Signed by drawer
- Drawee
- Duly Stamped

- Order to pay
- In terms of Money only
- Parties must be Certain
- Sum payable must be Certain
- Unconditional
- Date

Cheque

Transactions through cheques are quite common these days. **Cheques** are a type of **bill of exchange** and were developed as a way to **make payments without the need to carry large amounts of money**. It is a document that **orders a bank to pay a specific amount of money** from a person's account to the person in whose name the cheque has been issued. The person writing the cheque is known as a **drawer**. The amount is transferred only to the person to whom a cheque is addressed.

Section 6 of The Negotiable Instruments Act, 1881 defines cheque as:

"A 'cheque' is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand and it includes the electronic image of a truncated cheque and a cheque in the electronic form."

There are various **types of cheques** and these are described in the following sections.

- Order Cheque
- Bearer Cheque
- Blank Cheque
- Counter cheque
- Stale Cheque
- Multilated Cheque
- Post Dated Cheque
- Open Cheque
- Crossed Cheque
- Gift Cheque
- Traveller's Cheque
- Self Cheque, etc.

Features of a Cheque:

- Written
- Duly Signed by the drawer
- Unconditional order
- Issued by Specified banker
- Amount must be Certain
- Amount mentioned both in figures and words
- Payee must be Certain
- Payable on Demand
- Must be Dated

Cheque and its Types

Cheques are a type of bill of exchange and were developed as a way to make payments without the need to carry large amounts of money. It is a document that orders a bank to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued. The amount is transferred only to the person to whom a cheque is addressed.

Parties Involved in Cheque Transaction
Drawer: The person writing the cheque is known as a drawer.
Drawee: The party on whom the cheque is written, i.e., your Bank.
Payee: The person named in the cheque to whom the money is paid.

Types of Cheques

There are various types of cheques and these are described in the following sections.

- Order Cheque
- Bearer Cheque
- Blank Cheque
- Counter cheque
- Stale Cheque
- Multilated Cheque
- Post Dated Cheque
- Open Cheque
- Crossed Cheque
- Gift Cheque
- Traveller's Cheque
- Self Cheque, etc...

– Bearer Cheque
One can locate the words "or bearer" appearing on a cheque leaf. If these words are NOT struck out, the cheque is known as a *bearer* cheque. What this means is that the person holding the cheque can withdraw the amount i.e. anyone who presents it to the bank can withdraw.
Hence these cheques are a little risky. In case these are misplaced, anyone who finds it can get the money. It is also known as an "open" cheque.

– Order Cheque
A cheque becomes an "order" cheque, either when the words "or bearer" are struck off or when in its place, the words "or order" is written on the cheque. Such a cheque is payable only to the person whose name is mentioned / specified as " payee ".
Thus, these checks are relatively safe. One also has the provision of authorising someone for collecting the amount on their behalf.

– Crossed Cheque
Crossing a cheque refers to drawing two parallel lines on the cheque with or without additional words like "& CO." or "Account Payee" or "Not Negotiable".

By using a crossed cheque, one can make sure that the amount specified cannot be en-cashed but can only be credited to the payee's bank account.

– Anti-Dated Cheque
If the date mentioned on a cheque is earlier than the date on which it is presented to the bank, the cheque is known as an "*anti-dated cheque*". This cheque is valid upto three months from the mentioned date.
– Post-Dated Cheque
If the date mentioned on a cheque is yet to come (future date), the cheque is known as a "*post-dated cheque*".. A post dated cheque is not valid earlier than the date mentioned on the cheque.

– Stale Cheque
As we mentioned, cheques are valid for 3 months from the mentioned date. If a cheque is presented for payment after this period of three months, it is then called *stale* cheque. A stale cheque is not honoured by any bank.

Crossing of Cheques

Crossing a cheque refers to drawing **two parallel transverse lines** on the cheque with or without **additional words** like "& CO." or "Account Payee" or "Not Negotiable" **between the lines.**
By using a crossed cheque, one can make sure that the **amount** specified **cannot be en-cashed** but can only be **credited** to the **payee's bank account**.
Crossing of Cheque is recognized under **The Negotiable Instruments Act, 1881.**
The crossing of cheque had developed gradually as a means of **protection** against misusing of cheques.
Crossing of cheque **provides instruction** to the paying banker to **pay the amount through banker** only, and not directly to the payee or holder presenting it at the counter. This ensures that payment is made to the actual payee.

Types of Crossing of Cheques

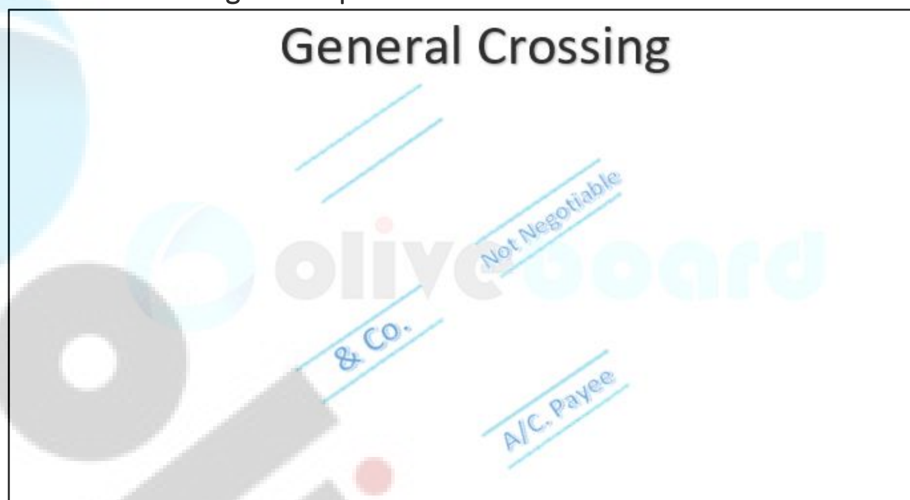
Crossing of Cheques can be done in two ways:
1. General Crossing
2. Special Crossing

General Crossing

Section 123 of **The Negotiable Instruments Act, 1881** defines General Crossing as:
"Where a cheque bears across its face an addition of the words "and company" or any abbreviation thereof, between two parallel transverse lines, or of two parallel transverse lines simply, either with or without the words "not negotiable", that addition shall be deemed a crossing, and the cheque shall be deemed to be crossed generally".
- Two parallel transverse lines are drawn on the face of the cheque, generally, on the top left corner of the cheque
- Holder or payee cannot get the payment at the counter but through the bank only
- Including the name of the banker is not essential, hence, the amount can be **encashed by any banker**

- The words, “& Company”, “Not Negotiable”, “A/C. Payee” may or may not be written
- It can be converted into Special Crossing

Specimen of General Crossing of Cheques



Special Crossing

Section 124 of **The Negotiable Instruments Act, 1881** defines Special Crossing as:

“Where a cheque bears across its face an addition of the name of a banker, either with or without the words “not negotiable”, that in addition shall be deemed a crossing, and the cheque shall be deemed to be crossed specially and to be crossed to that banker.”

- Also known as **Restricted Crossing**
- Two transverse lines are not necessary to be drawn
- Name of the banker is added across the face of the cheque
- The Name of the Banker may or may not carry the abbreviated word, ‘& Co.’, ‘Account payee’ or ‘Not Negotiable’
- Payment can be made **only through the bank mentioned** in the Crossing. The Banker, mentioned in the Crossing, may appoint another banker as his agent to collect such cheques. thus, making it safer than ‘generally’ crossed cheques
- Specially Crossed Cheques can never be converted to General Crossing.

A specimen of Special Crossing of Cheques

Double Crossing

Here the cheque bears two separate "**special**" crossing. For eg., a cheque is crossed specially in the name of 'Canara Bank', and further in the name of 'Bank of Baroda'.

As per Section 127 of **The Negotiable Instruments Act, 1881**:

> *"Where a cheque is crossed specially to more than one banker except when crossed to an agent for the purpose of collection, the banker on whom it is drawn shall refuse payment thereof."*

Thus, a cheque doubly crossed shall be payed by the banker when the second banker is acting only as the agent of the first collecting banker and this has been made clear on the Cheque, i.e., crossing must specify that the banker to whom it has been specially crossed again shall act as the agent of the first banker for the purpose of collection of the cheque.

It is done in case, the banker, to whom a cheque is specially crossed, does not have a branch at the place of the paying banker, or if he, otherwise, feels the necessity, he may cross the cheque specially to another banker (by clearly specifying).

Electoral Bonds

Electoral Bond is an **interest-free financial instrument**, in the nature of a **promissory note**, for making donations to political parties. These bonds are issued on a **non-refundable basis** and are not available for trading.

Electoral Bond Scheme

Electoral Bond Scheme was announced in the Union Budget 2017-18 in order to **"cleanse the system of political funding in the country"**. The scheme was announced with the aim of rooting out the current system of **anonymous cash donations** to make political funding transparent.

Govt. of India, in a notification, described that electoral bond means,

> *"a bond issued in the nature of **promissory note** which shall be a bearer **banking instrument** and shall not carry the name of the **buyer** or **payee**"*

The Electoral Bond Scheme, thus, addresses the concerns of **donors** to remain **anonymous** to the general public or to rival political parties. No details of the donor nor of the intended political beneficiary can be made out. So electoral bond cannot be identified or associated with any particular **buyer** or **political party.**

Who can purchase Electoral Bonds?

The Electoral Bonds under this Scheme may be purchased by a **Person**, who is a **Citizen of India** or Incorporated or Established in India.

In what denominations the Electoral Bonds are sold?

It shall be issued/purchased for any value, in multiples of **Rs.1,000, Rs.10,000, Rs.1,00,000, Rs.10,00,000 and Rs.1,00,00,000** from the **Specified Branches** of the State Bank of India (SBI), but **only against cheque** and **digital payments**. It cannot be purchased by paying cash. Donors, with a KYC-compliant account, can purchase and donate the bonds to their Party of choice. Parties receiving bonds can redeem them only through a designated bank account.

What is the validity of Electoral Bonds?

The validity of Electoral Bonds shall be **15 days from the Date of Issue** i.e., these bonds shall be redeemable in the designated account of a political party within 15 days from the date of issuance of bond. No payment shall be made to any payee political party if bond is deposited after expiry of validity period.

Who can redeem these Electoral Bonds?

The Electoral Bonds can be redeemed only by an eligible **Political Party (registered under Section 29A of the Representation of the People Act, 1951)** by depositing the same in their **Designated Bank Account** maintained with Authorised Bank (SBI is the **Sole Authorized Bank** by the Government of India for selling Electoral Bonds).

As per the suggestion made by the Election Commission, a political party can receive maximum **Rs. 2000 in cash donation** from one person. Any amount higher than this has to be paid via cash-less methods such as cheque, NEFT/RTGS, Electoral Bonds etc. This scheme is expected to bring about greater **transparency** and **accountability** in political funding, while preventing future generation of **black money.**

Note: The Electoral Bonds under the Scheme shall be available for purchase for a **period of 10 days** each in the months of **January, April, July and October**.

Bancassurance

Bancassurance, as the name suggests, is formed by combining two words- banking and insurance. It refers to the delivery of insurance products through banking channels i.e., there is an **agreement between an insurance firm and a bank to sell the insurance products through the bank's infrastructure** to bank's **client** base. It is like a "give and take" situation where the bank grants the insurance company access to their wide-ranging customers to sell their insurance products in return of which they earn income.

The concept of Bancassurance originated in **France** and soon became successful in other countries of Europe. In India, the concept of Bancassurance was introduced in 2000. Banking Sector and Insurance Sector, in India, are governed by two different bodies. Banking sector is

fully governed by the **Reserve Bank of India** (RBI) while Insurance sector is regulated by The Insurance Regulatory and Development Authority (IRDA). Government of India has specified '**Insurance**' as a permissible form of business that could be undertaken by banks under Section 6(1)(o) of the **Banking Regulation Act, 1949.** However, banks intending to take up the business must take specific approval from RBI.

Bancassurance : Advantages for Banks

1. Banks can earn additional income
2. Banks gain customer loyalty thereby strengthening the customer relationship.
3. Proper use of existing infrastructure.
4. Optimizing the man power utilization in order to increase efficacy in productivity.
5. Banks become sort of 'supermarket' where customers' financial and insurance-related demands can be met.
6. By providing all services under one roof, banks can improve customer satisfaction level too.

Bancassurance : Advantages for Insurance firms

1. Generation of additional sales.
2. Access through a vast customer base.
3. As banks have already established relationship with customers, conversion ratio of leads to sales increases.
4. Insurance companies can use the already existing outlets of banks in the rural areas to sell products in those areas.
5. Developing new financial products more efficiently in collaboration with their bank partners.
6. Establishing market presence rapidly without the need to build up a network of agents or brokers.
7. Can reach more customers without having to invest in more offices and manpower.

Bancassurance : Advantages for Customers

1. Customers get everything under one roof, which saves both time and energy.
2. Experience easy renewal and other formalities.
3. Claims can be easily made.
4. They get Professional experts and trained staffs to give proper advice.

Some Bancassurance Tie-Ups

- SBI life Insurance Co Ltd – SBI
- HDFC Life Insurance – HDFC Bank
- ICICI Prudential – ICICI Bank

So, Bancassurance has emerged as an important channel for distribution of insurance products. This amalgamation of Banking and the Insurance sector, if implemented properly, can be beneficial for all the participants i.e., banks, insurers and the customers.

Sample Questions:

Q1. Read the following statements:

A. Electoral bonds shall be a bearer banking instrument and shall carry the name of the buyer or payee.
B. Electoral Bonds would be valid for 15 days.
C. Electoral Bonds can be purchased from any Government-owned banks.

Choose the correct option:

1. Only A
2. Only B
3. Only C
4. Both A and B
5. Both B and C

Answer: 2

Q2. Read the following statements:

A. Electoral Bonds are short-term Promissory Note.
B. The Electoral Bonds can be redeemed in any account.
C. Electoral Bonds shall not be eligible for Trading.

Choose the correct option:

1. Only A
2. Only B
3. Only C
4. Both A and B
5. Both A and C

Answer: 5

Banking Ombudsman Scheme (2006)

Who is Ombudsman?

An Ombudsman is an official appointed by the Government or any organization to work in the interests of the public by investigating and addressing their complaints made against the Government, organization, or officials.

In India, the **Banking Ombudsman** is a **senior official** appointed by the **Reserve Bank of India (RBI)** to **redress customer complaints** against deficiency in certain **banking services** rendered by banks and to **facilitate** the **satisfaction or settlement of such complaints**.

The **RBI** may appoint one or more of its officers as the Chief General Manager or General Manager (GM) to be referred to as Banking Ombudsman to carry out the responsibilities assigned to them under the Scheme.

What is Banking Ombudsman Scheme 2006?

- The **Banking Ombudsman Scheme** provides an expeditious and **inexpensive** forum to **bank customers** for **resolution of complaints** relating to certain services rendered by banks.
- The Banking Ombudsman Scheme is introduced under **Section 35 A** of the **Banking Regulation Act, 1949** by RBI with effect from **1995**.
- The presently operating **Banking Ombudsman Scheme** was introduced in **2006**.
- The **Reserve Bank of India** has made **amendments** in the scheme which has come into force from **July 1, 2017**.

- As on date, twenty Banking Ombudsman have been appointed.
- The offices of the Banking Ombudsman are located mostly in **state capitals**.
- The Scheme covers all **Scheduled Commercial Banks**, **Regional Rural Banks** and **Scheduled Primary Co-operative Banks**.

Banking Ombudsman Scheme: Grounds of Complaints

The Grounds of Complaints are covered in the **Clause 8** of the scheme. The Banking Ombudsman can receive and consider complaints related to the following deficiency(ies) in the banking services:

1. Non-payment or delay in the payment or collection of cheques, drafts, bills etc.
2. Non-acceptance, without sufficient cause, of small denomination notes/coins tendered for any purpose, and for charging of commission in respect thereof.
3. Delay in payment or Non-payment of inward remittances.
4. Delay in issue or failure to issue of drafts, pay orders or bankers' cheques.
5. Non-adherence to prescribed working hours.
6. Delay in providing or failure to provide a banking facility promised in writing by a bank or its direct selling agents.
7. Delays, non-payment of deposit or non-observance of the reserve bank directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a bank.
8. Complaints from NRIs having accounts in India in relation to their remittances from abroad, deposits and other bank related matters.
9. Refusal to open deposit accounts without giving any valid reason for it.
10. Levying of charges without adequate prior notice to the customer.
11. Non-adherence to the instructions of RBI on ATM / debit card, prepaid card operations in India by the bank or its subsidiaries on any of the following:

- Account debited but cash not dispensed by ATMs
- Account debited more than once for one withdrawal in ATMs or for POS transaction
- Less/Excess amount of cash dispensed by ATMs
- Debit in account without use of the card or details of the card
- Use of stolen/cloned cards
- Others

12. Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on credit card operations on any of the following:

- Unsolicited calls for Add-on Cards, insurance for cards etc.
- Charging of Annual Fees on Cards issued free for life
- Wrong Billing/Wrong Debits
- Threatening calls/ inappropriate approach of recovery by recovery agents including non-observance of Reserve Bank guidelines on engagement of recovery agents
- Wrong reporting of credit information to Credit Information Bureau
- Delay or failure to review and correct the credit status on account of wrongly reported credit information to Credit Information Bureau.
- Others

13. Non-adherence to the instructions of RBI regarding mobile banking / electronic banking service in India by the bank on any of the following:

- Delay or failure to effect online payment / Fund Transfer
- Unauthorized electronic payment / Fund Transfer,

14. Non-disbursement or delay in disbursement of pension.
15. Refusal to accept or delay in accepting payment towards taxes, as required by reserve bank/government.
16. Refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of government securities.
17. Forced closure of deposit accounts without due notice or without reason.
18. Refusal to close or delay in closing the accounts.
19. Non-adherence to the fair practices codes as adopted by the bank.
20. Non-adherence to the provisions of the code of bank's commitments to customers issued by banking codes and standards board of India and as adopted by the bank.
21. Non-observance of reserve bank guidelines on the engagement of recovery agents by banks, para-banking activities like sale of insurance / mutual fund /other third-party investment products by banks
22. Any other matter relating to the violation of the directives issued by the RBI concerning banking or other services.

A customer can also complain of the following grounds of deficiency in service with respect to loans and advances-

1. Non-observance of Reserve Bank Directives on interest rates.
2. Delays in sanction, disbursement or non-observance of prescribed schedule for disposal of loan applications.
3. Non-acceptance of application for loans without furnishing valid reasons to the applicant.
4. Non-adherence to the provisions of the fair practices code for lenders as adopted by the bank or Code of Bank's Commitment to Customers.
5. The Banking Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time.

How & When to file a Complaint?

Any person can make a complaint to the Banking Ombudsman within whose jurisdiction the branch or office of the bank complained against is located.

- The complainant can file a complaint to the Banking Ombudsman, if the complainant had earlier made the written representation to the bank and the **bank had rejected the complaint** or the complainant had **not received any reply within a period of one month** after the bank received his representation or the complainant is **not satisfied with the reply** given to him by the bank.
- The complainant can file the complaint to the Banking Ombudsman by making a representation in **writing** or through **electronic** means containing a grievance alleging deficiency in banking service as mentioned in clause 8 of the Scheme.
- The Banking Ombudsman **does not charge any fee** for filing and resolving customers' complaints.

Award by the Banking Ombudsman

If an agreement within one month does not settle a complaint, the Banking Ombudsman proceeds further to pass an Award.

- The amount, if any, to be paid by the bank to the complainant by way of **compensation** for any **loss suffered by the complainant is limited** to the **amount arising directly out of the act** or omission of the bank or **₹ 20 lakhs**, whichever is
- The Banking Ombudsman may award **compensation** not exceeding **₹ 1 lakh** to the complainant for **mental agony and harassment**. The Banking Ombudsman, while passing such award, will consider the **loss of the complainant's time, expenses incurred by the complainant, harassment and mental anguish** suffered by the complainant.

Sample Questions for The Banking Ombudsman Scheme (2006)

Q1. The Banking Ombudsman Scheme is introduced under ________ of the **Banking Regulation Act, 1949** by RBI with effect from **1995**.

1. Section 23 A
2. Section 45 A
3. Section 35 B
4. Section 35 A
5. None of the above

Answer: 4

Q2. The Banking Ombudsman may reject the complaint at any stage if it appears to him that the compensation sought:

1. Exceeds 10 Lakhs
2. Exceeds 20 Lakhs
3. Exceeds 1 Lakh
4. Exceeds 15 Lakh

Answer: 2

Confusing Banking Terms

Inflation

Inflation is the persistent increase in the price of all goods and services over a period of time. It creates instability and disequilibrium in the economic world. The situation affects mostly the poor and vulnerable section of society because the price hike makes it difficult to afford even basic needs.

Stagnation

Stagnation refers to the stage when there is little or no growth in an economy for a prolonged period. It is usually marked by high unemployment.

Stagflation

As understood by the word itself that it is a combination of two words: Inflation + Stagnation. Stagflation, thus, describes a situation when the inflation rate is high, accompanied by slow economic growth and steadily high rate of unemployment.

Deflation

Deflation refers to the situation where the value of money increases and the price of goods and services falls down so that inflation rate becomes negative. It occurs when the inflation rate falls below 0%, i.e., it is just the opposite of inflation. While deflation increases the value of currency over time, inflation, on the other hand, reduces it.

Disinflation

Disinflation refers to the decrease in the rate of inflation over the short term.
Disinflation differs from Deflation as in deflation there is a negative inflation rate, while in disinflation, the inflate rate declines but still remains positive.

Reflation

Reflation, the term often mixed with inflation, refers to the period of economic recovery after a period of contraction. In the words of **G.D.H. Cole**,
"reflation may be defined as inflation deliberately undertaken to relieve a depression." It can also be referred to as **'controlled inflation'** because here the price rise is gradual while during inflation, it is at a faster pace.

Recession

Recession refers to the period of slackness when economic activities slows. A significant fall in spending usually leads to recession.
Example: The Great Recession of 2008

Depression

Depression occurs when there is a prolonged period of economic recession. It is marked by a significant decline in both income and employment.
Example: The Great Depression of 1929

Important Banking Terminologies

What is a Repo Rate?

Repo rate is the rate at which our banks borrow rupees from RBI. Whenever the banks have any shortage of funds they can borrow it from RBI. A reduction in the repo rate will help banks to get money at a cheaper rate. When the repo rate increases, borrowing from RBI becomes more expensive.

What is Reverse Repo Rate?

This is exact opposite of Repo rate. Reverse Repo rate is the rate at which Reserve Bank of India (RBI) borrows money from banks. RBI uses this tool when it feels there is too much money floating in the banking system. Banks are always happy to lend money to RBI since their money is in safe hands with a good interest. An increase in Reverse repo rate can cause the banks to transfer more funds to RBI due to this attractive interest rates.

What is CRR?

Cash reserve Ratio (CRR) is the amount of funds that the banks have to keep with RBI. If RBI decides to increase the percent of this, the available amount with the banks comes down. RBI is using this method (increase of CRR rate), to drain out the excessive money from the banks.

What is SLR Rate?

SLR (Statutory Liquidity Ratio) is the amount a commercial bank needs to maintain in the form of cash, or gold or govt. approved securities (Bonds) before providing credit to its customers. SLR rate is determined and maintained by the RBI (Reserve Bank of India) in order to control the expansion of bank credit. SLR is determined as the percentage of total demand and percentage of time liabilities. Time Liabilities are the liabilities a commercial bank liable to pay to the customers on their anytime demand. SLR is used to control inflation and propel growth. Through SLR rate tuning the money supply in the system can be controlled efficiently.

What is Bank Rate?

Bank rate, also referred to as the discount rate, is the rate of interest which a central bank charges on the loans and advances that it extends to commercial banks and other financial intermediaries. Changes in the bank rate are often used by central banks to control the money supply.

What is PLR?

The Prime Interest Rate is the interest rate charged by banks to their most creditworthy customers (usually the most prominent and stable business customers). The rate is almost always the same amongst major banks. Adjustments to the prime rate are made by banks at the same time; although, the prime rate does not adjust on any regular basis. The Prime Rate is usually adjusted at the same time and in correlation to the adjustments of the Fed Funds Rate. The rates reported below are based upon the prime rates on the first day of each respective month. Some banks use the name “Reference Rate” or “Base Lending Rate” to refer to their Prime Lending Rate.

What is Deposit Rate?

Interest Rates paid by a depository institution on the cash on deposit.

What is FII?

FII (Foreign Institutional Investor) used to denote an investor, mostly in the form of an institution. An institution established outside India, which proposes to invest in Indian market, in other words buying Indian stocks. FII’s generally buy in large volumes which has an impact on the stock markets. Institutional Investors includes pension funds, mutual funds, Insurance Companies, Banks, etc.

What is FDI?

FDI (Foreign Direct Investment) occurs with the purchase of the “physical assets or a significant amount of ownership (stock) of a company in another country in order to gain a measure of management control” (Or) A foreign company having a stake in a Indian Company.

What is PLR?

The Prime Interest Rate is the interest rate charged by banks to their most creditworthy customers (usually the most prominent and stable business customers). The rate is almost always the same amongst major banks. Adjustments to the prime rate are made by banks at the same time; although, the prime rate does not adjust on any regular basis. The Prime Rate is usually adjusted at the same time and in correlation to the adjustments of the Fed Funds Rate. The rates reported below are based upon the prime rates on the first day of each respective month. Some banks use the name "Reference Rate" or "Base Lending Rate" to refer to their Prime Lending Rate.

What is Deposit Rate?

Interest Rates paid by a depository institution on the cash on deposit.

What is FII?

FII (Foreign Institutional Investor) used to denote an investor, mostly in the form of an institution. An institution established outside India, which proposes to invest in Indian market, in other words buying Indian stocks. FII's generally buy in large volumes which has an impact on the stock markets. Institutional Investors includes pension funds, mutual funds, Insurance Companies, Banks, etc.

What is FDI?

FDI (Foreign Direct Investment) occurs with the purchase of the "physical assets or a significant amount of ownership (stock) of a company in another country in order to gain a measure of management control" (Or) A foreign company having a stake in a Indian Company.

What is IPO?

IPO is Initial Public Offering. This is the first offering of shares to the general public from a company wishes to list on the stock exchanges.

What is Disinvestment?

The Selling of the government stake in public sector undertakings.

What is Fiscal Deficit?

It is the difference between the government's total receipts (excluding borrowings) and total expenditure.

What is Revenue deficit?

It defines that, where the net amount received (by taxes & other forms) fails to meet the predicted net amount to be received by the government.

What is GDP?

The Gross Domestic Product or GDP is a measure of all of the services and goods produced in a country over a specific period; classically a year.

What is GNP?

Gross National Product is measured as GDP plus income of residents from investments made abroad minus income earned by foreigners in domestic market.

What is National Income?

National Income is the money value of all goods and services produced in a country during the year.

What is Per Capita Income?

The national income of a country, or region, divided by its population. Per capita income is often used to measure a country's standard of living.

What is Vote on Account?

A vote-on account is basically a statement, where the government presents an estimate of a sum required to meet the expenditure that it incurs during the first three to four months of an election financial year until a new government is in place, to keep the machinery running.

What is the Difference between Vote-on-account and Interim budget?

Vote-on-account deals only with the expenditure side of the government's budget, an interim Budget is a complete set of accounts, including both expenditure and receipts.

What is SDR?

The SDR (Special Drawing Rights) is an artificial currency created by the IMF in 1969. SDRs are allocated to member countries and can be fully converted into international currencies so they serve as a supplement to the official foreign reserves of member countries. Its value is based on a basket of key international currencies (U.S. dollar, euro, yen and pound sterling).

What is SEZ?

SEZ means Special Economic Zone is the one of the part of government's policies in India. A special Economic zone is a geographical region that economic laws which are more liberal than the usual economic laws in the country. The basic motto behind this is to increase foreign investment, development of infrastructure, job opportunities and increase the income level of the people.

What is corporate governance?

The way in which a company is governed and how it deals with the various interests of its customers, shareholders, employees and society at large. Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled.Is defined as the general set of customs, regulations, habits, and laws that determine to what end a firm should be run.

What is monetary policy?

A Monetary policy is the process by which the government, central bank, of a country controls (i) the supply of money, (ii) availability of money, and (iii) cost of money or rate of interest, in order to attain a set of objectives oriented towards the growth and stability of the economy.

What is Fiscal Policy?
Fiscal policy is the use of government spending and revenue collection to influence the economy. These policies affect tax rates, interest rates and government spending, in an effort to control the economy. Fiscal policy is an additional method to determine public revenue and public expenditure.

Basic Economic terminologies

Absolute advantage: A principle that refers to the ability of an individual/firm or a country to produce more quantity of products/goods/services than their competitors, using the same amount of resources.
Adam Smith: A Scottish Economist, author and a moral philosopher. Best known for his works: An Inquiry into the nature & causes of the wealth of nations in 1776 and the theory of moral sentiments in 1959.
Average revenue: Refers to the revenue received for selling a good per unit of output sold. This is found by dividing the total revenue by quantity sold.
Accounting profit: A company's total earnings which includes explicit costs of doing business, such as taxes, depreciation, expenses, etc. It is the total revenue minus the explicit cost.
Average tax rate: Tax rate that is paid when all sources of taxable income is added and divided by number of taxes owed.
Average total cost: Total cost per unit including fixed and variable costs, found by dividing total cost by the quantity of output.
Average fixed cost: Per unit output of fixed costs, found by dividing fixed cost of production by quantity produced (output).
Average variable cost: Variable costs divided by number of units produced.
Business cycle: Economy-wide fluctuations in economic activities such as, production, trade, employment, etc.
Budget surplus: Excess of receipts or income over expenditure or outlays.
Budget deficit: A financial health indicator where expenditures exceed revenue.
Circular flow diagram: Basic visual model used in Economics to show how Economy functions (flow of money through firms, markets, etc.)
Comparative advantage: a law referring to ability of an economic actor to produce goods & services at lower opportunity cost than others.
Complements: Goods or services used in conjunction to other goods or services. A complementary good or service has no value when consumed alone, but value is added when it is combined with another good or service.
Cross price elasticity of demand: Measures responsiveness of quantity demanded for a good to a change in price of another good.
Cost: Combination of losses & gains that have value attached to them by an individual. The value of everything a seller must give up to produce a good.
Consumer surplus: Difference between what consumers are willing (and able) to pay for a service/good relative to its market price, and what they actually spend on the service/good.
Coase theorem: An economic theory which affirms that where there are competitive markets without any transaction costs, an efficient set of inputs & outputs, to & from production-optimal distribution are selected, regardless of how property rights are divided. When there is involvement of property rights, people involved will naturally gravitate toward the most beneficial and efficient outcome.
Constant returns to scale: Constant ratio between inputs and outputs. Occurs when increase in number of inputs leads to equivalent increase in output.

Competitive market: Market where large number of producers compete with each other to satisfy needs of large number of consumers.
Collusion: Agreement between firms in market, sometimes illegal, to limit competition by deceiving, misleading or defrauding others of their legal rights. An agreement to divide markets, set prices, limit production and opportunities.
Cartel: Organization created from formal agreement between group of producers of goods or services to regulate supply to manipulate prices.
Capital: Wealth used to start a business or other meaning is, a factor of production, others being land and labor.
Diminishing marginal product: An economic principle that states: while increasing one input & keeping the other inputs at the same level may increase outputs initially, further increase in that input will have a limited effect, & eventually no effect or a negative effect on the output.
Deadweight loss: Fall in total surplus caused by market inefficiency. Can be applied to any deficiency caused by an inefficient allocation of resources.
Diseconomies of scale: Economic concept that refers to a situation in which economies of scale no longer function for a firm.
Economics: Study of how society manages its scarce resources or a science concerned with production, distribution and consumption of goods & services.
Efficiency: A property of society in which resources are optimally allocated to serve each individual or entity in best way while minimizing waste and inefficiency.
Explicit costs: Clear cash outflow from a business that reduce its bottom-line profitability.
Equity: Value of assets minus the liabilities of the asset. Equity = Assets – Liability.
Externality: The positive or negative impact of an economic activity experienced by an unrelated bystander.
Exports: Function of international trade where goods produced domestically are shipped abroad.
Equilibrium: State in which economic forces are balanced where quantity demanded = quantity supplied.
Elasticity: Measure of variables responsiveness to change in another variable.
Economic profit: Total revenue – total cost (including implicit and explicit costs)
Efficient scale: Quantity of input that minimize the average total cost.
Economies of scale: Cost advantage that arises as quantity of output increases.
Fixed costs: Cost that doesn't change with quantity of output produced or sold.
Free rider problem: Market failure that occurs when people who receive benefits of common resource and don't pay their fair share of taxes.
Factors of production: Inputs used to produce goods and services to make economic profit.
Game theory: Study of human behaviour within competitive or strategic situations.
Inflation: Rate of increase in overall prices of goods and services with consequent fall in purchase power of currencies.
Interdependence: Relation between two of more entities where each is dependent on other for goods or services.
Imports: Goods that are produced abroad and sold domestically
Inferior good: Good for which demand declines with increase in income or real GDP.
Income elasticity of demand: Sensitivity of the quantity demanded for certain goods or services to change in the real income of its consumers keeping all things constant.
Import quota: A limit set on the quantity of goods that can be produced abroad & sold domestically.

Implicit costs: Cost occurred but not necessarily reported as an expense.
John Maynard Keynes: A 19th Century British Economist & Philosopher who spent his working years with East India Company, and whose radical ideas had great impact on modern political & economic theories. He's also known as the father of Keynesian Economics.
Law of demand: An economic (micro) law, that states that, all things equal, quantity demanded of a good or service falls, when the price of the good or service increases.
Law of supply: Another microeconomic law that states, all factors being equal, quantity of supply of goods/services increases, when the price of goods/services increases.
Laffer curve: A curved graph, developed by Arthur Laffer, that illustrates the relationship between tax rates & amount of tax revenue collected by Governments.
Lump sum tax: Fixed amount of tax, regardless of change in circumstances of taxed entity.
Lorenz curve: A curve representing wealth/income inequality. Plots percentile of population according to income/wealth on x-axis and cumulative wealth/income on y-axis.
Monopoly: Industry dominated by one entity/corporation without close substitutes
Marginal product of labor: Change in amount of output from employing additional unit of labor.
Monopolistic completion: Market structure where firms sell similar products but not perfect substitutes.
Marginal cost: Change in total cost that arises from producing an extra unit
Marginal revenue: Change in total revenue resulting from sale of one additional unit of output.
Marginal product: Change in output from employing one more unit of an input.
Marginal tax rate: Extra tax paid on additional dollar of income.
Market Economy: Economic system that allocates resources through decentralized decisions of individuals and business.
Microeconomics: Study of implications of actions of individuals and how these affect distribution & utilization of resources.
Macroeconomics: Study of how economy behaves, including studying phenomena like economic growth, inflation, unemployment, etc.
Normative statements: Subjective & value-based claims that attempt to prescribe how world should be
Normal good: Goods for which, all things equal, increase in quantity demanded increases as individuals' real income increases.
Natural monopoly: Type of monopoly that arises as result of high startup or fixed costs of operating a business in specific industry.
Nash equilibrium: concept where no player has incentive of changing their chosen strategy after considering opponents choice.
Oligopoly: Market structure where small number of firms have large majority of market share.
Opportunity cost: Benefit that must be given up to obtain something else.
Phillips curve: a curve that shows the concept that inflation & unemployment have stable & inverse relationship.
Production possibilities curve: Graph that represents alternative combination of outputs that an economy can produce by transferring resources from one service/good to another.
Positive statements: Claims that attempt to describe the world the way it is.
Price elasticity of demand: Measure of relationship between chance in price of a good and the quantity demanded of that good. Price elasticity of demand = Change in quantity demanded(%)/change in price (%).

Price elasticity of supply: Measure of relationship between chance in price of a good and the quantity supplied of that good. Price elasticity of demand = Change in quantity supplied(%)/change in price (%).
Price ceiling: Max legal price a seller is allowed to charge for a good or service.
Price floor: Minimum legal price at which a good can be sold
Producer surplus: Measure of the difference between the amount producer is willing to accept for a good and amount he receives.
Pigovian tax: Affluent fee assessed against business/individuals for engaging in a specific activity.
Private goods: Goods that must be purchased for consumption by individuals which prevents others from consuming it.
Public goods: Opposite of private goods. Products consumed by individuals without reducing availability of said product to others.
Proportional tax: An income tax system where same percentage of tax is levied from higher income tax payers & lower income tax payers.
Progressive tax: Tax that takes higher percentage from higher income tax payers than lower income tax payers.
Profit: The total revenue minus total cost
Production function: Relationship between physical inputs or factors of production and physical output of production process.
Price discrimination: Business pricing practice of selling same good at different prices to different customers.
Regressive tax: Tax where higher income taxpayers pay smaller percentage of tax than lower income tax payers.
Scarcity: Limited nature of society's resources
Specialization: Focus on a particular area
Substitutes: Product/service consumers see as same/similar to another product. Another definition is, two goods are substitutes if increase in price of one leads to increase in demand for the other.
Surplus: Situation where quantity supplied is greater than quantity demanded
Shortage: Situation where quantity demanded is greater than quantity supplied
Supply side economics: Branch of economics that argues that the Economic growth can be created effectively by lowering the barriers on production & investing in capital.
Sunk cost: Cost already incurred/committed and cannot be recovered.
Tariff: Tax imposed on goods and services that are imported
Tax incidence: Division of burden of tax between buyers and sellers.
Total revenue: Total receipt of a firm, from sale of given quantity of service/good.
Total cost: Total economic cost of inputs used in production by a firm
Variable cost: The costs that changes in proportion to the quantity of output produced
Welfare economics: Study of how allocation of resources affects social welfare.

BANK AND GOVERNMENT EXAMS 2018
REGISTER FOR
FREE ALL INDIA TEST
oliveboard
Banking| MBA |Government

Top Banking Committees and their Focus Area

Sr No.	Name Of The Committee	Focus Area
1.	A C Shah Committee	For Reforms Relating To Non-Banking Financial Companies (NFBC)
2.	A Ghosh Committee	Frauds & Malpractices In India
3.	A K Khandelwal Committee	Hr Issues Of Public Sector Banks
4.	Abid Hussain Committee	For Small Scale Industries For Development of Capital Market
5.	Aditya Puri Committee	For Dissemination Of Credit Information
6.	Ajay Shankar Committee	To Review The Functioning Of PPP Cell
7.	Ak Bhuchar Committee	Coordination Between Term Lending Institutions And Commercial Banks
8.	Amitabh Chaudhry Committee	Analysis The Existing Framework Of Irda-Linked And Non-Linked Insurance Product Regulations
9.	Arvind Mayaram Committee	For Giving Clear Definitions To Foreign Direct Investment (FDI) And Foreign Institutional Investment (FII)
10.	Basel Committee	For Banking Supervision
11.	Bhandari Committee	For Reconstruction Of Rrbs
12.	Bhide Committee	Coordination Between Commercial Banks And SFC's
13.	Bimal Jalan Panel	To Scrutinize Applications For New Bank Licenses
14.	B. D. Shah Committee	Stock Lending Scheme
15.	B Sambamurthy Committee	For Mobile Banking
16.	B Siaraman Committee	Institutional Credit for Agricultural and Rural Development
17.	C Rangarajan Committee	For Poverty Scale Estimates In The Country For Mechanisation in the Banking Industry (1984)
18.	Chelliah Committee (1991)	For Tax Reforms
19.	Chesi Committee	For Direct Taxes
20.	Cook Committee	For Capital Adequacy Of Banks
21.	Damle Committee (1982)	Introducing MICR/OCR Technology for Cheque Processing
22.	Damodaran Committee	For Improvement Of Customer Services In Banks
23.	Dave Committee (2000)	For Pension Scheme For Unorganized Sector
24.	Deepak Mohanty Committee	Data And Information Management In The Rbi

25.	Deepak Parekh Committee	For Financing Infrastructure Sector
26.	Dinesh Sharma Committee	To Propose New Regulation Related To Digital Currencies Or Virtual Currencies
27.	D. K. Mittal Committee	To Improve Financial Condition Of Railways
28.	D. R. Gadgil Committee	Agricultural Finance
29.	Gadgil Committee (1969)	Lead Banking System
30.	Godwala Committee	Rural Finance
31.	Hathi Committee	For Soiled Bank Notes
32.	H R Khan Committee	To Evaluate Unclaimed Ppp And Post Office Saving
33.	I.T. Vaz Committee	Working Capital Finance In Banks
34.	Inter- Departmental Tax Force	To Monitor And Review The Functioning Of Shell Companies To Prevent Their Misuse For Money Laundering And Tax Evasion
35.	J Reddy Committee	Reforms in Insurance Sector
36.	James Raj Committee	Functioning Of Public Sector Banks
37.	Janakiraman Committee	To Investigate The Security Transactions Of The Bank
38.	Justice M B Shah Commission	On Black Money
39.	Karve Committee	For Small Scale Industry
40.	K M Chandrasekhar Committee	For Rationalization Of Foreign Investment Norms
41.	K Madhav Das Committee	Urban Cooperative Banks
42.	K S Shere Committee (1995)	For proposing Legislation On Electronic Funds Transfer (EFT) and other Electronic Payments
43.	K.U.B. Rao Committee	For Setting Up Bullion Bank Or Bullion Corporation Of India
44.	K.V.Kamath Panel	To Examine The Financial Architecture For Micro, Small And Medium Enterprises
45.	Kelkar Committee	For Tax Structure Reforms
46.	Khandelwal Committee	On Hr Issues Of Public Sector Banks
47.	Khusrau Committee	Agricultural Credit
48.	Lakdawala Committee	Poverty
49.	L K Jha Committee	For Indirect Taxation Enquiry
50.	Marathe Committee	Licensing of New Banks
51.	MBN Rao Committee	To Prepare The Blueprint Of India's First Women's Bank

52.	M J Ferwani Committee	Stock Exchange
53.	M L Dhantwala Committee	Regional Rural Banks
54.	M.S. Ahluwalia Commitee	Employment Opportunities
55.	Narasimham Committee	For Banking Sector Reforms
56.	N Rangachary Committee	To Examine Taxation Policies For It Sector
57.	N. K Singh Committee	To Review The Fiscal Responsibility And Budget Management Act
58.	Nachiket Mor Committee	For Comprehensive Financial Services For Small Businesses And Low-Income Households
59.	Narasimham Committee	For Banking Sector Reforms
60.	Naresh Chandra Committee	For 14 Member Task Force On Security Issues
61.	P J Nayak Committee	Governance Of Boards Of Bank In India
62.	Parthasarathi Shome	For Tax Administration Reform Commission
63.	Parthasarathi Shome Committee	For Implementation Of Gaar (General Anti Avoidance Rule)
64.	Pillai Committee	For Pay Scales of Bank Officers
65.	P Selvam Committee	For Non Performing Assets of Banks
66.	Pulak Kumar Sinha Committee	To Study The Feasibility Of Aadhaar As An Additional Factor For Authentication Of Card Present Transactions
67.	R. V. Easwar Committee	Simplify Income Tax Act, 1961
68.	R. V. Gupta Committee	For Small Savings
69.	R. Jilani Committee	Inspection System In Banks
70.	R.H. Khan Committee	Harmonization Of Role Of Financial Institution In Banks
71.	R.K. Hajara Committee	Differential Interest Rates Scheme
72.	Raghuram Rajan Committee	For Financial Sector Reforms
73.	Raja Mannar Committee	For Changes in Banking laws, bouncing of cheques, etc.
74.	Rakesh Mohan Committee	Small Savings
75.	Rashid Jilani Committee	Cash Credit System

76.	Rattan P Watal Committee	To Boost Digital Payment System In India
77.	Rekhi Committee	For Indirect Taxes
78.	R.N. Malhotra Committee	Reforms in Insurance Sector
79.	R.S. Gujral Committee	To Suggest Measures To Boost Msme Exports
80.	S.P. Talwar Committee	For Restructuring Of Weak Public Sector Bank
81.	Shyamala Gopinath Committee	For Suggestions On Post Office Small Saving Schemes
82.	S.N. Verma Committee (1999)	For Restructuring The Commercial Banks
83.	S.S. Nadkarni Committee	Trading In Public Sector Banks
84.	Sodhani Committee	Foreign Exchange Markets in NRI Investment in India
85.	Sudharshan Sen Committee	To Study Regulatory Issues Relating To Financial Technology And Digital Banking In India
86.	Sukhmoy Chakravarty Committee	Review Working of Monetary System
87.	Suma Verma Committee	To Update, And Revise The Banking Ombudsman Scheme, 2006
88.	Tambe Committee	For Term Loans to SSI
89.	Tandon Committee	Follow Up For Bank Credit
90.	Thakkar Committee	For Credit Schemes to Self Employed
91.	Thingalaya Committee	Restructuring of RRB
92.	Uk Sharma Committee	For Nabard's Role In Rrb
93.	Urjit Patel Committee	To Examine The Current Monetary Policy Framework
94.	Usha Thorat Committee	Financial Sector Plan for NER
95.	Vaghul Committee	For Money Market In India
96.	Vipin Malik Committee	Consolidated Accounting By Banks
97.	Vyas Committee	Rural Credit
98.	Wanchoo Committee (1971)	For Direct Taxes Enquiry
99.	W.S. Saraf Committee	Technology issues in Banking Industry
100.	YV Reddy Committee	Reforms in Small Savings

Sources:

- Sector-wise contribution of GDP of India
- https://nhb.org.in/
- https://www.dicgc.org.in/
- https://www.brbnmpl.co.in/english/
- Wikipedia.org
- https://www.investopedia.com/

BANK AND GOVERNMENT EXAMS 2018
REGISTER FOR
FREE ALL INDIA TEST
oliveboard
Banking| MBA |Government

FREE Ebooks

Download Now

Current Affairs

Explore Now

FREE MOCK TESTS + TOPIC TESTS + SECTIONAL TESTS

For Banking, Insurance, SSC & Railways Exams

Web

APP

BLOG

Your one-stop destination for all exam related information & preparation resources.

Explore Now

FORUM

Interact with peers & experts, exchange scores & improve your preparation.

Explore Now

www.OliveBoard.in