

# GK Digest

## February

### Union Budget 2015-16

DETAILED ANALYSIS

### Railway Budget 2015-16 : Analysis

### OSCAR Awards 2015 : Winners List

#### MORE:

- Grammy Awards
- ICC Awards 2014
- Filmfare Awards
- PADMA awards
- insurance principles
- Tax saving investments under Sec 80C
- Current Affairs for February

## Coming up...

Insurance Digest  
February Question Bank

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## Union Budget 2015-16

Finance Minister Arun Jaitley introduced Union Budget 2015-16. It was a budget for corporates as corporate tax reduced from 30% to 25%. Further decreased custom duty on raw materials. Tax benefit on hiring on employees base also widened.

There was nothing for middle class. Service tax increased from 12.36% to 16%. 80C limit and Tax slabs remained unchanged. Although tax benefits under 80D increased but that's for health insurance. Health insurance is not so popular and people in middle class don't avail policy of Rs.20,000 per annum.

Further subsidy decreased on Petroleum products. Everything is expensive for middle class.

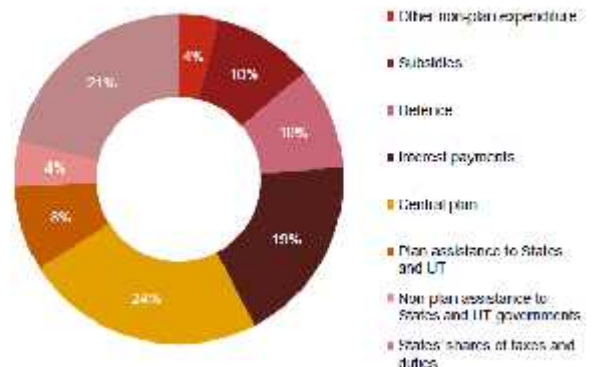
### Financial sector

- Commodity futures and the government bond market merged with SEBI
- Build GIFT (Gujarat International Finance Tec-City) as an International Financial Services Centre (IFSC)
- Employees will be given choice to opt out EPF and pick NPS instead
- To bring Bankruptcy code in 2015
- Mudra Bank will be started for Micro finance market with capital of Rs.20,000

Where the Rupee comes from



Where the Rupee goes to



### Welfare schemes

- MNREGA corpus this year - Rs.34,6999 cr
- Rs.1400 cr allocated to child development scheme
- Rs 5,000 crore to new infra fund
- Indian gold coins to be launched with Ashok Chakra
- 80,000 secondary schools to get upgrade
- Insurance cover of Rs 2 lakh for a premium of Rs 12/yr - Pradhan Mantri Suraksha Bhim Yojana
- 50,000 toilets to be constructed under Swach Bharat scheme
- To use Rs.9000 crores unclaimed funds in PPF and EPF for senior citizens pension fund

### Education

- 80,000 secondary schools to be upgraded
- ISM to be upgraded to IIT
- IIT to be built in Karnataka
- IIM to be built in Jammu and Kashmir
- Atal innovation Mission for innovation
- Horticulture university to be established in Punjab
- Jammu and Kashmir, Assam, Tamilnadu, Himachal pradesh to get new AIIMs

**Infrastructure**

- Five ultra-mega power projects, each of 4,000MWs
- 2nd unit of Kundankulam nuclear plant to be established in 2015-16
- Tax free bonds to be introduced for Rail and Road projects

**Agriculture**

- Rs.25,000 Rural Infrastructure Development Bank
- Rs.5300 for micro irrigation program

**Taxation****Direct taxes**

- Personal taxation rates remained same
- Corporate tax decreased from 30% to 25% for four years
- PAN card is mandatory on purchase of more than Rs.1,00,000
- Surcharge on income of Rs.1 crore or more increased from 10% to 12%
- Surcharge on Dividend Distribution Tax increased from 10% to 12%
- Wealth tax has been abolished
- Deduction of Rs.50,000 will be available for investment in National Pension Scheme.
- Limit on Tax free Investment in LIC Annuity plan or any other Pension plan increased from Rs.1,00,000 to Rs.1,50,000
- Transport allowance increased from Rs.800 to Rs.1600 per month
- Contribution made in name of girl child will be tax free under section 80C. Interest earned in Sukanya Samriddhi account will also be tax free.
- Health insurance limit increased under section 80D. For individual, children and spouse it increased from Rs.15000 to Rs.25,000. For senior citizens it increased from Rs.20,000 to Rs.30,000
- Deduction available for dependent person with disability increased from Rs.75,000 to Rs.1,00,000. For person with severe disability, limit increased from Rs.1,00,000 to Rs.1,25,000.
- Swach Bharat Kosh and Clean Ganga Fund added in 80G list of eligible institutions
- TDS will now be applicable on Recurring Deposit accounts if interest earned is more than Rs.10,000 per annum
- Up to 10 years imprisonment for under black money laundering act

**Indirect taxes**

- Goods and Services Tax (GST) will be introduced from 1 April 2016
- Custom duty decreased on raw materials
- Subsidy decreased on Petrol and Diesel. Petrol prices increased by Rs.3.18 and Diesel prices increased by Rs.3.09
- Excise duty on Mobile phones increased from 6% to 12.5%
- Excise duty on Leather footwear exceeding Rs.1000 decreased from 12% to 6%
- CENVAT on input goods and service time limit increased from 6 months to 1 year
- Effective Service tax rate increased from 12.36% to 16%.
- Education cess removed from service tax. Swach Bharat cess of 2% introduced on service tax.
- Services provided by Mutual fund agent or distributor removed from negative list

<b>BUDGET AT A GLANCE</b>				
 (Figures in ₹ crore)	2013-14 Actuals	2014-15 Budget Estimates	2014-15 Revised Estimates	2015-16 Budget Estimates
Revenue Receipts	10,14,724	11,89,763	11,26,294	<b>11,41,575</b>
Capital Receipts	5,44,723	6,05,129	5,54,864	<b>6,35,902</b>
Total Receipts	15,59,447	17,94,892	16,81,158	<b>17,77,477</b>
Non-Plan Expenditure	11,06,120	12,19,892	12,13,224	<b>13,12,200</b>
Plan Expenditure	4,53,327	5,75,000	4,67,934	<b>4,65,277</b>
Total Expenditure	15,59,447	17,94,892	16,81,158	<b>17,77,477</b>
Revenue Deficit	3,57,048	3,78,348	3,62,485	<b>3,94,472</b>
Effective Revenue Deficit	2,27,630	2,10,244	2,30,588	<b>2,83,921</b>
Fiscal Deficit	5,02,858	5,31,177	5,12,628	<b>5,55,649</b>
Primary Deficit	1,28,604	1,04,166	1,01,274	<b>99,504</b>

PIB/KBK

## Railway Budget 2015-16 - Analysis and Highlights

This year's Railway budget speech was a heavy dose of honesty. Railway minister Suresh Prabhu's speech shown the real condition of railways. There were no fake promises.

He clearly told that during last 10 years 99 railway projects were started which took Rs.60,000 crore investment. Out of them only 1 project has been completed. Railway minister clearly stated that He don't want to waste taxpayers resources so there were no big and fat promises.

### Financial Performance for the year 2014-15

- Total Receipts were ` 1,39,558 crore
- Total Expenses - 1,30,321 crore,
- Operating ratio - 93.6%

### Budget Estimates for 2015-16

- total receipts - 1,64,374 crore
- total expenditure - 1,49,176 crore.
- Operating ratio - 88.5%

### Highlights

- There will be no hike in passenger fares in the year 2015-16
- No new trains
- Social service obligation rose from 9.4% of Gross Traffic Receipts in 2000-01 to 16.6% in 2010-11
- Bullet train to be introduced in Mumbai-Ahmedabad route
- CCTVs to be installed to monitor cleanliness

- eTicketing system to be upgraded. Right 2000 tickets can be booked per second. It is proposed to increase this limit to 7200 per second. This system will be able to handle 1,20,000 users simultaneously.
- Ultrasonic system to be installed to detect problems in tracks
- 17,000 toilets to be replaced by bio-toilets
- Track capacity to be increased to 1.38 lakh km
- Railways to raise finances via PPP, FDI
- 4,000 women constables to be recruited in RPF
- Battery operated cars to be provided at major stations for Physically disable people
- Nation wise helplines to be installed. Toll free number -182 (It will be active from 01-03-2015)
- Tickets can be booked 4 months prior to travel, earlier it was 2 months
- Senior citizens to get lower births
- Entry gates will be broader
- Disposable bags will be provided for sleeper passengers
- Mechanical designing of new engines that would consume less fuel
- Water vending machines to be installed at stations
- e-Tickets will be available in lical language
- WiFi facility will be provided at railway stations

## New Trains

### A) Jansadharan Trains

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1. Ahmedabad – Darbhanga Jansadharan Express via Surat
2. Jaynagar – Mumbai Jansadharan Express
3. Mumbai – Gorakhpur Jansadharan Express
4. Saharasa – Anand Vihar Jansadharan Express via Motihari
5. Saharasa – Amritsar Jansadharan Express

### B) Premium Trains

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1. Mumbai Central – New Delhi Premium AC Express
2. Shalimar – Chennai Premium AC Express
3. Secunderabad- Hazrat Nizamuddin Premium AC Express
4. Jaipur – Madurai Premium Express
5. Kamakhya – Bengaluru Premium Express

### C) AC Express Trains

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1. Vijayawada-New Delhi AP Express (Daily)
2. Lokmanya Tilak (T) – Lucknow (Weekly)
3. Nagpur – Pune (Weekly)
4. Nagpur – Amritsar (Weekly)
5. Naharlagun – New Delhi (Weekly)
6. Nizamuddin – Pune (Weekly)

### D) Express Trains

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1. Ahmedabad – Patna Express (Weekly) via Varanasi
2. Ahmedabad - Chennai Express (Bi-weekly) via Vasai Road
3. Bengaluru – Mangalore Express (Daily)
4. Bengaluru – Shimoga Express (Bi-weekly)
5. Bandra (T) – Jaipur Express (Weekly) Via Nagda, Kota
6. Bidar – Mumbai Express (Weekly)
7. Chhapra – Lucknow Express (Tri-weekly) via Ballia, Ghazipur,
8. Varanasi

9. Ferozpur – Chandigarh Express (6 days a week)
10. Guwahati – Naharlagun Intercity Express (Daily)
11. Guwahati – Murkongselek Intercity Express (Daily)
12. Gorakhpur – Anand Vihar Express (Weekly)
13. Hapa – Bilaspur Express (Weekly) via Nagpur
14. Hazur Saheb Nanded – Bikaner Express (Weekly)
15. Indore – Jammu Tawi Express (Weekly)
16. Kamakhya – Katra Express (Weekly) via Darbhanga
17. Kanpur – Jammu Tawi Express (Bi-weekly)
18. Lokmanya Tilak (T) – Azamgarh Express (Weekly)
19. Mumbai – Kazipeth Express (Weekly) via Balharshah
20. Mumbai – Palitana Express (Weekly)
21. New Delhi – Bhatinda Shatabdi Express (Bi-weekly)
22. New Delhi – Varanasi Express (Daily)
23. Paradeep – Howrah Express (Weekly)
24. Paradeep – Visakhapatnam Express (Weekly)
25. Rajkot – Rewa Express (Weekly)
26. Ramnagar – Agra Express (Weekly)
27. Tatanagar – Baiyyappanahali (Bengaluru) Express (Weekly)
28. Visakhapatnam – Chennai Express (Weekly)

#### E) Passenger Trains

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1. Bikaner – Rewari Passenger (Daily)
2. Dharwad – Dandeli Passenger (Daily) via Alnavar
3. Gorakhpur – Nautanwa Passenger (Daily)
4. Guwahati – Mendipathar Passenger (Daily)
5. Hatia – Rourkela Passenger
6. Byndoor – Kasaragod Passenger (Daily)
7. Rangapara North – Rangiya Passenger (Daily)
8. Yesvantpur – Tumkur Passenger (Daily)

#### F) MEMU services

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1. Bengaluru – Ramanagaram 6 days a week (3 Pairs)
2. Palwal – Delhi – Aligarh
3. DEMU services
4. Bengaluru – Neelmangala (Daily)
5. Chhapra – Manduadih (6 days a week) via Ballia
6. Baramula – Banihal (Daily)
7. Sambalpur – Rourkela (6 days a week)

### Important Days of February

01 <sup>st</sup> February	Jaisalmer Desert Festival, Indian Coast Guard Day
02 <sup>nd</sup> February	World Wetlands Day
04 <sup>th</sup> February	National Day of Sri Lanka, World Cancer Day
05 <sup>th</sup> February	Kashmir Day (Organized by Pakistan)
12 <sup>th</sup> February	Abraham Lincoln's Birthday
13 <sup>th</sup> February	Sarojini Naidu's Birth Anniversary
14 <sup>th</sup> February	St. Valentine's Day
19 <sup>th</sup> February	Chinese New Year
20 <sup>th</sup> February	World Day of Social Justice
21 <sup>st</sup> February	International Mother Language Day
24 <sup>th</sup> February	Central Excise Day
28 <sup>th</sup> February	National Science Day

## New Appointments

**30 Jan.** - Paul van Ass appointed as Coach of National Men's Hockey Team on 30<sup>th</sup> January 2015 succeeded by Terry Walsh of Australia.

**30 Jan.** - Kanagasabapathy J. Sripavan became 44<sup>th</sup> Chief Justice of Sri Lanka and sworn-in on 30<sup>th</sup> January 2015 succeeded by Shirani Bandaranayake.

**30 Jan.** - Krishna Chaudhary appointed as Director General of Indo-Tibetan Border Police on 30<sup>th</sup> January 2015.

**31 Jan.** - T. Suvarna Raju appointed as Chairman of Hindustan Aeronautics Limited (HAL) on 31<sup>st</sup> January 2015. He became 17<sup>th</sup> Chairman of HAL succeeded by R.K. Tyagi.

**02 Feb.** - On 02<sup>nd</sup> February 2015, Nandita Chatterjee appointed as Secretary of Housing and urban Poverty Alleviation Department of Union Ministry succeeded by Anita Agnihotri.

**03 Feb.** - On 03<sup>rd</sup> February 2015, Reserve Bank of India constituted a committee to evaluate applications for small finance banks and Usha Thorat become Head of this Committee.

**03 Feb.** - On 03<sup>rd</sup> February 2015, Reserve Bank of India constituted a committee to evaluate applications for payment banks and Dr.Nachiket Mor became Head of this Committee.

**03 Feb.** - Madhusudhan Prasad appointed as Secretary in Union Ministry of Urban Development on 03<sup>rd</sup> February 2015.

**04 Feb.** - On 04<sup>th</sup> February 2015, L.C. Goyal became Home Secretary after Anil Goswami sacked from the post.

**04 Feb.** - On 04<sup>th</sup> February 2015, Justice Madan Mohan Das (M.M. Das) appointed as Chairman of Commission of Inquiry probing Chit Fund Scam.

**05 Feb.** - MO Garg appointed as Director General of Council of Scientific and Industrial Research on 05<sup>th</sup> February 2015. The CSIR was established in the year 1942.

**13 Feb.** - Balasubramaniam Venkataramani appointed as MD and CEO of Multi Commodity Exchange on 13<sup>th</sup> February 2015.

### Putin Renjen appointed as CEO



**16 Feb.** - Putin Renjen appointed as CEO of Deloitte's Global Operations on 16<sup>th</sup> February 2015 succeeded by Barry Salzberg. He became first Indian origin to Head a Big-Four audit firm.

**17 Feb.** - Jawed Usmani became Chief Information Commissioner of Uttar Pradesh on 17<sup>th</sup> February 2015.

**18 Feb.** - Rashad Hussain appointed as Special Envoy for strategic Counter terrorism Communication in USA on 18<sup>th</sup> February 2015.

**20 Feb.** - Tapan Misra appointed as Chief of ISRO's Space Applications Centre on 20<sup>th</sup> February 2015.

**24 Feb.** - D.K. Pandey appointed as Director General of Police (DGP) of Jharkhand on 24<sup>th</sup> February 2015 succeeded by Rajeev Kumar.

**26 Feb.** - On 26<sup>th</sup> February 2015, Gopinath Pillai appointed as Special Envoy to Andhra Pradesh by Singapore to speed up construction of new capital in the State.

## Deaths

**02 Feb.** - Mrinalini Mukherjee, an Indian Sculptor and Artist, died on 02<sup>nd</sup> February 2015.

**04 Feb.** - Gaur Hari Singhania, the Chairman of J.K. Group, died on 04<sup>th</sup> February 2015.

### Dr.Kalim Ahmed Ajiz died



**15 Feb.** - Dr.Kalim Ahmed Ajiz, the famous Urdu Poet, died on 15<sup>th</sup> February 2015. He was Chairman of Urdu Advisory Committee in the State Government of Bihar.

**16 Feb.** - Raosaheb Ramrao Patil, the former Home Minister of Maharashtra, died on 16<sup>th</sup> February 2015. He was the leader of Nationalist Congress Party (NCP).

**17 Feb.** - Ashraful Haque, the Bollywood Actor, died on 17<sup>th</sup> February 2015. He played famous roles in movies like Delhi Belly and Fukrey etc.

**18 Feb.** - Daggubati Ramanaidu, the famous producer of India, died on 18<sup>th</sup> February 2015. He was awarded with Dada Saheb Phalke Award and Padma Bhushan Award.

**20 Feb.** - Govind Pansare, the leader of Communist Party of India (CPI), died on 20<sup>th</sup> February 2015.

### Rana Bhagwandas, CJ of Supreme Court of Pakistan, died



**23 Feb.** - Rana Bhagwandas, the first Hindu Chief Justice of Supreme Court of Pakistan, died on 23<sup>rd</sup> February 2015.

**26 Feb.** - Hukam Singh, the former Chief Minister of Haryana, died on 26<sup>th</sup> February 2015. He was remained Chief Minister of Haryana in the year 1990-91 (total 248 days).

## Awards

### Dr.A. Zakir Naik won the award



**03 Feb.** - Dr. A. Zakir Naik won King Faisal International Prize for the year 2015 on 03<sup>rd</sup> February 2015. He is Founder and President of Islamic Research Foundation of India.

**11 Feb.** - Srikant Jagabathula awarded with Faculty Early Career Development Award (CAREER) on 11<sup>th</sup> February 2015 for develop the data driven modelling.

### Saurav Ganguly awarded with MCC



**13 Feb.** - Saurav Ganguly awarded with Life Membership of Marylebone Cricket Club (MCC) on 13<sup>th</sup> February 2015. Saurav Ganguly often called as

'Dada' and 'Prince of Calcutta'. Earlier in the year 2004, he was awarded with Padma Shri.

#### **Dr.Y. Nayudamma Memorial Award**



**15 Feb.** - Dr.Tessy Thomas and Geeta Varadan jointly awarded for Dr.Y. Nayudamma Memorial Award for the year 2014 on 15<sup>th</sup> February 2015.

#### **Purrendu Dasgupta won J. Calvin Giddings Award 2015**



**20 Feb.** - Purrendu Dasgupta won J. Calvin Giddings Award 2015 of American Chemical Society on 20<sup>th</sup> February 2015.

#### **Ratan Tata awarded with Doctorate of Automotive Engineering**



**26 Feb.** - On 26<sup>th</sup> February 2015, Ratan Tata awarded with Doctorate of Automotive Engineering by Clemson University of South Carolina, USA.

## **Oscar 2015 Winners List**

87th Oscars ended and movie Birdman bagged four awards including best picture award.

**Best director** - Alejandro González Iñárritu for Birdman

**Best actor** - Eddie Redmayne for The Theory of Everything

**Best actress** - Julianne Moore for Still Alice

**Best picture** – Birdman

**Best supporting actor** - JK Simmons for Whiplash

**Achievement in costume design** - The Grand Budapest Hotel – Milena Canonero

**Achievement in makeup and hairstyling** - The Grand Budapest Hotel – Frances Hannon, Mark Coulier

**Best foreign-language film** - Ida – Paweł Pawlikowski

**Best live-action short film** - The Phone Call – Mat Kirkby, James Lucas

**Best documentary short subject** - Crisis Hotline: Veterans Press 1 – Ellen Goosenberg Kent, Dana Perry

**Achievement in sound mixing** - Whiplash – Craig Mann, Ben Wilkins, Thomas Curley

**Achievement in sound editing** - American Sniper – Alan Robert Murray, Bub Asman

**Best supporting actress** - Patricia Arquette for Boyhood

**Achievement in visual effects** - Interstellar – Paul J Franklin, Andrew Lockley, Ian Hunter, Scott R Fisher

**Best animated short film** - Feast – Patrick Osborne, Kristina Reed

**Best animated feature film** - Big Hero 6

**Best production design** - The Grand Budapest Hotel: Adam Stockhausen, Anna Pinnock

**Achievement in cinematography** - Birdman: Emmanuel Lubezki

**Achievement in film editing** - Whiplash – Tom Cross

**Best documentary feature** - Citizenfour – Laura Poitras, Mathilde Bonnefoy, Dirk Wilutzky

**Best original song** - Glory from Selma – Lonnie Lynn (Common), John Stephens (John Legend)

**Best original score** - Alexandre Desplat – The Grand Budapest Hotel

**Adapted screenplay** - Graham Moore – The Imitation Game

**Original screenplay** - Alejandro González Iñárritu, Nicolás Giacobone, Alexander Dinelaris,

## 57th Annual Grammy Awards

Yesterday on 8th February 2015, 57th Grammy Awards held at the Staples Center in Los Angeles, California. 83 Grammy awards were presented.

### LIST OF WINNERS

Title	Winner
Album Of The Year	Morning Phase (Beck)
Best Album Notes	Offering : Live At Temple University
Best Alternative Music Album	St. Vincent (St. Vincent)
Best American Roots Performance	A Feather's Not A Bird (Rosanne Cash)
Best American Roots Song	A Feather's Not A Bird (Rosanne Cash)
Best American Album	The River & The Thread (Rosanne Cash)
Best Arrangement, Instrumental Or A Cappella	Daft Punk
Best Arrangement, Instruments And Vocals	New York Tendaberry
Best Bluegrass Album	The Earls Of Leicester
Best Blues Album	Step Back (Johnny Winter)
Best Boxed Or Special Limited Edition Package	The Rise & Fall Of Paramount Records, Volume One (1917-27)
Best Chamber Music/Small Ensemble Performance	In 27 Pieces – The Hilary Hahn Encores
Best Children's Album	I Am Malala : How One Girl Stood Up For Education And Changed The World (Malala Yousafzai)
Best Choral Performance	The Sacred Spirit Of Russia

Best Classical Compendium	Partch : Plectra & Percussion Dances
Best Classical Instrumental Solo	Play (Jason Vieaux)
Best Classical Solo Vocal Album	Douce France
Best Comedy Album	Mandatory Fun
Best Compilation Soundtrack For Visual Media	Frozen
Best Contemporary Christian Music Album	Run Wild. Live Free. Love Strong.
Best Contemporary Christian Music Performance /Song	Messengers
Best Contemporary Classical Composition	Adams, John Luther : Become Ocean
Best Contemporary Instrumental Album	Bass & Mandolin
Best Country Album	Platinum (Miranda Lambert)
Best Country Duo/Group Performance	Gentle On My Mind (The Band Perry)
Best Country Solo Performance	Something In The Water (Carrier Underwood)
Best Country Song	I'm Not Gonna Miss You
Best Dance Recording	Rather Be
Best Dance/Electronic Album	Syro
Best Engineered Album, Classical	Vaughan Williams : Dona Nobis Pacem; Symphony No.4; The Lark Ascending
Best Engineered Album, Non-Classical	Morning Phase
Best Folk Album	Remedy
Best Gospel Album	Help (Erica Campbell)
Best Gospel Performance/Song	No Greater Love (Smokie Norful)
Best Historical Album	The Garden Spot Programs, 1950
Best Improvised Jazz Solo	Fingerprints (Chick Corea)
Best Instrumental Composition	The Book Thief

Best Jazz Instrumental Album	Trilogy (Chick Corea Trio)
Best Jazz Vocal Album	Beautiful Life (Dianne Reeves)
Best Large Jazz Ensemble Album	Life In The Bubble
Best Latin Jazz Album	The Offense Of The Drum
Best Latin Pop Album	Tangos (Ruben Blades)
Best Latin Rock, Urban Or Alternative Album	Multiviral (Calle 13)
Best Metal Performance	Tenacious D. (The Last In Line)
Best Music Film	20 Feet From Stardom
Best Music Video	Happy (Pharrell Williams)
Best Musical Theater Album	Beautiful : The Carole King Musical
Best New Age Album	Winds Of Samsara (Ricky Kej & Wouter Kellerman)
Best New Artist	Sam Smith
Best Opera Recording	Charpentier : La Descente D'Orphee Aux Enfers
Best Orchestral Performance	Adams, John : City Noir
Best Pop Duo/Group Performance	Say Something
Best Pop Solo Performance	Happy (Live)
Best Pop Vocal Album	In The Lonely Hour
Best R & B Album	Love, Marriage & Divorce (Toni Braxton & Babyface)
Best R & B Performance	Beyonce (Drunk In Love)
Best R & B Song	Drunk In Love
Best Rap Album	The Marshall Mathers LP2 (Eminem)
Best Rap Performance	I (Kendrick Lamar)
Best Rap Song	I

Best Rap/Sung Collaboration	The Monster
Best Recording Package	Lightning Bolt
Best Reggae Album	Fly Rasta (Ziggy Marley)
Best Regional Mexican Music Album (Including Tejano)	Mano A Mana – Tangos A La Manera De Vicente Fernandez (Vicente Fernandez)
Best Regional Roots Music Album	The Legacy
Best Remixed Recording, Non-Classical	All Of Me (Tiesto's Birthday Treatment Remix)
Best Rock Album	Morning Phase (Beck)
Best Rock Performance	Jack White
Best Rock Song	Ain't It Fun (Hayley Williams & Taylor York)
Best Roots Gospel Album	Shine For All The People (Mike Farris)
Best Score Soundtrack For Visual Media	The Grand Budapest Hotel
Best Song Written For Visual Media	Let It Go
Best Spoken World Album (Includes Poetry, Audio Books & Storytelling)	Diary Of A Mad Diva
<b>Best Surround Sound Album</b>	<b>Beyonce</b>
Best Traditional Pop Vocal Album	Cheek To Cheek
Best Traditional R & B Performance	Jesus Children
Best Tropical Latin Album	Mas + Corazon Profundo (Carlos Vives)
Best Urban Contemporary Album	Girl (Pharrell Williams)
Best World Music Album	Eve Angelique Kidijo
Producer Of The Year, Classical	Judith Sherman
Producer Of The Year, Non-Classical	Max Martin
Record Of The Year	Sam Smith

Song Of The Year

Stay With Me (Darkchild Version)

## ICC Awards 2014 - List of Winners

### List of Winners in ICC Cricket Awards 2014

1. Cricketer of the year (Sir Garfield sober Trophy) - **Mitchell Johnson (Australia)**
2. Test Cricketer of the Year - **Mitchell Johnson (Australia)**
3. Women's ODI Cricketer of the Year - **Sarah Taylor (England)**
4. ODI Cricketer of the Year - **AB de Villiers (South Africa)**
5. Emerging Cricketer of the year - **Gary Ballance (England)**
6. Associate and Affiliate Cricketer of the year - **Preston Mommsen (Scotland)**
7. Twenty20 International Performance of the Year - **Aaron Finch (Australia)**
8. T20I Women's Cricketer of the Year - **Meg Lanning (Australia)**
9. Spirit of Cricket Award - **Katherine Brunt (England)**
10. Umpire of the year (Winning the David Shepherd Trophy) - **Richard Kettleborough**
11. LG People's Choice - **Bhuvneshwar Kumar (India)**

## 60<sup>th</sup> Britannia Filmfare Awards 2015

The Filmfare Awards are presented annually by The Times Group to honor both artistic and technical excellence of professionals in the Hindi language film industry of India. People from the entertainment industry walk the red carpet to attend the most awaited and celebrated awards in the history of Indian cinema. Here is a list of winner under the main categories.

**Ceremony date (2015):** January 31, 2015

### WINNERS

Category	Presented to	Regarding
Best Actor	Shahid Kapoor	Haider
Best Actress	Kangana Ranaut	Queen
Best Film	Queen	
Best Male Debut	Fawad Afzal Khan	Khoobsurat
Filmfare Lifetime Achievement Award	Kamini Kaushal	
Best Female Debut	Kriti Sanon	Heropanti

## Padma Awards 2015

Padma Awards have been announced by the President of India. Total 104 persons will be honour with Padma Awards. The Awards given in various fields, for example: Public Affairs, Social Work, Civil Service, Art and Literature etc.

### PADMA VIBHUSHAN

For more study material visit [www.BankExamsToday.com](http://www.BankExamsToday.com)

Amitabh Bachchan	Art	Maharashtra
Dr D Veerendra Heggade	Social Work	Karnataka
Jagadguru Ramanandacharya Swami ambhadracharya	Others	Uttar Pradesh
Karim Al Hussaini Aga Khan (Foreigner)	Trade and Industry	France/UK
Kottayan K. Venugopal	Public Affairs	Delhi
LK Advani	Public Affairs	Gujarat
Mohammad Yusuf Khan alias Dilip umar	Art	Maharashtra
Prakash Singh Badal	Public Affairs	Punjab
Prof Malur Ramaswamy Srinivasan	Science and Engineering	Tamil Nadu

### PADMA BHUSHAN

Jahnu Barua	Art	Assam
Dr Vijay Bhatkar	Science and Engineering	Maharashtra
Shri Swapan Dasgupta	Literature and Education	Delhi
Swami Satyamitranand Giri	Others	Uttar Pradesh
N Gopalaswami	Civil Service	Tamil Nadu
Dr Subhash C Kashyap	Public Affairs	Delhi
Dr (Pandit) Gokulotsavji Maharaj	Art	Madhya Pradesh
Dr Ambrish Mithal	Medicine	Delhi
Sudha Ragunathan	Art	Tamil Nadu
Shri Harish Salve	Public Affairs	Delhi
Dr Ashok Seth	Medicine	Delhi
Rajat Sharma	Literature and Education	Delhi
Satpal	Sports	Delhi

Shivakumara Swami	Others	Karnataka
Dr Kharag Singh Valdiya	Science and Engineering	Karnataka
Prof Manjul Bhargava (NRI/PIO)	Science and Engineering	USA
David Frawley (Vamadeva) Foreigner)	Others	USA
Bill Gates (Foreigner)	Social Work	USA
Melinda Gates (Foreigner)	Social Work	USA
Saichiro Misumi (Foreigner)	Others	Japan

**PADMA SHRI**

Dr Manjula Anagani	Medicine	Telangana
S Arunan	Science and Engineering	Karnataka
Kanyakumari Avasarala	Art	Tamil Nadu
Dr Bettina Sharada Baumer	Literature and Education	Jammu and Kashmir
Naresh Bedi	Art	Delhi
Ashok Bhagat	Social Work	Jharkhand
Sanjay Leela Bhansali	Art	Maharashtra
Dr Lakshmi Nandan Bora	Literature and Education	Assam
Dr Gyan Chaturvedi	Literature and Education	Madhya Pradesh
Prof (Dr) Yogesh Kumar Chawla	Medicine	Chandigarh
Jayakumari Chikkala	Medicine	Delhi
Bibek Debroy	Literature and Education	Delhi
Dr Sarungbam Bimola Kumari Devi	Medicine	Manipur
Dr Ashok Gulati	Public Affairs	Delhi
Dr Randeep Guleria	Medicine	Delhi
Dr KP Haridas	Medicine	Kerala
Rahul Jain	Art	Delhi

Ravindra Jain	Art	Maharashtra
Dr Sunil Jogi	Literature and Education	Delhi
Prasoon Joshi	Art	Maharashtra
Dr Prafulla Kar	Art	Odisha
Saba Anjum	Sports	Chhattisgarh
Ushakiran Khan	Literature and Education	Bihar
Dr Rajesh Kotecha	Medicine	Rajasthan
Prof Alka Kriplani	Medicine Delhi	
Dr Harsh Kumar	Medicine	Delhi
Narayana Purushothama Mallaya	Literature & Education	Kerala
Lambert Mascarenhas	Literature and Education	Goa
Dr Janak Palta McGilligan	Social Work	Madhya Pradesh
Veerendra Raj Mehta	Social Work	Delhi
Tarak Mehta	Art	Gujarat
Neil Herbert Nongkynrih	Art	Meghalaya
Chewang Norphel	Others	Jammu and Kashmir
TV Mohandas Pai	Trade and Industry	Karnataka
Dr Tejas Patel	Medicine	Gujarat
Jadav Molai Peyang	Others	Assam
Bimla Poddar	Others	Uttar Pradesh
Dr N Prabhakar	Science and Engg	Delhi
Dr Prahalada	Science and Engg	Maharashtra
Dr Narendra Prasad	Medicine	Bihar
Ram Bahadur Rai	Literature and Education	Delhi
Mithali Raj	Sports	Telangana
PV Rajaraman	Civil Service	Tamil Nadu

Prof JS Rajput	Literature and Education	Uttar Pradesh
Kota Srinivasa Rao	Art	Andhra Pradesh
Prof Bimal Roy	Literature and Education	West Bengal
Shekhar Sen	Art	Maharashtra
Gunvant Shah	Literature and Education	Gujarat
Brahmdev Sharma	Literature and Education	Delhi
Manu Sharma	Literature and Education	Uttar Pradesh
Prof Yog Raj Sharma	Medicine	Delhi
Vasant Shastri	Science and Engg	Karnataka
SK Shivkumar	Science and Engg	Karnataka
PV Sindhu	Sports	Telangana
Sardara Singh	Sports	Haryana
Arunima Sinha	Sports	Uttar Pradesh
Mahesh Raj Soni	Art	Rajasthan
Dr Nikhil Tandon	Medicine	Delhi
H Thegtse Rinpoche	Social Work	Arunachal Pradesh
Dr Hargovind Laxmishanker Trivedi	Medicine	Gujarat
Huang Baosheng	Others	China
Prof Jacques Blamont	Science and Engg	France
Late Syedna Mohammad Burhanuddin	Others	Maharashtra (Posthumous)
Jean-Claude Carriere	Literature and Education	France
Dr Nandrajan 'Raj' Chetty	Literature and Education	France
George L Hart	Others	USA
Jagat Guru Amrta Suryananda Maha Raja	Others	Portugal
Late Meetha Lal Mehta	Social Work	Rajasthan (Posthumous)

Tripti Mukherjee	Art	USA
Dr Dattatreyaudu Nori	Medicine	USA
Dr Raghu Rama Pillariseti	Medicine	USA
Dr Saumitra Rawat	Medicine	UK
Prof Annette Schmiedchen	Literature and Education	Germany
Late Pran Kumar Sharma alias Pran	Art	Delhi (Posthumous)
Late R Vasudevan	Civil Service	Tamil Nadu (Posthumous)

## Politics

### National Affairs

**29 Jan.** - The People for the Ethical Treatment of Animals (PETA) will create India's first fenced Elephant Sanctuary as it announced on 29<sup>th</sup> January 2015.

**30 Jan.** - Rehabilitation Package of Rs.1102 Crore approved by the Government of India for flood ravaged Jammu and Kashmir as it announced on 30<sup>th</sup> January 2015.

**30 Jan.** - 18<sup>th</sup> National Conference on e-Governance held in Gujarat on 30<sup>th</sup> January 2015 under the theme of 'Digital Governance – New Frontiers'.

**02 Feb.** - On 02<sup>nd</sup> February 2015, the State of Madhya Pradesh won National Award for excellent work In MGNREGA.

**06 Feb.** - Chief Minister of West Bengal Mamta Banerjee has inaugurated WiFi service in Kolkata. Now, Kolkata became first to take initial steps to provide WiFi services.

**06 Feb.** - On 06<sup>th</sup> February 2015, Madras High Court gave the directions to the State Government of Tamil Nadu to ban the beauty contests in Colleges.

**18 Feb.** - Aero India 2015 inaugurated by the Prime Minister Narendra Modi on 18<sup>th</sup> February 2015 in Bengaluru, Karnataka.

**18 Feb.** - On 18<sup>th</sup> February 2015, the State Government of Bihar decided to provide 35% reservation to women in non-gazetted government jobs.

**19 Feb.** - On 19<sup>th</sup> February 2015, Single Window eBiz portal launched by the Government of India to ease of doing business in the country.

**20 Feb.** - Jitan Ram Manjhi resigned from Chief Minister of Bihar on 20<sup>th</sup> February 2015. He was 23<sup>rd</sup> Chief Minister of Bihar.

**22 Feb.** - Nitish Kumar became 34<sup>th</sup> Chief Minister of Bihar and sworn-in as Chief Minister on 22<sup>nd</sup> February 2015. He became 4<sup>th</sup> time Chief Minister of Bihar.

**23 Feb.** - Himachal Pradesh would become 1<sup>st</sup> State of India to present 'Paperless Budget' on 23<sup>rd</sup> February 2015.

**23 Feb.** - National Green Tribunal banned the Vintage Cars in Delhi on 23<sup>rd</sup> February 2015.

**24 Feb.** - Rajendra K. Pachauri resigned as Chairman of Intergovernmental Panel on Climate Change on 24<sup>th</sup> February 2015. Pachauri is a Member of Prime Minister's Council on Climate Change.

**24 Feb.** - Constitution (Scheduled Castes) Orders Amendment Bill, 2014 passed in Rajya Sabha on 24<sup>th</sup> February 2015.

**25 Feb.** - On 25<sup>th</sup> February 2015, the year 2015 declared as 'Year of Active Pharmaceutical Ingredients' by the Union Ministry of Chemicals and Fertilizers. The Union Chemical and Fertilizers Minister is Ananth Kumar.

**26 Feb.** - Humayun Kabir, the leader of Trinamool Congress Party expelled by the party on 26<sup>th</sup> February 2015 for controversial remarks on Chief Minister of West Bengal Mamta Banerjee.

#### Rail Budget presented by Government of India



**26 Feb.** - In the Rail Budget presented on 26<sup>th</sup> February 2015 by Government of India, the helpline No.182 announced to provide for security complaints and women safety.

**26 Feb.** - In the Rail Budget, the prices of 4 items are increased. The 4 items are Urea increased by 10%, Cement by 2.7%, Coal by 6.3% and Iron and Steel by 0.8%.

**26 Feb.** - The new scheme namely 'Operation 5 Minutes' announced in the Rail Budget. Under this

scheme, passengers can buy the tickets with five minutes of entering the station.

**26 Feb.** - Advance booking limit increased by 60 days to 120 days.

**26 Feb.** - Moreover, Wi-Fi will be provided at B category stations.

## International Affairs

**03 Feb.** - Sergio Mattarella became the President of Italy and sworn-in on 03<sup>rd</sup> February 2015.

**03 Feb.** - The Parliament of United Kingdom passed a Bill to and allowed the creation of babies from DNA of three people. United Kingdom became 1<sup>st</sup> from all over the World to pass this Bill.

**14 Feb.** - On 14<sup>th</sup> February 2015, United Arab Emirates closed its embassy in Yemen over security reasons.

**15 Feb.** - Kolinda Grabar-Kitarovic became President of Croatia and sworn-in as President on 15<sup>th</sup> February 2015 while the Prime Minister of Croatia is Zoran Milanovic.

### 5<sup>th</sup> India-Myanmar Joint Trade Committee



**17 Feb.** - 5<sup>th</sup> India-Myanmar Joint Trade Committee held in Nay Pyi Taw, Myanmar on 17<sup>th</sup> February 2015. The next will be held in Chennai, India.

**20 Feb.** - Two tropical cyclones namely 'Marcia' and 'Lam' hit Australia on 20<sup>th</sup> February 2015.

**22 Feb.** - Mohamed Nasheed, the former President of Maldives arrested under anti-terror law on 22<sup>nd</sup> February 2015. He is a leader of Maldivian Democratic Party.

**23 Feb.** - Surya Kiran-VIII, Indo-Nepal joint military exercise started at Saljhandi, Nepal on 23<sup>rd</sup> February 2015.

**24 Feb.** - On 24<sup>th</sup> February 2015, Abdul Jabbar sentenced to life imprisonment for war crimes in Bangladesh.

**25 Feb.** - A 'Law to Decriminalise Marijuana for Personal Use' passed by the Parliament of Jamaica on 25<sup>th</sup> February 2015.

**26 Feb.** - Austria passed a Bill that imposes ban on foreign funding for mosques and imams.

## New Schemes

**28 Jan.** - To fight with cyber crime, Gujarat Technological University launched e-Raksha Research Centre on 28<sup>th</sup> January 2015.

**02 Feb.** - On 02<sup>nd</sup> February 2015, India and China jointly launched Visit India Year in China during the visit of External Affairs Minister Sushma Swaraj.

**14 Feb.** - Election Commission will launch Electoral Roll Authentication Mission and Purification Drive as announced on 14<sup>th</sup> February 2015. The Chief Election Commissioner is H.S. Brahma.

**17 Feb.** - On 17<sup>th</sup> February 2015, India's first Mobile App namely SAFAR-Air launched by Government of India to check the air quality.

### Soil Health Card launched



**19 Feb.** - On 19<sup>th</sup> February 2015, Soil Health Card launched by Prime Minister Narendra Modi in Suratgarh, Rajasthan.

**20 Feb.** - On 20<sup>th</sup> February 2015, Prime Minister Narendra Modi launched first AC train service between Delhi and Arunachal Pradesh. The train flagged from Naharlagun, Arunachal Pradesh.

## Festivals and Days held

**04 Feb.** - World Cancer Day observed in all over the World on 04<sup>th</sup> February 2015 under the tagline 'Not Beyond Us'.

**17 Feb.** - Dosmoche Festival celebrated in Ladakh region of India on 17<sup>th</sup> February 2015. This is the traditoinal fervor in the region.

**International Mother Language Day observed on 21<sup>st</sup> February 2015**



**21 Feb.** - International Mother Language Day observed in all over the World on 21<sup>st</sup> February 2015 under the theme of "Inclusive Education through and with Language – Language Matters".

**21 Feb.** - 3<sup>rd</sup> Tortoise Festival organized at Hajong Lake in Dima Hasao, Assam on 21<sup>st</sup> February 2015. The Hajong Lake is the only natural tortoise home in Assam.

**Delhi Elections 2015**



**14 Feb.** - Arvind Kejriwal became 7<sup>th</sup> Chief Minister of Delhi and he sworn-in as Chief Minister on 14<sup>th</sup> February 2015. Manish Sisodia became Deputy Chief Minister of Delhi.

**23 Feb.** - Ram Niwas Goel became Speaker of Delhi Legislative Assembly on 23<sup>rd</sup> February 2015 while Bandana Kumari became Deputy Speaker.

## Reports

**13 Feb.** - According to the Press Freedom Index 2015 released recently by Reporters Without Borders

(RWB), India ranked at 136<sup>th</sup> position while Finland ranked at No.1 position.

## Visits

**11 Feb.** - Tony Tan Keng Yam, the President of Singapore, visited India during 08<sup>th</sup> to 11<sup>th</sup> February 2015 to strengthen the diplomatic relations between India and Singapore.

**15 Feb.** - Dunya Maumoon, Foreign Minister of Maldives visited India on 15<sup>th</sup> February 2015 to boost ties between the India and Maldives. The External Affairs Minister of India is Sushma Swaraj.

## Agreements

**India signed an agreement with World Bank**



**13 Feb.** - India signed an agreement with World Bank for Sustainable Livelihoods and Adaptation to Climate Change Projects (SLACC) on 13<sup>th</sup> February 2015.

**France signed an agreement with Egypt**



**16 Feb.** - France signed an agreement with Egypt for sale of 24 Rafale fighter plane on 16<sup>th</sup> February 2015. Now, France will supply 24 Rafale fighters to Egypt.

**India signed an agreement with Sri Lanka**



**16 Feb.** - On 16<sup>th</sup> February 2015, India signed an agreement with Sri Lanka on Civil Nuclear Cooperation and Cultural Cooperation. The Prime Minister of Sri Lanka is Ranil Wickremesinghe.

## Science and Technology

**31 Jan.** - Agni-V, longest range ballistic missile of India launched on 31<sup>st</sup> January 2015 from Wheeler Island, Odisha. The range of this missile is 5000 km.

### BrahMos successfully test fired



**14 Feb.** - BrahMos successfully test fired from INS Kolkata on 14<sup>th</sup> February 2015. INS Kolkata is country's largest indigenously built warship which was commissioned in Indian Navy.

### TRAI amended the MNP Regulations



**26 Feb.** - Telecom Regulatory Authority of India (TRAI) amend the Mobile Number Portability Regulation, now, Full MNP will be available in the country from 03<sup>rd</sup> May 2015.

### World's 1<sup>st</sup> 3D printed jet engine unveiled



**26 Feb.** - World's 1<sup>st</sup> 3D printed jet engine unveiled by the researchers of Australia on 26<sup>th</sup> February 2015.

## Sports

### Tennis

**31 Jan.** - Serena Williams won Women's Singles title Australian Open 2015 on 31<sup>st</sup> January 2015 after

defeating Maria Sharapova. It was her 19<sup>th</sup> Grand Slam Singles title.

**01 Feb.** - Leander Paes of India and Swiss Martina Hingis won mixed doubles title of 2015 Australian Open on 01<sup>st</sup> February 2015 after defeating Daniel Nestor and Kristina Mladenovic.

**01 Feb.** - Novak Djokovic of Serbia won Australian Open Singles Title after defeating Andy Murray of Britain.

### Football

**13 Feb.** - Sunil Chhetri and Bala Devi awarded with AIFF 2014 Player of the Year Award in men and women category on 13<sup>th</sup> February 2015. While Sandesh Jhingan awarded with Emerging Player of the Year Award.

### Golf

**22 Feb.** - On 22<sup>nd</sup> February 2015, Anirban Lahiri won Open Golf Title played at Delhi Golf Club.

### Cricket

**22 Feb.** - Anil Kumble of India and Betty Wilson of Australia inducted into ICC Cricket Hall of Fame on 22<sup>nd</sup> February 2015. Anil Kumble became 4<sup>th</sup> Indian. The other three are Sunil Gavaskar, Kapil Dev and Bishan Bedi.

### 35<sup>th</sup> National Games



**02 Feb.** - On 02<sup>nd</sup> February 2015, Mayuresh Pawar Netball player, died during 35<sup>th</sup> National Games held in Kerala.

**03 Feb.** - Vijay Kumar won Gold in 25 Metre centre fire pistol event on 03<sup>rd</sup> February 2015 in 35<sup>th</sup> National Games held in Kerala.

**03 Feb.** - On 03<sup>rd</sup> February 2015, Saloni Dalal became the youngest medal winner in 35<sup>th</sup> National Games. She won Bronze Medal.

**13 Feb.** - Tintu Lukka, middle distance runner won Gold Medal in 800 m on 13<sup>th</sup> February 2015. She was Silver Medal in Asian Games 2014.

**14 Feb.** - 35<sup>th</sup> National Games concluded in Thiruvananthapuram, Kerala on 14<sup>th</sup> February 2015. The ceremony was held at the Greenfield Stadium, Kariavattom, Thiruvananthapuram. 36<sup>th</sup> National Games will be held in Goa in the year 2016.

### ICC World Cup 2015



**13 Feb.** - The inaugural ceremony of ICC Cricket World Cup 2015 held in Melbourne, Australia and Christchurch, New Zealand. This is the 11<sup>th</sup> edition of ICC Cricket World Cup. 14 countries are participating in the tournament.

**15 Feb.** - On 15<sup>th</sup> February 2015, Virat Kohli became first India Cricketer to score century against Pakistan in World Cup History. He scored 107 runs off 126 balls. The match played at Adelaide Oval, Australia.

**24 Feb.** - On 24<sup>th</sup> February 2015, Chris Gayle of West Indies became first Cricketer to score Double Century in ICC Cricket World Cup.

### Hero Hockey India League 2015



**23 Feb.** - Ranchi Rays won Hero Hockey India League 2015 on 23<sup>rd</sup> February 2015 after defeating Jaypee Punjab Warriors.

## Business and Economy

**29 Jan.** - On 29<sup>th</sup> January 2015, Zomata Media Pvt. Ltd. acquired Mekanist, the company of Turkey.

**30 Jan.** - The Government of India divested 10% state in Maharatna Coal India Limited on 30<sup>th</sup> January 2015.

**30 Jan.** - A high powered committee formed by Reserve Bank of India on 30<sup>th</sup> January 2015 on Urban Cooperative Banks. The head of this committee is R. Gandhi.

**04 Feb.** - On 04<sup>th</sup> February 2015, Micromax, handset maker company became India's biggest smartphone vendor and 3<sup>rd</sup> largest in all over the World.

## Agreements

### Tata Communication signed an agreement



**06 Feb.** - On 06<sup>th</sup> February 2015, Tata Commuicatoin signed an agreemeent with KOIN Group worth \$20 mn to provide Wide Area Netowrk services.

**16 Feb.** - Infosys will acquire automation technology firm 'Panaya Inc.' for Rs.1200 Crore as announced on 16<sup>th</sup> February 2015. Panaya Inc. is a USA based company.

**17 Feb.** - Reliance Communications signed and agreement with Twitter on 17<sup>th</sup> February 2015 for ICC Cricket World Cup 2015.

**19 Feb.** - On 19<sup>th</sup> February 2015, Samsung acquired 'LoopPay' the mobile wallet startup of USA.

**20 Feb.** - Bharti Airtel signed an agreement with United Nations Children's Fund (UNICEF) to provide health and education content in 17 African countries including Kenya, Uganda, Congo, Ghana etc.

**23 Feb.** - Andhra Pradesh signed an agreement Wipro on 23<sup>rd</sup> February 2015 for building and implementing the Andhra Pradesh Enterprise Architecture programme.

**IBM Corporation tied-up with Tech Mahindra Ltd.**

**23 Feb.** - IBM Corporation tied-up with Tech Mahindra Ltd. on 23<sup>rd</sup> February 2015 to accelerate Global Hybrid Cloud adoption.

**NSE signed an agreement with GIFT**

**26 Feb.** - National Stock Exchange signed an agreement with Gujarat International Finance Tec-City (GIFT) on 26<sup>th</sup> February 2015 to establish an international exchange in Gujarat.

## Reports

**Hurun Global Rich List 2015 released**

**03 Feb.** - According to the report of Hurun Global Rich List 2015 released on 03<sup>rd</sup> February 2015, Bill Gates is the richest person in the World and Mukesh Ambani is the richest person in India.

**26 Feb.** - On 26<sup>th</sup> February 2015, Forbes released Asia's 50 Power Business Women List for the year 2015. Six Indian Women successful to placed in the list. The six Indian Women are Arundhati Bhattacharya, Chanda Kochar, Akhila Srinivasan, Kiran Mazumdar Shaw, Shikha Sharma, Usha Sangwan.

## New Schemes

**16 Feb.** - India's first Green Infrastructure Bond worth Rs.500 Crore launched by the Yes Bank on 16<sup>th</sup> February 2015. Yes Bank is 4<sup>th</sup> largest private sector bank in India.

## *International Military Training Exercises*

Important international military training exercises held in during past few months.

Name	Countries involved and explanations
AJAI	Indian Army Exercise
Alma Halfa	This is a joint military exercise with Australia and USA hosted by New Zealand Defence Force.
CARAT	Cooperation Afloat Readiness and Training organized annually. Total 9 countries participated in this event. The nine countries are United States and Bangladesh, Brunei, Cambodia, Indonesia, Malaysia, Singapore, Phillipines, Thailand and Timor Leste.
Cobra Gold	It is the largest and multiservice exercise in South-East Asia, It held annually in Thailand.
Exercise Dawn Blitz	This is an annual military exercise of USA.
Exercise Keen Sword	The exercise organized between USA and Japan.
Foal Eagle	Foal Eagle is combined Field Training Exercise annually by the Republic of Korea Armed Forces and US Armed Forces.
GARUDA	India-France
HAND-HAND	India-China
INDRA	India-Russia
Iron Fist	This is a bilaterla training event between USA and Japan forces.
JIMEX	India-Japan
Key Resolve	It is an annual command post exercise held by United States Forces Korea and colcluded with the Republic of Korea Armed Forces.
KOMADO-2014	Indonesia
MALBAR	US-India
MARITIME-coperation	India, China and Pakistan
MILAN	India and 16 Countries

Mitra Shakti	India-Sri Lanka
NASEEM AL-BAHR	India-Oman
PEACE ANGLE-2014	Pakistan-China
Pitch Black Exercise	It is a biennial warfare exercise hosted by the Royal Australian Air Force held in Northern Australia.
Red Flag Exercise	It is an advanced aerial combat training exercise hosted by Nevada and Alaska.
Rim of the Pacific Exercise (RIMPAC)	This is World's largest International Maritime Warfare Exercise hosted biannually from Honolulu, Hawaii.
SHADE	Naval Forces of India, Japan and China
SHATRUJEE	India-USA
SIMBEX	India-Singapore
START	Russia-USA
Surya Kiran-VII	It is joint military exercise between India and Nepal. Surya Kiran-VII organized at Pithorgarh, Uttarakhand.
TROPEX	India Naval Exercise
Ulchi Freedom Guardian	This military exercise is a combined military exercise between South Korea and USA. This is World's largest computerized command and control implementation.
Yudh Abhyas 2014	Combined military training exercise of India-USA.

## Government Launched e-Biz portal to Simplify Business Setup

Yesterday Finance minister Arun Jaitley launched **Single window Government to Business portal - [www.ebiz.gov.in](http://www.ebiz.gov.in)** that will provide 11 central government services that are required to start a business.

Aim behind starting this portal is to help businessmen to avoid repeated visits to government offices. Instead of these visits they can concentrate on their businesses. Now they can comply with government's regulations while sitting at their home or office using their computers. Government has planned to bring services to e-Biz portal.

There is no fees to register for e-Biz portal. You need to fill basic information like Name, date of birth, email and telephone to register for these services. Further you can pay for government services online. Payment gateway has been integrated to the website.

With the help of this portal and other online initiative, government is trying to improve India position in "Ease of Doing Business index". Right now India is standing at rank 142 out of 189 countries, behind many African countries.

#### List of 11 services to be provided

- **Ministry of corporate affairs:** Name Availability, Director Identification Number, Certificate of Incorporation, Commencement of Business;
- **Central Board of Direct Taxes:** Issue of Permanent Account Number (PAN), Issue of Tax Deduction Account Number (TAN);
- **Reserve Bank of India:** Advanced Foreign Remittance (AFR), Foreign Collaboration-General Permission Route (FC-GPR);
- **Employees' Provident Fund Organisation:** Employer Registration;
- **Petroleum and Explosives Safety Organisation:** Issue of Explosive License; and
- **Directorate General of Foreign Trade:** Importer Exporter Code Licence

## What is Soil Health Card Scheme?

Launched at - Suratgarh town in Rajasthan

Launched by - Narendra Modi

Launch date - 19-2-2015

Scheme name - Soil Health Card

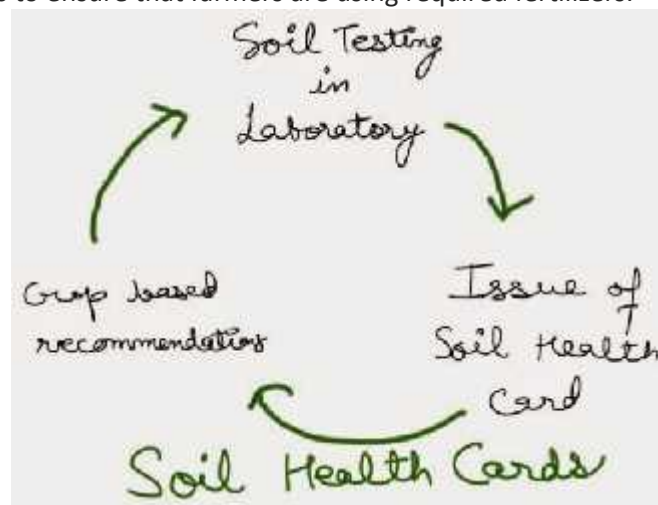
In past farmers had used excessive water, fertilizers, urea to increase the productivity. That was a short-term solution. Gradually the soil health depleted and productivity decreased.

Prime Minister gave a slogan **Swasth Dharaa Khet Haraa**

#### How it work

After testing the soil of a farm in Soil testing laboratory, Government will issue Soil Health Card. This Card will carry crop-wise recommendation of fertilizers and input required to increase soil efficiency.

Soil will be tested regular basis to ensure that farmers are using required fertilizers.



### Main Purpose of Soil card scheme

Main purpose of this scheme is to provide well researched and expert recommendations to farmers related to usage of fertilizers based on the reports of reports of soil tested in laboratories.

### Real Soil Health Card Example

**विश्लेषण सम्बन्धित जानकारी**

नमूना क्रमांक : 25/21    प्रयोग तिथि : 5/10/10    विश्लेषित तिथि : 12/10/10

पीएच (खारी क्षेत्र) : 8.0 (क्षारीय)    सल्फर (पी.पी.एम.) : 13.40 (पर्याप्त)

ईएच (मि.मी.) : 0.21 (सामान्य)    जिंक (पी.पी.एम.) : 0.57 (अल्प)

नाइट्रोजन (जीवक कार्बन %) : 0.30 (अल्प)    लोहा (पी.पी.एम.) : 2.85 (पर्याप्त)

फास्फोरस (किग्रा/एकड़) : 5.85 (अल्प)    मैगनीज (पी.पी.एम.) : 4.32 (पर्याप्त)

पोटाश (किग्रा/एकड़) : 51 (अल्प)

खाद की सिफारिश

क्र.	फसल का नाम	नाइट्रोजन (किग्रा/एकड़)	फास्फोरस (किग्रा/एकड़)	पोटाश (किग्रा/एकड़)	सल्फर (किग्रा/एकड़)
1	गेहूँ	110	50	40	-
2	धान	110	50	40	-
3	चना	110	50	35	-
4	कपास	70	75	20	-
5	ज्वार	-	35	-	-
6	बाजरा	90	50	-	-
7	सरसों	50	50	-	-
ZnSO <sub>4</sub>		Gypsum	FeSO <sub>4</sub>	MnSO <sub>4</sub>	-
10 Kg.		2000Kg	-	-	-

येस कीज नमर पोकर फार्म का प्रयोग भूमि की उपजाऊ शक्ति को बढ़ाने के लिए उपयोग करें।  
येस 12 किग्रा प्रति 100 बीघा की मात्रा में जलित, खाई में लगाए जाय 30-40 दिन की खाद कार्बन में मिश्रित।  
मिट्टी जाँच करवाओ। कम खाद में अधिक उत्पादन पाओ।।

**कृषि विभाग हरियाणा**

**भूमि एवं जल स्वास्थ्य कार्ड**

किसान का नाम : श्री लाल चन्द

पिता का नाम : श्री हरफूल

पता : गाँव फूसगढ़

कुल रकबा : 3 एकड़

नमूना पंजीक सं० : 5082

प्रयोगशाला : करनाल

कृषि निदेशालय  
कृषि भवन, सैक्टर-21, पंचकुला  
दूरभाष- 0172-2570662, 2563242  
Website: [www.agriharyana.nic.in](http://www.agriharyana.nic.in)  
e-mail : [agriharyana2009@gmail.com](mailto:agriharyana2009@gmail.com)  
SMS:- 9915862026  
Helpline No:- 1800-180-3001

मृग व बैचा उगाओ। अधिक उत्पादन व लाभ पाओ।।

In July 2014, Finance Minister Arun Jaitley allocated :-

- Rs.100 crores to be spent on issuing Soil health cards
- Rs.56 crores to be spent on 100 mobile soil testing laboratories
- Tamilnadu started Soil health card scheme in 2006. There are 30 soil testing laboratories and 18 mobile soil testing laboratories.

## 7 Principles of Insurance - Explanation with Examples

Insurance concept was started to distribute risk among group of people. Co-operation is the basic principle behind every insurance contract

### SEVEN INSURANCE PRINCIPLES

#### 1) Principle of Utmost Good Faith

- Both parties, insurer and insured should enter into contract in good faith
- Insured should provide all the information that impacts the subject matter
- Insurer should provide all the details regarding insurance contract

**For example** - John took a health insurance policy. At the time of taking policy, he was a smoker and he didn't disclose this fact. He got cancer. Insurance company won't pay anything as John didn't reveal the important facts.

#### 2) Principle of Insurable Interest

- Insured must have the insurable interest on the subject matter

- In case of life insurance spouse and dependents have insurable interest in the life of a person. Corporations also have insurable interests in the life of its employees
- In case of life or marine insurance, insured must be the owner both at the time of entering of entering into the insurance contract and at the time of accident.

### 3) Principle of Indemnity

- Insured can't make any profit from the insurance contract. Insurance contract is meant for coverage of losses only
- Indemnity means a guarantee to put the insured in the position as he was before accident
- This principle doesn't apply to life insurance contracts

### 4) Principle of Contribution

- In case the insured took more than one insurance policy for same subject matter, he/she can't make profit by making claim for same loss more than once

**For example** - Raj has a property worth Rs.5,00,000. He took insurance from Company A worth Rs.3,00,000 and from Company B - Rs.1,00,000.

In case of accident, he incurred a loss of Rs.3,00,000 to the property. Raj can claim Rs. Rs.3,00,000 from A but after that he can't make profit by making a claim from Company B. Now Company A can make a claim from Company B to for proportional loss claim value.

### 5) Principle of Subrogation

After the insured gets the claim money, the insurer steps into the shoes of insured. After making the payment insurance claim, the insurer becomes the owner of subject matter.

**For example** :- Ram took a insurance policy for his Car. In an accident his car totally damaged. Insurer paid the full policy value to insured. Now Ram can't sell the scrap remained after the scrap.

### 6) Principle of Loss Minimisation

- This principle states that the insured must take all the necessary steps to minimize the losses to insured assets.

**For example** - Ram took insurance policy for his house. In an cylinder blast, his house burnt. He should have called nearest fire station so that the loss could be minimised.

### 7) Principle of Causa Proxima

- Word "Cause Proxima" means "Nearest Cause"
- An accident may be caused by more than one cause. In case property insured for only one cause. In such case nearest cause of the accident is found out.
- Insurer pays the claim money only if the nearest cause is insured

## Indian Insurance Companies Taglines

Taglines of Indian insurance companies.

Company name	Tagline
Aviva India Life Insurance	Kal Par Control

Bajaj Allianz Life Insurance company Ltd.	Jiyo befiqar
Birla sun life Insurance company Ltd.	Muskuraty raho
Future Generali Life Insurance	Ek Shagun Jindagi ke naam
HDFC Standard Life Insurance company Ltd.	Sar Utha ke Jio
ICICI Prudential Life Insurance company	Zimmedari ka humsafar
ING Vysya Life Insurance India company	Adding Life to Insurance
Kotak Mahindra old mutual life Insurance Ltd.	Faidey ka Insurance
Life insurance corporation of India (LIC)	Yogakshemam
Met Life India Insurance company Ltd.	Have You Met Life Today
Max Bupa Health Insurance	Your Health First
Max Life Insurance company Ltd.	Karo Zyadaa Ka Iraada
Oriental Insurance company Ltd.	Prithvi, Agni, jal, Akash sabki suraksha hamare pass
SBI Life Insurance company Ltd.	With us, you are sure
United India Insurance company Ltd.	Rest Assured with us
Vahamyaham	Your Welfare is our responsibility

## Tax Saving Investments under section 80c

Scheme	Minimum lock-in period	Rate of Return	Tax on return	Tax free investment under 80c
Public Provident fund	15 years Withdrawals allowed after 6 <sup>th</sup> years (Upto 50% of deposits at the end of 4 <sup>th</sup> year)  Can take loan after 3 years. Interest on loan is 2% more than return on PPF	8.75% - Compounded annually	Interest and sum received on maturity is tax free	Rs. 1,50,000
NSC VIII	5 years	8.5%	Interest is	Rs. 1,50,000

		Compounded half-yearly	taxable (No TDS is deducted)	
NSC IX	10 years	8.8% Compounded half-yearly	Interest is taxable (No TDS is deducted)	Rs.1,50,000
Contribution to EPF	Till retirement	8.5%	Interest is taxable	
ELSS	3 years		Interest is taxable	Min. – Rs.5,000 Max – Rs.100,000
Fixed Deposit	Minimum lock-in period – 5 years	Varies around 8.5%	Interest is taxable	Rs. 1,50,000
Post office time deposits	5 years In case of premature withdrawal – Interest paid will be 1% less than scheme rate	Varies around 8.5%	Interest is taxable	Rs. 1,50,000
Senior citizen saving scheme	5 years	9.2%	Interest is taxable	Rs. 1,50,000
Infrastructure bonds	5 years	9%	Interest is taxable	Min – Rs.30,000 Max – Rs. 100,000
ULIP	5 years	NA	Return is taxable	Rs.100,000
Life insurance	2 years	NA	NA	Rs.70,000

Senior citizen saving scheme is giving highest return but it's available to Indian citizens who have reached 60 years of age while individuals who crossed 55 years and took voluntary retirement can take benefit of this scheme.

Infrastructure bonds provide extra tax saving under section 80CCF. You can deposit upto Rs 20,000 under this scheme.

Out of them ULIPs are least recommended. ULIP policy is a combination of insurance and an investment in marketable securities. There is huge fees in first year which can be upto 35% of policy value.

Out of above investment schemes I have invested in PPF and Bank Fixed deposits.

Interest and principle paid in a Home loan is also tax free under section 80c

### What is best for you

It actually depends upon your liquidity needs and return expectations.

If your under 30 and liquidity is not a problem. Then PPF is the best scheme for you.

Fixed deposits is a nice option, my banker IDBI bank doesn't charge any pre-mature withdrawal penalty. If you make a pre-mature withdrawal then interest rate will be 4% instead of 8.75% as 01-02-2015.

## Indian Insurance Industry Overview

The insurance sector of India is a very dynamic growth oriented one – and is one of the world's largest in the insurance. scene.

Even though we are very familiar with the LIC logo – as popular as the McDonald's logo! – layman knowledge of how the sector is structured in India is quite dubious.

Being well performing sector – along with banking – it is responsible for improvement in GDP over the recent years – and it is expected to increase its share considerably in the coming few years.

Such an important and vast sector, here I present how the Insurance business in India is structures:

### INSURANCE COMPANIES IN INDIA:

In India we have both the Government and the public sector participating in the Insurance sector.

It is important to know the names of the PSU companies, as they are not many – so, here's a list:

#### Public Sector – Life Insurance Company:-

1. Life Insurance Corporation of India ( the one and only PSU life insurance company)

#### Public Sector – General Insurance Companies:-

1. Agriculture Insurance Company of India Ltd.
2. National Insurance Company Ltd.
3. New India Assurance Company Ltd.
4. Oriental Insurance Company Ltd.
5. United India Insurance Company Ltd.
6. General Insurance Corporation Of India – India's sole re-insurer

**Trivia:** NIC, NIA, OIC & UIIC (as above) were fully owned subsidiaries of GIC until March 2003 – after amendment the four subsidiaries and GIC itself became Government undertakings. They are now wholly owned Government companies.

#### Private Sector – Life Insurance Companies are many, here are some worth noting:

1. Bajaj- Allianz Life Insurance Company
2. HDFC Standard Life Insurance Company

3. ICICI Prudential Life Insurance Company
4. SBI Life Insurance Company
5. Max New York Life Insurance Company

#### Private Sector – General Insurance Companies:

1. Tata AIG General Insurance Co. Ltd.
2. IFFCO- Tokio General Insurance Company Ltd.
3. SBI General Insurance Co. Ltd.
4. Reliance General Insurance CO. Ltd.
5. ICICI Lombard General Insurance Company and etc.

#### As per the Department of Finance's statistics, here are some noteworthy figures:

- **Total number of Insurance Companies in India** – including both public and private companies = **52**
- There is 1 PSU life insurance company (LIC) – and 23 private sector life insurance companies.
- 1 PSU re-insurance company (GIC) and none in private sector.
- 6 PSU general insurance companies and 21 private sector general insurance companies.

#### Regulatory authority(ies) in India:

Insurance Regulatory & Development Authority (IRDA); functioning under the Insurance Regulatory & Development Authority Act, 1999.

Important points of the IRDA Act, 1999 and what the IRDA is about are:

1. First of all - IRDA provides license and permission for carrying out insurance business in India – and monitors the licensees.
2. And most importantly - IRDA is responsible for the regulation, promotion and growth and development of the insurance and re-insurance business in India.
3. IRDA also functions to protect the interests of the policy holders in many matters – such as redressal of grievances, protection against frauds, settlement of claims etc. among others.
4. It prescribes the code of conduct, duties and procedural compliances for surveyors and loss assessors.
5. Also regulates how the insurance companies invest their funds! Look at the picture – all the premiums that an insurance company, like LIC, collects – all that fund needs to be invested properly!
6. It is also instrumental in controlling and regulating the rates of insurance premiums.
7. Making the interest and protection of the policy holders a priority IRDA hosts a 'Consumer Education Website' – <http://www.policyholder.gov.in/> (Check it out!)

#### Other relevant Acts governing insurance sector are:

Actuaries Act, 2006 – governs the actuarial profession in India.

1. General Insurance Business (Nationalization) Act, 1972 – It is called 'nationalization' act, as the general insurance business was nationalized in 1972, with the government taking over 55 insurance companies.
2. Insurance Act, 1938 – provides the meanings and definitions of words and terms unique to the insurance sector, provisions regarding accounting and audit of insurance companies, compliance procedures and penalties on non-compliance etc.
3. Life Insurance Corporation Act, 1956 - it provides for the nationalization of life insurance business in India, and the formation of the Life Insurance Corporation of India. It also provides for the meanings of terms and phrases, and rules and regulations specifically pertaining to the life insurance business.

#### Trivia and some latest news:

1. LIC is the largest life insurance company in India – having the maximum market share from the point of view of premium collected at 73%.
2. And India has the largest number of life insurance policy in the world!
3. IRDA Chairman is T. S. Vijayan.
4. FDI in insurance sector presently is at 49% (increased from 26%)
5. With the increase in the cap, new players have shown interest in entering the Indian insurance scenario as per IRDA.
6. Some Government Sponsored Insurance Schemes worth noting:
  - Aam Admi Bima Yojna
  - Janashree Bima Yojna
  - Sikhsha Sahayog Yojna
  - Varistha Pension Bima Yojna
  - Universal Health Insurance Scheme
  - National Agriculture Insurance Scheme
7. For protection of consumer interests and grievance redressal – ‘Insurance Ombudsmen’, were introduced in 1998, and are currently located in 12 cities.

Each Ombudsman is empowered to redress customer grievances in respect of insurance contracts where the insured amount is less than Rs.20 lakhs.

8. Also IRDA is looking to make some 40 odd new regulations/ amendments following up on the ‘insurance ordinance’ footed by the Government in December 2014.
9. With the new regulations/ amendments – global re-insurance companies can open branches in India. As of now India has only GIC as it one and only re-insurance company.
10. India’s oldest (1884) insurance service ‘Postal Life Insurance’– provided by the Postal Department (for Govt. and semi Govt. employees)– will be going online soon; utilizing software developed by Infosys, known as the ‘Core Insurance Solution’ CIS – similar to the CBS!
11. Insurance sector along with the Banking sector are the major contributors from the service sector towards GDP. Approximately ranging from 7-10% of GDP.
12. And if you are asked – LIC very recently (few hours back) bought and increased its stake in Coal India Limited to 7.2%.

## ***Foreign Direct Investment (FDI) in India***

FDI is a hot topic, with the current government increasing the caps on many sectors; it is something that will definitely shape the economy in the months to come – also having far reaching consequences with the Make in India vision of PM Modi.

So what is FDI? How does it actually work? And some latest news!

### **1. WHAT IS FDI – FOREIGN DIRECT INVESTMENT?**

Foreign Direct Investment is when persons/companies who/which are non-Indian, invest in Indian companies.

Thus, through FDI, the investors become the shareholders in Indian companies and usually have stake that will give them controlling power of the company.

FDI can be done in many ways – popular of which are through acquiring of shares and merger and acquisition.

Also important to know is that there are two 'routes' of FDI, namely, Automatic Route (does not require RBI or CG approval) and the Government Route (requires

the approvals for those not covered under the automatic route).

## 2. WHY WOULD ANYONE INVEST IN ANOTHER COUNTRY?

Well, there are plenty of reasons – why would a foreign company invest in any Indian Company?

- There could be tax incentives,
- The company believes that doing a particular business will be more profitable in India,
- There could be tax exemptions favorable to the company both in India and in the company's home country,
- Or, it might be up for some concessions in the home country as a part of the country's trade agreement with India ...
- Or, the company might be aiming at starting operations in South Asia and India is the most developing economy in this part of the world!

The reason could something else too – but mostly it is related to more business opportunities, tax benefits, more profitability etc.

## 3. WHAT FDI MEANS TO A COMPANY?

- Foreign Investors become shareholders of a sizeable stake – and the reason they are investing is because they want returns – good returns.
- Which means they'll be very much interested in the working of the company – so that their money earns returns.
- They'll also be active shareholders, board members – and ensure the company is utilizing its resources properly and towards the growth of the company, increasing turnover and ultimately profits.
- To ensure the company gets the best resources to produce best results – the FDI investors may also bring with them management personnel, advanced technology, new system of work and management of the company etc.

## 4. WHAT DOES FDI MEAN TO THE HOME/ HOST COUNTRY – INDIA?

- FDI brings in more capital into the economy.
- It brings in the much needed foreign exchange – foreign currency.
- It also boosts the domestic economy and industries and generally triggers a positive economic ripple effect.
- It brings in more revenues for the Income Tax Department.
- Advanced technology touches the shores of the host country, along with technically superior human resource.
- Creation of new jobs also happens – and in India jobs can never be few!

The above mentioned points can also be considered to be the pros or benefits from FDI. Which leads us to the cons of FDI in India:

- It can lead to the domestic companies losing their market share.
- Domestic companies may lose out to the competition altogether.

- Thus cons are always from the point of view of the host country and how FDI will effect its own economy.
- FDI in retail- which had been in the middle of the entire FDI related storm – also meant farmers, small retailers, and the mom and pop shops losing their business.

#### 4. SECTORS WHERE FDI IS ALLOWED AND THE LATEST CAPS.

- Railways – 100%
- Defence – 49%
- Telecom – 49% under automatic route and rest as per FIPB's approval
- Insurance – 49%
- News Media – currently 26% and increase to 49% is in the talks
- Courier Services – 100%
- Single Brand Retail – 100%
- Civil aviation – 49%
- Construction Sector – 100%
- Credit Information Companies – 74%
- Power Trading – 49%
- Commodity Exchanges – 49%
- Oil refineries – 49%
- Stock Exchanges – 49%

#### 5. SECTORS WHERE FDI IS NOT ALLOWED

FDI in the following sectors are prohibited completely – i.e., under both Automatic and Government routes it is **not allowed**.

- Atomic Energy
- Agricultural and Plantation activities
- Gambling, betting and lottery
- Nidhis and Chit Funds
- Real Estate
- Manufacture of cigarettes and tobacco

#### 6. WHAT ARE FIIS?

Foreign Institutional Investors (FIIs) are persons or companies incorporated outside India (companies can be Mutual funds, Pension funds, investment companies, foreign banks etc.), investing in shares of a company – where their investment is very less. They do not have any sizeable investment – they do not have any controlling power in the company.

It is just like you and me investing in shares of Reliance Industries – only investing is done by people who are not Indian residents; and they have to be registered with SEBI to participate in the market.

So, basically FIIs are the financial market players – and the source of liquidity in the markets. Their investing in the Indian markets project a +ve image and brings in more investors.

There is a ceiling limit of 24% FII of paid-up capital of an Indian company, and 20% in case of PSU banks.

Just like FDIs, FIIs also bring in forex – but when the share Indian sharemarket sees a down – or the markets of other countries sees an upswing – these FIIs are quick to sell their stakes in Indian companies and invest the money where the markets are progressing!

The major difference between FDIs and FIIs are that the former actually has a lot of stake in the company's well being and profitability in the long run – whereas the FIIs want short term returns on the investments.

Foreign exchange reserves always favour more FDIs rather than FIIs as FIIs are the first to abandon the sinking ship!

#### 7. WHAT IS INDIA'S STANCE ON FDIs AND FIIs?

India is now taking a positive and progressive stance towards FDIs and FIIs with encouraging talks on about FDI cap increase in News Media and the ongoing debate on multiple brand retailing.

Recent talks with USA has seen India inviting the US to 'make, innovate and invest' in India – signaling considerable inflow of FDI in the coming months

FIIs are witnessing a surge because of the over upward trend of the economy, the markets and the recent RBI rate cut. With the economies of US and other developed and developing countries still in the 'recovery' stage – worldwide investors have turned India's way!

#### 8. TRIVIA:

- FDI was introduced in India way back in 1991 by the then Finance Minister Dr. Manmohan Singh.
- USA has the maximum incoming FDI followed by UK and other countries like Hong Kong, China etc.(not necessarily in the same order)
- Singapore has made maximum FDI in India as per F.Y. 2014's stats. The previous 1<sup>st</sup> place was held by Mauritius!
- Service Sector has always received maximum FDI in India.
- Focus now shifting to Manufacturing sector – with the Make in India vision.

## Latest Government Welfare Schemes

#### DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA

The scheme launched by Government of India to provide 24X7 uninterrupted power supply to all homes. The Government will invest total Rs.75600 Crore to complete the task. The scheme has replaced with Rajiv Gandhi Grameen Vidyutikaran Yojana. The basic aim of this Yojana is to provide rural electrification.

#### PRADHAN MANTRI JAN DHAN YOJANA

Under this scheme, any Indian can open a saving account in any bank with Zero Balance. Anyone who has bank account under this scheme, can avail the benefit of Insurance coverage of Rs.1 Lac. Almost 11.5 Crore accounts have opened under this scheme. Pradhan Mantri Jan Dhan Yojana conferred with Guinness Record for achieving the target.

#### SANSAD ADARSH GRAM YOJANA

This scheme is mainly focus on the development of villages. Under this scheme, each Member of Parliament will adopt any village to make it a Model Village by 2016. Thereafter, each Member of Parliament repeat the same process and adopt more village to make the Model Villages. Under the scheme, Prime Minister Narendra Mod adopted Village Jayapur, Varanasi while Sachin Tendulkar adopted Village Puttamraju Vari, Nellore, Andhra Pradesh. Sachin Tendulkar is a Rajya Sabha Member.

**MAKE IN INDIA**

This is an international campaign which attracts businesses from all over the World to invest and manufacture in India. The campaign will be under the control of Government of India. The main purpose of this campaign is to focus upon heavy industries and generate employment.

**SWACHH BHARAT ABHIYAN**

Swachh Bharat Abhiyan launched on 02nd October 2014 i.e. the birth anniversary of Mahatma Gandhi. Under this scheme total 4041 statutory towns will be covered by clean the streets and roads. The basic aim of this Abhiyan is to create awareness about Cleanliness and about clean and green India.

**NITI AAYOG**

NITI Aayog means National Institution for Transforming India Aayog. Planning Commission replaced by it. Now, all the States of India will get strategic and technical advices and support from it. Arvind Pangariya became 1st Vice-Chairman of NITI Aayog. Sindhushree Khullar became CEO of NITI Aayog.

**PANDIT DEENDAYAL UPADHYAY SHRAMEV JAYATE YOJANA**

Pandit Deendayal Upadhyay Shramev Jayate Yojana launched by the Government of India to create industrial development and transparency in the Labour Sector. Shramev Sividha Portal has simplified compliance of 16 Labour Laws through a single online form.

**BETI BACHAO, BETI PADHAO YOJANA**

The scheme launched with Rs.100 Crore initial fund. The basic aim of the scheme is to create awareness about the importance of women. The scheme will empower and protect the women and girl child. Under the scheme, better welfare services will be delivered to women.

**DEENDAYAL UPADHYAYA GRAMEEN KAUSHALYA YOJANA**

Deendayal Upadhyaya Grameen Kaushalya Yojana launched on 25th September 2014 with the aim to provide training to 10 Lakh youths for jobs in the next 3 years. The scheme launched on the 98th birth anniversary of Pandit Deendayal Upadhyay. The Yojana replaced by Aajeevika Skills Development Programme.

**PRADHAN MANTRI GRAM SICHAI YOJANA**

Pradhan Mantri Gram Sichai Yojana launched to provide water to each and every field situated in India. The basic aim of the scheme is to create development in agriculture. When the water reached at each and every field, then productivity will surely be increased at higher level.

## ***PAHAL Scheme for Direct Benefit Transfer of Subsidy for LPG***

PAHAL is the name of scheme launched for direct benefit transfer of subsidy for LPG (DBTL). This scheme was earlier launched on 1 June 2013 on trial basis. Earlier in this scheme it was mandatory to have aadhaar number seeded with account number, then only cash subsidy transferred to the bank account of LPG account holder.

By this scheme ran in trouble after Supreme Court ruling that no person can be denied subsidy on the basis of not

having aadhaar number. So government examined the difficulties faced by consumer and modified the scheme and re-launched in 54 districts on 15-11-2014 in 1st phase and launched in rest of 622 districts in phase 2 all over India on 1-1—2015. Once consumer join the scheme he will get LPG cylinder at market price and will receive LPG subsidy in his bank account .

Modified scheme not make it mandatory to make aadhar number its gives two options to consumer:

#### OPTION 1

Aadhar based transfer scheme –In this scheme aadhar number is seeded with account number and subsidy on LPG cylinder is transferred to account number and LPG number is linked with Aadhar number of customer.

#### OPTION 2

In this bank details of account number is directly linked to 17 digit LPG id and cash subsidy is transferred to bank account number .

If the LPG consumers who do not wish to avail the LPG subsidy for LPG cylinders can simply choose to opt out of subsidy. Over 12000 citizens have already voluntarily given up subsidy freeing up crores of subsidy amount for under privileged population.

#### IMPACT

The main of launching Pahal is to check leakages, delays and bring transparency . DBTL is designed to ensure that the benefit meant for the genuine domestic customer reaches them directly and is not diverted. By this process public money will be saved.

## ***Pradhan Mantri Jan Dhan Yojna (PMJDY) - Scheme Details***

Prime Minister Shri.Narendra Modi on 15-august 2014 announced a financial inclusion scheme known as Pradhan Mantri Jan-Dhan Yojna (PMJDY). This scheme was formally launched on 28-Aug-2014, through this scheme financial inclusion is taken as mission mode.



In order to achieve financial inclusion various initiatives were taken by previous governments and RBI like expansion of bank branches network, opening of no frills account ,mandatory financial inclusion plans by banks ,adoption of business correspondent model (BC) but still vast section of our country out of reach of financial services, So to provide basic financial services like saving account, Remittance, Credit ,Insurance ,Pension in an affordable manner to common man PMJDY was launched.

#### HOW PMJDY IS DIFFERENT FROM PREVIOUS FINANCIAL INCLUSION SCHEMES

PMJDY focus on opening bank account in every family where as previous scheme focus on providing banking services with population more than 2000.

PMJDY focus on rural and urban area as same where as previous scheme concentrate more on rural areas.

Thrust of this scheme is on providing not just account opening but also addition services like insurance ,overdraft facility, remittances, RuPay debit card.

USSD based mobile banking to be utilized where as in previous scheme there is not use of mobile banking.

Financial literacy is focus in PMJDHY where as in previous scheme financial literacy was neglected.

In PMJDY, KYC needed to open bank account was made simpler.

**PMJDY ENVISAGES PROVISION OF AFFORDABLE FINANCIAL SERVICES WITHIN REASONABLE DISTANCE. IT COMPRISES OF THE FOLLOWING SIX PILLARS**

1. Universal access to banking services-It aims at providing banking services to all inhabitants with in reasonable distance of 5 k.m. by 14<sup>th</sup>-Aug-2015.
2. Providing Basic Banking Accounts, RuPay debit card and overdraft facility to all households
3. Financial Literacy Programme –Financial literacy is integral part of PMJDY. By providing financial literacy people will be able to judge right financial product for them.
4. Creation of Credit Guarantee fund –It propose the creation of credit guarantee fund to cover the defaults in overdraft accounts.
5. Micro insurance –To provide micro insurance to all willing and eligible persons by August2018
6. Unorganised sector Pension Schemes like Swavalamban but August-2018.

**PMJDY WILL BE IMPLEMENTED IN TWO PHASES**

#### **Phase I**

(from 15-August-2014 to 14-August 2015)- In this phase first three pillars of PMJDY will be implemented, this include

- Universal access to banking facilities
- Providing basic bank account with RuPay debit card with inbuilt accidental insurance cover of 1lakh.
- Financial literacy programmes

#### **Phase II**

(from 15<sup>th</sup>-Aug-2015 to 14<sup>th</sup>-Aug-2018)-In this last three pillars of PMJDY will be implemented this include:

- Creation of credit guarantee fund
- Micro Insurance
- Overdraft facility
- Unorganized sector Pension Schemes like swavalamban.

PMJDY is highly successful. Provision of social security by pension and insurance cover is a significant policy intervention, RuPay enable debit card provides transaction security and overdraft facility, subsidies transfer to bank account will provide economic security. Enthused by the success the target for opening basic account target has been revised form 7.5 Crore to 10 Crore by January 26 and this target is also met and banks have issued 7.28 Crore RuPay debits cards. So will combine efforts of GOI, RBI ands Banks, PMJDY will able to provide financial inclusion to every section of our society.

## ***NITI AAYOG - National Institution For Transforming India***

History is all set to change with all over for planning commission and new institution know as NITI Aayog set to take his role.



The main aim of forming Niti Aayog is pro people development by following up bottom up approach and with active participation of all stakeholders. It has been set up as a think-tank for formulating a new policy framework in keeping with the changes and challenges of rapidly evolving socio-economic scenario in the country.

The thought behind its establishment to work as enabler or catalyst for development not as provider for development. Aayog will provide strategic and technical advice on issues of “national and international importance” to the Centre and states.

NITI Aayog known as **National institution for transforming India came into** existence on 1-January-2015 with good bye to six decades old planning commission. Planning Commission was established in 1950s to respond to development needs of India after independence .It made resources available to state government to meet their development needs and come up with five years plans for development . It was set up by the resolution of GOI on 1950.

### **So Why the need felt to replace Planning Commission with Niti Aayog**

1. Most of the criticism regarding planning commission was that it thrust his development agenda on states without their active collaboration and not considering their social economic uniqueness. One size fit for all solution was followed by planning commission.
2. Niti Aayog will be more like think tank advising central and state governments on strategic and technical issues across the spectrum of key elements of policy where as in planning commission there was no active participation of stakeholders.
3. In Niti Aayog will have all the state chief ministers and Lt. Governors included in the governing council where as in planning commission state chief ministers were not actively involved .
4. The mantra of Niti Aayog is inclusiveness with states as partners, equality, transparency, pro people, empowering which was not visible in planning commission.

So the big difference is states now have a greater say, where as it was planning commission the formulate plans for state without their active involvement and asked the states to implement those plans .Niti Aayog will followed the bottom to top model of development to meet the specific development needs of village, states by having provision to foam regional development council. It will provide flexible approach in development to pick experts from various sectors.

### **NITI AAYOG WILL HAVE**

1. Prime Minister as chairman
2. CEO
3. Vice chairman

4. Full time members
5. Two part time members
6. Four union ministers as ex-officio members
7. Governing council comprising of all state chief ministers and Lt. Governors.
8. Regional Councils which will be formed to address any state specific issues.
9. Invitees from different fields having relevant domain knowledge.

#### RECENTLY APPOINTED MEMBERS TO NITI AAYOG

- Arvind Panagariya appointed as Vice Chairman of Niti Aayog.
- Bibek Debroy and VK Saraswat DRDO chief were appointed as full-time members.
- Union Ministers Rajnath Singh, Arun Jaitley, Suresh Prabhu and Radha Mohan Singh will be the Ex-Officio members .
- Nitin Gadkari, Smriti Zubin Irani and Thawar Chand Gehlot -- Special Invitees.

There are many challenges that lie ahead in front of Niti Aayog ,the biggest challenge is to take all stakeholders on board to full fill the aspirations of common man and take the development to village level by making policies that are people centric or it just prove to be old wine in new bottle .

## *Kisan Vikas Patra - An Investment Scheme for All*

Kisan Vikas Patra Or, KVP in short is the latest 'savings' instrument that is making news.

No, it's not a savings scheme for farmers! Instead it means that the invested amount will be used for the welfare programs aimed at the farmers of the country.



So you and I can invest – and it will be used in the nation building activities specifically involving agricultural sector and the farmers! SO it is GOOD!

KVP is not an original idea though – KVP had been first launched in 1988 – and ran for 23 years before being discontinued in 2011. Back in July 2014, the new Finance Minister Arun Jaitley gave us a peek at what was to come and mentioned his intention to re-introduce KVP.

The revamped version – one can say – a cog in the wheel of the current PM's nation building and mass participation vision – was launched (or re-launched) on 24/ 25 November 2014.

And as is expected it's got many pros and some cons which gives the pundits to laud or trash it! But our job is to objectively look at the features of this instrument and prepare for interviews – get a job – get the salaries and then think about investing in KVP!

### SO WHAT IS KVP?

It is small savings scheme – by the Government of India – run by The Directorate of Small Savings – and the Post Offices sell these saving bonds.

Post Offices in India have a very wide network, spread all over the country – and hence it makes sense to sell KVPs through the Post Offices as public will have easy access.

It is just like an FD – and the instrument just like FDR is a physical instrument – a certificate named ‘Kisan Vikas Patra’ – which will have the rate of interest, maturity tenure, name of the investor etc. printed on it.

### FEATURES OF KVP – A BIRDS EYE VIEW:

- The top draw – the invested amount doubles upon maturity! Yeah!
- And the interest is 8.7%. Which is higher than most savings instruments.
- The maturity period is 100 months or eight years and four months – that is like way too long!
- But nation building is a long process!
- Plus there is a lock in period of 2 years and 6 months – that is during this period en-cashing is not allowed; thus KVP can be redeemed after 30 months and then after every 6 months hence.
- You being a citizen of India, adult or a trust can invest – you can also invest on behalf of a minor. Two adults can also jointly buy a KVP.
- But if you are a company, a firm, an HUF or an NRI – you cannot invest.
- Now, the certificates are available for fixed amounts – Rs.1000, Rs.5000, Rs.10,000 and Rs.50,000. So every lot/ certificate unit is of these denominations.
- No cap on the maximum amount you want to invest. Minimum is Rs.1000.
- It is a bearer instrument and easily en-cashable and nomination facility is available too.
- And it can also be used as security to avail bank loans!
- PAN is not required for KVP; but identity and address proof is required – so DL, VID etc. should work.
- KVP will be issued after conforming to KYC norms – this is in order to ensure black money does not get turned into white money!

### BUT WHAT IS ANYTHING IF NOT FOR A FEW CONS ...

- KVP interest on maturity is fully taxable. Yep. So in the year the KVP matures the entire interest amount will be added up to your income and accordingly taxed.
- So if you are in higher bracket of the tax slab – you pay a tax at that higher rate on the interest income too!
- As for the investment amount (principal) itself – you do not get any tax deduction under section 80C. So that is a double blow. No tax benefits whatsoever!

Thus, KVP is really aimed at the mid and low income groups (they also have the benefit of being under the tax slab or lower brackets) to encourage savings and to mobilize savings in constructive activities.

It's just been exactly a month since its re-launch and it has a long way to go for success – because 1990s and 2014 is a lot different in terms of economic conditions of the country and the saving habits of people – and there are better investment options available now.

# Banking Awareness

## The GDP and the New GDP

### 1. What is GDP?

GDP stands for Gross Domestic Product. We can understand the concept by focusing our attention on the three words – Gross, Domestic and Product.

Gross means the sum total – gross total – without any deductions – just the bare and basic TOTAL.

Domestic means domestic! Whatever's found in our home – but in this case the picture is a larger one and home is the country – India – or in other words India's economy. Our very own Indian economy.

Product means whatever is 'produced' – and it will include both goods and services.

So, GDP is the gross total of the value of goods and services produced in an economy (Indian in our case) in a financial year.

Or, in a nutshell –

*GDP = Private spendings + Business spendings + Government Spendings + Net Exports and Imports*

### 2. Why is GDP calculated?

GDP is considered to be an adequate (if not absolute perfect) measure to estimate and assess how well (or not) an economy performing.

So GDP concept is important as, on year to year basis it is calculated to show how much in comparison to the previous year the country's economy has fared.

All the national income, GDP calculations are down done by the Central Statistics Office – popularly known as the CSO

### 3. How is GDP calculated?

**Two approaches –**

- (i) Income approach: where the income earned by every sector is added up.
- (ii) Expenditure approach: the expenditure incurred by every sector is added up.

Whichever method is used for calculation of GDP - the figures under both the approaches should be same.

### 4. Base year concept – and real and nominal GDPs.

Base year is any year in the past – which based on certain parameters (the braniacs and economists do this job) is taken as a benchmark/ base for price estimates.

Say we take the year 2004-05 as the base year – then prices of all the items prevailing in that year is taken and applied on the productions of the year 2014-15 – to get GDP.

So prices of the base year and productions of this year (or any year in consideration) is how GDP is measured.

Which year to take as the 'base year' depends on many factors, which is best left to the economists – but base year changes from time to time to give a more accurate picture of an economy's performance in the present time.

**For example** – prices of year 1956-57 can't be base for measuring performance of 2014-15! It'll give a complete unrealistic picture – the inflation levels, the economy's size, the size of various industries, the spending habits of the people, the population size, economic policies etc. are very much different now from then and hence – base years are periodically revised.

If GDP is measured on the basis of prices of *base year* – it is called Real GDP.

And if GDP is measured on the basis of current year's prices – it is called Nominal GDP.

Real GDP is considered a better measure than Nominal GDP – just because in Real GDP a base/ standard prices are used so it's a more meaningful comparison.

As you know – to compare any two things – there has to be one thing in common, only then you can 'compare'!

**In Real GDP** – the prices of two years (the base year and the year under consideration) is common – and hence comparison shows how much the economy has grown or not in terms of production – and that is exactly what we want to know – how much has the economy grown in comparison to the previous years.

#### 6. The New GDP and how it has amused the world.

Recently India changed its base year 2004-05 from to 2011-12 – so that is new!

Plus it's now measured using CPI (Consumer Price Index) – that is market prices; previously WPI (Wholesale Price Index, or factor costs) used to be used. Using market prices as price measure is to bring India at par with international practices.

Thus new base year and new price indicator – 2011-12 and CPI!

Which means now GDP is being recalculated according to the new base year and market prices – and this new GDP figure(s) is showing some tremendously unbelievable results – which has got economists all over the world and our own Raghuram Rajan baffled and amused!

#### Here are some highlights worth remembering:

- GDP growth according to the new base year shows, growth in the last quarter of 2014 at 7.5%.
- India GDP growth rate was higher than – get this – China (!) in Q4 of 2014; China's was 7.3%
- International Monetary Fund (IMF) has predicted India to surpass China in growth in 2016-17. (Here's hoping!)
- Overall for the whole year of 2013-14 the growth rate was recalculated to be 6.9% as per the new price measures, as against 4.7% as per the old price measures.
- Now with the revised figures showing a favourable picture of the Indian economy in 2013-14 – the political angle is – the UPA govt. which was at the helm at the time – are rubbing their hands in vindication as during their time the Indian economy had begun its recovery and started to improve and rise from the damning effects of inflation and global economic meltdown.

- The growth can be attributed to many factors, most important ones being bringing into the calculation bracket many untapped small industries which though were contributing to the economy were left unaccounted for and of course – India's increase in capacity and output from the manufacturing sector which was seen to be contributing to GDP at 17.3% in 2013-14 as against 12.9%
  - But with the new data and figures throwing up such amazingly unbelievable results – there's worry in the think-tanks coupled with some witty and sarcastic tweets and opinions.
  - Our RBI Governor has said that more time needs to be taken to closely study the numbers to actually figure how such results came up – but he also added saying it is hard to imagine 2013-14 to have been a good year.
  - I don't think anyone would disagree – even to a layman who understands nothing of statistics and GDPs – he definitely would know how bad the year was with rising prices – inflation, job cuts and general gloominess in the economy!
  - Others joked saying that if Raghuram Rajan can't figure it out – then how can the world make sense of the new GDP data! (On a personal level – true that!)
- And all this skepticism is not unwarranted; and hence opinions are being reserved for the time being as to how accurate these figures in portraying India's growth of the past year.

So, the new GDP figures have made fun of and ridiculed and stared at with utter disbelief; but we eagerly await more news, hopefully positive.

And while we wait on the verdict of the think-tanks – it is important to appreciate that statistics is a number game – it's all based on assumptions and figures and calculations – which is further based on assumptions and opinions of economists sitting at the highest level.

Thus, no matter how positive the growth rate is shown based on the new price measures and base year – we the people who bore the brunt of rising prices know how it was at the micro level.

But on a positive note – here's to hoping that the new stats are a trailer to how the coming years will be for India in terms of growth ... and everything else!

## ***Difference between Balance of Payments and Balance of Trade***

Going by the trends of the questions being asked in the IBPS interviews, questions from basic micro and macro economics is being asked almost in every panel.

It does not matter anymore what your area of specialization, qualification or educational background is – you are required to know basic economics.

So, I'm going to take you through some important and commonly asked 'economics' topics in a series of articles – summarized in bulleted format to make it easier for reading and remembering and revising!

### **1. Balance of Payments (BOP)**

**1. Balance of Payments (BOP)** – is simply put – the summary of *all* the 'economic' transactions India has had with the rest of the world (ROW) in a financial year.

When I say India and economic transactions – I mean to say business entities (individuals/companies/firms), Government entities etc. of India – having international business transactions.

### **2. Balance of Trade (BOT)**

**2. Balance of Trade (BOT)** – is just the summary or the balancing of the total exports and the total imports of India in a financial year.

Or, in formulaic form it is –

***BOT = Total Exports of visible items – Total Import of visible items***

*(what is visible item? – hang on – I'll answer that in a bit!)*

### 3. Difference between BOP and BOT

BOP summarizes all the inter-country transactions (ALL international transactions) and is a wider term – which includes BOT.

So, BOT forms a part of BOP.

Whereas BOT is a narrower term, and includes only the summary of export and import of *Visible Items*.

### 4. Items that make up the BOP and BOT

BOP is a wider term – and includes:

- **Visible Items** – are those items which are visible/ touchable/ tangible/physical – i.e., they can be seen and measured and touched!

BOP includes the export and import of such physical goods.

- **Invisible Items** – are those which cannot be seen (*and hence invisible!*) or touched – but can be felt – I am talking about *services*!!  
The import and export of services is included in BOP – services like banking/consultancy services of IT/ Legal/ Architecture/ Management/ CA etc./ insurance and logistics services.
- **Unilateral Transfers** – as the name suggests are transactions which are one way.  
The transactions I gave as examples above are two way transactions – sell/ buy goods/ services – receive/ pay money = two way.  
One way or unilateral transactions also form part of BOP and includes transactions like – remittances to and from abroad/ gifting across borders etc.
- **Capital Transfers** – are transfer of title or ownership of capital assets across borders. It includes purchase/ sale of capital assets like land, building, plant and machinery etc. – but across borders.  
Like and NRI/ PIO selling his property in India. Since the person is not an Indian Resident then such a transaction becomes an international transaction and forms part of BOP.

BOT includes only the *visible items* – so it is a narrower term and is included in the broader term BOP.

### 5. Understanding BOP and BOT

- **Balanced BOP** is when forex payment and receipts are equal – which never happens in reality!
- **Surplus BOP** is when the forex receipts are more than the payments.
- **Deficit BOP** is when the forex payments are more than the receipts.
- **Surplus BOT** is when the exports are more than imports – it is a '**favourable BOT**'.
- **Deficit BOT** is when the imports are more than the exports – it is '**unfavourable BOT**'.

## 6. Current Account and Capital Account

- **Current account** includes transactions of visible, invisible items and unilateral transactions.

In other words – current account transactions are import and export transactions of physical goods and services and also includes one way transfers.

- **Capital account** includes those international transactions which causes *change in the assets and liabilities of the residents of India or the Government*.

Transactions like making investments abroad or foreign investors investing in India, borrowings and lending of funds across borders etc.

Since capital account transactions are concerned with capital assets – it does not affect the revenue incomes, output/ production or employment scenario of the country; these are reflected by the current account transactions instead.

## 7. Autonomous and Accommodating Items

- **Autonomous Items** also known as ‘above the line items’ – are those international transactions which happen due to profit earning motive.

All profit oriented international transactions – like export and import are autonomous transactions.

Autonomous transactions are called ‘autonomous’ because they happen on their own accord and not because of a country’s BOP scenario.

Autonomous transactions will include imports and exports (current account transactions) and also lending or borrowing of loans (cross border) or payment or receipt of interests thereon.

As you can see these transactions will happen as when the originator of the transaction – i.e., importer/ exporter/ borrower/ lender/ etc. – wants to transact.

- **Accommodating Items** or ‘below the line items’ are those which originate to ‘accommodate’ the BOP scenario.

If there is BOP surplus or deficit then accommodating transactions are carried out in a deliberate manner to balance out the surplus/ deficit BOP.

Accommodating transactions compensate the surplus or deficit brought about by autonomous transactions.

Usually we have BOP deficit and that is *accommodated* by bringing in flow of foreign exchange in the form of FDI/ loan from IMF etc. to balance out the deficit or to lower the deficit.

## **RBI Slashed Reverse Repo Rate to 7.75%**

As crude oil price are decreasing continuously, today RBI decreased the Reverse Repo Rate by 25 basis points.

- Reverse Repo Rate slashed by 25 basis points to 7.75%
- Cash Reserve Ratio kept at 4%

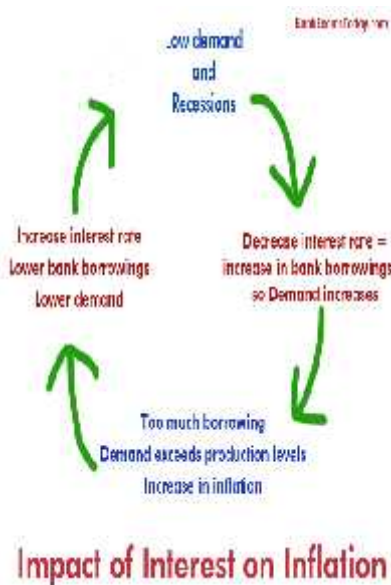
### IMPACT

Interest rate will fall and fall in interest rates will lead to fall in Inflation rate.

#### WHY RBI TOOK THIS STEP

Due to continuous low crude oil prices, demand levels are decreasing. Low demand levels led to low rate of inflation. This is directly influencing the growth rate. That's why RBI decreased Reverse Repo Rate, RBI wants businessmen to take more loan and advances, produce more and thus help in improving slowing down economy.

#### IMPACT OF INTEREST RATE ON INFLATION



#### Cheque and Types of Cheque

**Cheque** is, signed unconditional order addressing the bank to credit the amount to the holder of instrument. Cheque is widely used mode of payment. It is used as safe mode for making payments and loss can be minimized if lost. It is an order to a bank by the drawer to pay the amount mentioned in the cheques to the presenter of the instrument.

#### PARTIES INVOLVED IN A CHEQUE

##### Drawer:

A person that issues the cheque for making payment and person who deposits money to make payment is known as Drawer.

##### Drawee:

Drawee is the bank to whom a drawer gives order to make payment.

##### Payee:

Payee is the person who presents the cheque for payment. A person who deposited cheque to receive payment from bank is known as Payee.

**For E.g** A person Rohit want to give payment of Rs 5 lakh to another person name Nitin .He can issue the cheque on the name Nitin and give that cheque to Nitin .In this case Rohit is the drawer and Nitin is payee and where Rohit has account, a bank which has issues the cheque book is know as drawee.

A cheques is said to be **honored** if Rohit has sufficient balance in his account in this case 5 lakh or more and if he does not have sufficient balance in his account that cheque is known as **bounce cheque**.

#### TYPES OF CHEQUE:

- 1) **Open cheque:** Open cheque is payable in cash across the counter of bank who presented the cheque. In this cheque is not crossed with parallel lines on left hand side of cheque.
- 2) **Crossed Cheque :**In this a person who issue the cheque write account payee or put two parallel lines at the left corner of cheque .So it can not be cash over the counter .A person whose name is written on check has to deposit in his account and only credited to the bank account of the payee.  
A person can write "Account Payee" between too parallel lines or not .
- 3) **Order Cheque:**In order cheque word Bearer strike off which make the cheque Order cheque . An order cheque can be paid to the named payee across the bank's account if so presented. A person has to present identification proof before enchasing the cheque over the counter.
- 4) **Bearer Cheque :** Bearer cheque is one that does not has the word "Bearer" on the cheque cancelled. This bearer cheque is payable to person who presented the cheque . This cheque is payable by the drawee bank over the counter to the Bearer or presenter of the cheque. A Bearer cheque can be negotiated or pass to another person by mere delivery.
- 5) **Post Dated Cheque :**Date field is very important while issuing cheque .The date we enter in date field is not current date but any future date this is know as Post Dated Cheque. A person can present the cheque only at future date written on cheque.
- 6) **Stale Cheque :**Validity of cheque is for three months from the date on which person issue the cheque .If person not presented the cheque within three months to the issue branch the cheque is know as Stale Cheque. Earlier validity of cheque is for six months now it is reduced to three months.
- 7) **Travelers Cheque:** Travelers cheque is used if person is going abroad . A best way of carrying foreign exchange overseas. Traveler's cheques are widely accepted globally as a mode of payment in many parts of the world. It is always worthwhile taking some of your foreign exchange in travelers' cheques as it is a great backup to cash and cards.

## Monetary Policy in India - Explained

**Monetary Policy** is a Policy made by the central bank(RBI) to control money supply in the economy and thereby fight both inflation and deflation. It helps maintain price stability and achieve high economic growth. To Combat Inflation RBI reduces Money Supply (Tight/Dear Money Policy). To Combat Deflation RBI increases Money Supply (Easy/Cheap Money Policy).

RBI implements monetary policy using certain tools. These are Quantitative Tools and Qualitative Tools. Quantitative Tools are Reserve Ratios(CRR,SLR) , OMO(Open Market Operations) and Rates(Repo , Reverse Repo , Bank Rate, MSF).

#### CASH RESERVE RATIO

Cash Reserve Ratio is a certain percentage of bank deposits (Net Time and Demand Liabilities) which banks are required to keep with RBI in the form of reserves or balances .

Higher the CRR with the RBI lower will be the liquidity in the system and vice-versa.

It's a dead Money as Banks don't receive any Interest from RBI for reserves kept. RBI can charge Penalty (3% above Bank Rate) for not keeping the reserves. CRR is defined under Sec 42(1) of RBI Act, 1934.

Its Minimum and Maximum value is the discretion of RBI. It is maintained on Fortnightly Average Basis. At Present The CRR is 4%. By Increasing CRR the Money Supply can be Reduced in Market thereby Controlling Inflation (Dear Money Policy) and by Decreasing it Money Supply can be Increased thereby promoting Growth (Cheap Money Policy)

#### STATUTORY LIQUIDITY RATIO

Every financial institution has to maintain a certain quantity of liquid assets with themselves at any point of time of their total time and demand liabilities. These assets can be cash, precious metals, RBI approved securities like bonds, Shares etc. The ratio of the liquid assets to time and demand liabilities is termed as the Statutory liquidity ratio.

Some profits are earned through SLR by banks depending upon the asset. It is **defined under Sec 24 of Banking Regulation Act 1949**. It is maintained on daily basis by Banks.

Penalty for Not Maintaining SLR can be 3% above Bank Rate.

Its Minimum and Maximum value (can be 40%) is the discretion of RBI. It is maintained on Daily Basis. At Present The SLR is 22%. By Increasing SLR the Money Supply can be Reduced in Market thereby Controlling Inflation (Dear Money Policy) and by Decreasing it Money Supply can be Increased thereby promoting Growth (Cheap Money Policy)

#### REPO (REPURCHASE) RATE

It is the rate at which RBI lends money to commercial banks against securities in case commercial banks fall short of funds for Short Term. But Remember The banks cannot get money by mortgaging SLR quota securities to get money from RBI. It has to have securities above the SLR quota to Buy Money. This rate is **also known as "Policy Rate"** under LAF (Liquidity Adjustment Facility).

There is No Limit on how much the Client can Buy from RBI but Minimum has to Rs 5 crores. Banks use this Facility only when they have less Deposits from Public but have more Loan Demand. Currently the Repo Rate is 7.75%.

By Increasing Repo Rate the Money Supply can be Reduced in Market as Money becomes Costly (Dearer) thereby Controlling Inflation (Dear Money Policy) and by Decreasing it Money Supply can be Increased as Money becomes Cheap thereby promoting Growth (Cheap Money Policy). Indirectly This helps in GDP growth of India as less Repo Rates most probably leads to Less Lending Rates by Banks. So Business can buy More Loans and invest that Money in Production.

#### REVERSE REPO (REPURCHASE) RATE

Rate at which RBI borrows money from commercial banks. When Banks have collected More Money from Public but Demand for Loans is Less then Banks mostly park their Money with RBI and Receives Interest (Reverse Repo Rate). Reverse Repo Rate is Dependent on Repo Rates as Reverse Repo Rate is set to Repo Rate -1%. RBI gives Government Securities as Collateral to Banks. Current rate is 6.75%.

Officially Repo and Reverse Repo Rates Percentages are in Basis Points. So 1% means 100 Basis Points.

**MARGINAL STANDING FUNDING**

By this mechanism commercial banks can get loans from RBI for their emergency needs. **Under the Marginal Standing Facility (MSF), currently banks avail funds from the RBI on overnight basis against their excess SLR holdings.**

Additionally, they can also avail funds on overnight basis below the stipulated SLR up to two per cent of their respective Net Demand and Time Liabilities (NDTL) outstanding at the end of second preceding fortnight.

With a view to enabling banks to meet the liquidity requirements of mutual funds under the RBI's Special Repo Window announced on July 17, 2013, it has been decided to raise the borrowing limit below the stipulated SLR requirement under the MSF from 2 per cent of NDTL to 2.5 per cent of NDTL. This Facility is only Available to Scheduled Commercial Banks. Under This Facility Banks can use securities from SLR quota. MSF Rate = Repo Rate +1%. Current is 8.75%

**BANK RATE**

It is a rate at which RBI lends money to commercial banks without any security. It is used for Long Term Borrowing . Bank rate is not the main tool to control money supply. Repo Rate is the main tool to Control Money Supply. Penal rates are linked with Bank rate. At present, Penalty rate = Bank rate + 3% (or 5% in some cases)

**Impact**

When bank rate is increased interest rate also increases which have negative impact on demand thus prices increases.

**QUALITATIVE TOOLS**

1. **LTV(Loan to Value Ratio)** : Suppose I have Land Worth Rs 1 Crore and I want to get Loan from Bank by Mortgaging that Land. Then I will Not get Rs 1 Crore Loan . If LTV=60% then I can Get Maximum Loan of Rs 60 Lakh.
2. **Moral Suasion** : Moral Suasion is just as a request by the RBI to the commercial banks to take so and so action and measures in so and so trend of the economy. RBI may request commercial banks not to give loans for unproductive purpose which does not add to economic growth but increases inflation. Rajan will try to influence those bankers through direct meetings, conference, giving media statements, giving speeches etc .
3. **Credit Ceiling**: In this operation RBI issues prior information or direction that loans to the commercial banks will be given up to a certain limit. In this case commercial bank will be tight in advancing loans to the public. They will allocate loans to limited sectors. Few example of ceiling are agriculture sector advances, priority sector lending.
4. **Credit Authorization Scheme**: Under this instrument of credit regulation RBI as per the guideline authorizes the banks to advance loans to desired sectors.
5. **Direct action** : Means RBI gives punishment to notorious banks for not abiding by its guidelines. Punishment can involve: penal interest, refuses to lend them money and in worst case even cancels their banking license.

## *Various Types of Cheques*

A cheque is an unconditional order addressed to a banker, signed by the person who has deposited money with a banker, requesting him to pay on demand a certain sum of money only to the order of certain person or to the bearer of the instrument.

## TYPES OF CHEQUES-

### 1) BEARER CHEQUE-

Bearer cheques are the cheques which withdrawn to the cheque's owner. These types of cheques normally used for cash transaction.

### 2) ORDER CHEQUE-

Order cheque are the cheques which is withdrawn for the payee (the cheque withdrawn for whose person). Before withdrawn to that payee, banks cross check the identity of the payee.

### 3) CROSSED CHEQUE-

On that type of cheques two parallel line made on the upper part of the cheques, then that cheques formed to crossed cheques. This type of cheques payment does not formed in cash while the payment of that type of cheques transferred to the payee account and the normal person's account who recommend by the holder on the cheque.

### 4) ACCOUNT PAYEE CHEQUE

When two parallel lines along with a crossed made on the cheque and the word 'ACCOUNT PAYEE' written between these lines, then that types of cheques are called account payee cheque. The payment of the account payee cheque taken place on the person, firm or company on which name the cheque issue.

### 5) COMPANY CROSSED CHEQUES-

When two parallel lines along with a crossed made on the cheque and the word 'COMPANY' written between these lines, then that types of cheques are called company crossed cheques. Then type of withdrawn does not taken in cash while the person on which the cheque issue, transferred on its account. Normally crossed cheque and company crossed cheque are same.

### 6) STALE CHEQUE-

If any cheque issue by a holder does not get withdrawn from the bank till three months, then that type of cheques are called stale cheque.

### 7) POST DATED CHEQUE-

If any cheque issue by a holder to the payee for the upcoming withdrawn date, then that type of cheques are called post dated cheque.

### 8) ANTI DATED CHEQUE

If any cheque issue for the upcoming withdrawn date but it withdraw before the date printed on the cheque, then that type of cheques are called anti dated cheques.

## ***Financial Inclusion - A Way Forward To Inclusive Development***

Financial inclusion is buzz word today in Indian banking sector so what is financial inclusion and how it is important.

**Financial inclusion is the initiative of the government of India, RBI and banks to provide basic banking services to all section of society in urban areas or rural areas at affordable cost.**

After independence most of banking was in hands of private sector, so they only cater to the needs of rich and affluent people, so to over come this and provide banking services to every section of society nationalization of banks was done in 1969 in which fourteen banks were nationalized and than six more banks were nationalized in 1980 but still vast section of our society lack financial services like basic bank account, credit facilities.

As financially excluded people go to informal sector to meet their credit needs. They charge exorbitant rate of interest which put them in vicious cycle of moneylenders. So GOI and RBI with help of banks has initiated financial inclusion program to provide banking services to disadvantaged and low income groups of our society at affordable cost.

#### INITIATIVES TAKEN BY RBI AND GOI TOWARDS FINANCIAL INCLUSION:

##### SWABHIMAAN

Swabhimaan is financial inclusion scheme launched by GOI to provide banking facilities in habitation with a population in excess of 2000 by March 2012. This nationwide programme on financial inclusion, was launched in February, 2011 with its focus on bringing the deprived sections of the society in the banking network.

##### GRANTING OF NEW BANK LICENSES TO SET UP NEW BANKS

RBI has initiated a process of granting new bank licenses to open bank. In this RBI has recently granted new bank licenses to two companies IDFC and Bandhan.

#### **Making it mandatory for all banks to set up minimum 25 percent branches in rural areas.**

##### EASING OF KYC NORMS TO OPEN BANK ACCOUNT

KYC is known as Know Your Customer, so it is mandatory for all banks to take document proof of address, identity proof, pan no., so person who don't have these documents are unable to open bank account. RBI has simplified the procedure, a person can open small bank account by giving only aadhar card as proof.

##### USE OF TECHNOLOGY

Many banks have initiated steps to leverage technology to provide financial services at cheap cost. Banks on wheel is adopted by many banks to provide banking services to unbanked areas in which a mobile vehicle connected to central server via a telecommunication link provide banking services.

##### BANKING CORRESPONDENT MODEL

Banking correspondent model is adopted by many banks to provide banking services where banks find it not feasible to open brick and mortar branches. In this bank appoint banking correspondent who visit particular areas on set day to provide banking services like credit, deposit, withdrawal.

Many initiatives have been taken by RBI, GOI towards financial inclusion. Latest being the **Pradhan Mantri Jan –Dhan Yojana (PMJDY)**, in which financial inclusion is taken as national mission. In this every Indian family enrolled in a bank for opening zero balance account which can be open by giving only one document either proof of address and proof of identity and also provides various different profit to account holder like insurance cover, overdraft facility, Atm card. PMJDY is focus on opening one bank account in every family where as swabhimaan is focused on rural India.

So financial inclusion is always priority for RBI and GOI, nowadays many financial services are delivered to disadvantaged section of society in their bank accounts by DBT scheme of directly transferring subsidies in their accounts which help in preventing leakages in delivering of subsidies to disadvantaged and low income section of our society.

Thus Financial inclusion is an enabling element, both in the fight against poverty and in reaching the goal of inclusive economic development

## ***Money Market and Capital Market Instruments***

Financial Market plays a very important role in development of any country because it is place where liquidity requirement who needs money like industries to meet their expansion plans and those who want to earn better rate of interest on the surplus funds are met .Individuals and financial institution having surplus money come to earn better rate of interest Financial market is a platform where buyers and sellers are involved in sale and purchase of financial products like shares, mutual funds, certificate of deposit ,bonds and so on.

Any industry like reliance ,tatas or government needs money to meet liquidity requirement come to financial market .Financial market act as intermediary between those who need money and who want to invest their money to earn better rate of interest.

Financial market are divided in two types depends on duration for which they need money.

There are two types of financial market:

1. Money Market
2. Capital Market

### **MONEY MARKET**

It is one part of financial market where instruments like securities ,bonds having short term maturities usually less than one year are traded is know as Money market .Organization or Financial institutions having short term money requirement less than one year to meet immediate needs like buying inventories, raw material ,paying loans come to Money Market. It involves lending and borrowing of short term funds. Money market instruments like treasury bills, certificate of deposit and bills of exchange are traded their having maturity less than one year .Investment in money market is safe but it gives low rate of return.

Money Market is regulated by R.B.I in India and instrument having maturity less than one year usually traded in money markets

### **Major Players in Money Market:-**

1. RBI
2. Central Government
3. State Governments
4. Banks
5. Financial Institutions
6. Micro Finance Institutions
7. Foreign Institutional Investors (FII)
8. Mutual Funds

### **MONEY MARKET INSTRUMENTS**

1. Treasury Bills
2. Commercial Papers
3. Certificate of Deposit
4. Bankers Acceptance

## 5. Repurchase Agreement

### 1. TREASURY BILLS

Treasury Bills are also known as T-Bills. This is one of the safest instrument to invest. T-bills are issued by RBI backed by government security. RBI issues treasury bills on the behalf of central government to meet the short term liquidity needs of central government. Treasury bills are issued at a discount to face value, on maturity face value is paid to holder. At present, the Government of India issues three types of treasury bills through auctions, for 91-day, 182-day and 364-day. Treasury bills are available for a minimum amount of Rs.25,000 and in multiples of Rs. 25,000. Treasury bills are also issued under the Market Stabilization Scheme (MSS). In this if RBI wants to absorb excess liquidity it can issue T-bills.

### 2. COMMERCIAL PAPERS (CP)

Commercial papers are issued by private organizations or financial institutions having strong credit rating to meet short term liquidity requirements. These are unsecured instruments as these are not backed by any security. The return on commercial papers is usually higher than T-bills. Different rating agencies rate the commercial paper before issue by any organization. If commercial paper carrying good rating means it is safe to invest and carrying lower risk of default.

All corporate are not eligible to issue CP, only who meet certain defined criteria by RBI are eligible to issue CP.

CP can be issued for maturities between a minimum of 7 days and a maximum of up to one year from the date of issue and can be issued not less than 5 lakhs and multiples thereafter.

### 3. CERTIFICATE OF DEPOSIT

Certificate of Deposit (CD) is a money market instrument. CDs can be issued by scheduled commercial banks and select All-India Financial Institutions (FIs) that have been permitted by RBI to raise short-term resources. Minimum amount of a CD should be Rs.1 lakh, i.e., the minimum deposit that could be accepted from a single subscriber should not be less than Rs.1 lakh, and in multiples of Rs. 1 lakh thereafter. The maturity period of CDs issued by banks should not be less than 7 days and not more than one year, from the date of issue. CDs may be issued at a discount on face value.

In this a person invests his money in COD and after the end of maturity period he receives money along with interest.

### 4. BANKERS ACCEPTANCE

Bankers Acceptance is also a money market instrument to meet short term liquidity requirement. In this company provides bank guarantee to seller to pay amount of goods purchased at agreed future date. In case buyer failed to pay on agreed date, seller can invoke bank guarantee. It is usually used to finance export and import.

### 5. REPURCHASE AGREEMENT

Repurchase agreement is also known as Repo. It is a money market instrument. In this one party sells his asset usually government securities to other party and agrees to buy this asset on future agreed date. The seller pays an interest rate, called the repo rate, when buying back the securities. This is like a short term loan given by buyer of security to seller of security to meet immediate financial needs.

**MAJOR PLAYERS IN MONEY MARKET:-**

1. S.E.B.I
2. Central and State Government
3. Financial Institutions like L.I.C.
4. Financial intermediaries like stock brokers
5. Individuals
6. Corporate houses
7. Insurance companies

**CAPITAL MARKET**

Capital market is also very important part of Indian financial system .This segment of financial market meant to meet long term financial needs usually more than one year or more .Companies like manufacturing , infrastructure power generation and governments which need funds for longer duration period raise money from capital market. Individuals and financial institutions who have surplus fund and want to earn higher rate of interest usually invest in capital market .

**S.E.B.I. regulate the capital market in India** .It set the transparent mechanism rules and regulations for investors and borrowers .It task is to protect the interest of investors and promote the growth of capital market.

**Capital** market can be primary market and secondary market. In primary market new securities are issued where as in secondary market already issue securities are traded.

Capital market is divided into two

1. Equity
2. Bond

**CAPITAL MARKET INSTRUMENTS**

1. Shares
2. Debentures
3. Bonds

**EQUITIES**

Equity market generally know as stock .In this company want to raise money issue shares in share market like B.S.E.or N.S.E.to individual or financial institutions who want to invest their surplus money

**SHARES CAN BE ISSUED IN TWO WAYS:**

If company issuing share for first time that it is know as I.P.O.(Initial Public Offering ).IPO of any company issued in primary market and if company issuing shares for second or third time than it is know as FPO(Follow on Public Offering ) and trading of already issued shares take place in secondary market.

Share gives ownership right to individuals who subscribe to it ,in this way company has to dilute his ownership right Same way public sector undertakings dilute up to 49 percent of their ownership and keep remaining 51 percent with them so that they have majority control.

A person earns from shares is company make profit which is distributed among share holders know as dividend and if company make loss value of share also falls so shares are high risk instruments

**BOND OR DEBT**

Bond market is also known as Debt market. A debt instrument is used by government or organization to generate funds for longer duration. The relation between person who invest in debt instrument is of lender and borrower. This gives no ownership right. A person receives fixed rate of interest on debt instrument.

**If any company or organization want to raise money for long term purpose without diluting his ownership that it is known as Debentures.** These are backed by security so there is no risk involved but return on these instrument is low as compared to shares. Company pay fixed rate of interest on debentures.

**If government want to generate funds to meet long term needs like infrastructure it issues bonds known as sovereign bonds** which are backed by government security so there is no risk

## ***Financial Sector Regulators in India***

Today I am going to explain about various regulators that regulate financial sector in India.

**RBI - RESERVE BANK OF INDIA**

**RBI** was established on 1 April 1935 with the sole aim to work as banking sector regulator. RBI was nationalized in 1949. RBI regulates the banking sector (government and private banks) by banking regulation act 1949 and RBI act 1935 which entrusted responsibility on the RBI to work for the enhancement of banking sector in India. RBI is the sole authority to issue banking licenses to entities who want to open bank in India, and if any bank wants to open new branch it has to take prior approval from RBI.

The main aim of RBI is to provide banking services to the last mile of country. To fulfill this initiative RBI has started financial inclusion program. In this RBI mandated all banks in India to open at least 25 percent branches in rural areas. RBI also ensures that adequate credit is provided to rural areas by priority sector lending. In this RBI has mandated all banks including foreign banks working in India to provide 40 percent of their loans to priority sector like agriculture, student loans etc. If any bank found violating RBI policy, it has power to take action against it.

RBI does supervision functions and regular checks to ensure that financial health of banks is maintained. RBI ensures that all banks follow the government guidelines for the banking sector. If any bank found indulging in activities against people's interest and violating government policies RBI can fine bank including private banks.

The term of RBI governor is for three years and appointed by GOI.

Present Governor of RBI - **Raghuram Rajan**

Headquarter - **Mumbai**

**IRDA – INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY**

IRDA was established in 1999 by the IRDA act, 1999. It is the autonomous body established by act of parliament. Its aim is to ensure growth of insurance sector in India.

IRDA was established as sole authority to regulate the insurance industry in India, to ensure the growth of insurance industry and protect the interest of policy holders.

For any company wants to work in insurance sector needs prior approval of IRDA. It also performs supervision

functions to ensure that different insurance companies including private following rules and regulations or not .It can take action against erring companies .IRDA works to protect the interest of policy holder and to regulate, promote and ensure orderly growth of the insurance industry.

The chairman of IRDA is appointed by GOI .The term of IRDA chairman is for **five years**.

Present chairman of IRDA - **T.S.Vijayan**  
Headquarter - **Hyderabad**

#### SEBI- SECURITIES AND EXCHANGE BOARD OF INDIA

SEBI was enacted on April 12, 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992. The main aim of SEBI is to protect the interest of investor in securities .It is sole regulator for all stock exchanges in India. SEBI regulate the capital markets in India .If any company want to bring IPO it needs prior approval from SEBI .It is entrusted with responsibility to protect the interest of investor in stock exchange , ensure the growth of securities market ,regulate and develop a code of conduct for intermediaries such as brokers, underwriters, etc.

The chairman of SEBI is appointed by GOI . The term of SEBI chairman is for **three years**.

Present Chairman of SEBI- **Upendra kumar Sinha**

Headquarter of SEBI - **Mumbai**

#### NABARD- NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

**NABARD** was established on 12 July 1982 by the act of parliament .NABARD is the apex institution for the development of farm sector, cottage industries and small scale industries in rural areas. The Banking Regulation Act, 1949, empowers NABARD to conduct inspection of State Cooperative Banks (SCBs), Central Cooperative Banks (CCBs) and Regional Rural Banks (RRBs) and protect interest of the present and future depositor and also provide short and medium term loan to those banks working in rural areas development .It provides his expertise in rural areas to RBI and GOI in making policies.

The chairman of NABARD is appointed by GOI . The term of NABARD chairman is for **three years**.

Present Chairman of NABARD - **Dr. Harsh Kumar Bhanwala**

Headquarter - **Mumbai**

#### PFRDA- PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

PFRDA is the regulatory body for all the pension funds in India .The Pension Fund Regulatory & Development Authority Act was passed on 19th September, 2013.PFRDA regulate the pension sector and works for its development, formulate policies for pension sector.PFRDA is regulating NPS, subscribed by employees of Govt. of India, State Governments and by employees of private institutions/organizations & unorganized sectors.

Term of PFRDA chairman is for **five years** and appointed by GOI.

Present Chairman of PFRDA - **Hemant Contractor**

Headquarter - **New Delhi**

### What is the real value of US Dollars in terms of Indian Rupee

One of the most common question that arises among people who are planning to migrate to developed countries that how much can I purchase with salary of US \$ 5000 or 10,000 a month.

To explain the value of Indian Rupee in terms of US \$, I will use Big Mac Index by The Economist and Purchasing Power Parity by World Bank

PPP factor of India is 0.3 in terms of \$US



Monetary value of US\$ 1 = INR 63.70 (30 December 2014)

In terms of PPP US\$ 1 =  $63.70 \times 0.3$  = INR 19.11

This the product you can purchase of US \$ 1 in Newyork city can be purchase for Rs 19.11 in New Delhi.

So if you salary is US \$ 5000 in Newyork, it is equivalent (in terms of PPP) of  $5000 \times 19.11$  = Rs.95,550.

1. [Forex - All you need to know](#)
2. [Foreign currency accounts](#)

### BIG MAC INDEX

The Economist, one of the leading economics magazine introduced Big Mac Index to compare purchasing power of various currencies around the world by comparing price of a standard Big Mac.

McDonald's is an international fast food chain and it has 35,000 restaurateurs 119 countries around the world.

Indian version of Big Mac is Maharaja Mac

Price of 1 Maharaja Mac in India = Rs 106

Price of 1 Big Mac = \$4.8 =  $4.8 \times 63.7$  = Rs 305

In terms of Big Mac US\$ 4.8 = Rs 106

Value of US\$ 1 =  $106 / 4.8$  = Rs 22.08

So value of US\$ is near about Rs 20 in terms of real purchasing power.

Many of the engineers and migrants from Punjab flaunts about their salaries in US and UK. Many of my friends are getting \$3000 to \$4000 a month. By converting US\$ 4000 into INR  $4000 \times 60$  (Approx) = Rs 2,40,000, this looks good money. But to know how much you can actually buy, simply divide it by 3, so it Rs80,000.

So a person making \$4000 in USA has an equal standard of living as a person earning Rs 80,000 in India.

## Forex - Everything you need to Know

Forex stands for 'Foreign Exchange'. 'Foreign Exchange', 'Forex' or simply 'Fx' refers to the whole nine yards in respect of 'foreign currency'.

When you say forex, you could mean forex trading or the forex reserves or the forex rates. All the above deal with foreign currencies but has different meaning and implications.

Let start with the trading aspect of 'forex'.

### FOREX TRADING

- Forex Trading takes place in '**Forex Market**'.
- Forex market operates for 24 hours a day and 5 days a week! Why 24 hours? Simply because of the time differences in different parts of the world!
- Forex market is also known as currency market, as currencies from all over the world are traded; it is the largest market in the world only because of the sheer volume of transactions!
- Forex market is not a physical market – it is a term used to denote the worldwide 'market' where currencies from all over the world are traded – it is not limited by geographical constraints.
- Any person from any country can trade in the forex market; participants can be international banks, companies and individuals engaging in hedging or speculative transactions.
- Forex markets operate on 'Over the Counter' (OTC) form – just like a medical store – over the counter – ask for the currency which you want and pay according to the existing rate of the currency.
- Then when you want to sell them – take 'em back and sell 'em over the counter!
- The currency rates or forex rates differ every day and sometimes also during a day and exchange rates for different currencies are different and depend on various factors.
- Investors, traders, hedgers, speculators trading the forex market actually want to take advantage of the fluctuations of the exchange rates or simply put the currency's rate.
- Exchange rates depend on various factors such as level of economic activity of a country, its GDP, its share market activities, political stability or instability etc., speculators look at all of these factors and make their own predictions and put their money on particular currency.

Simple example – current dollar rates (forex rate of dollar!) is  $1\$ = \text{Rs. } 63.79$ ; say you have Rs. 1000 with you and you want to try your luck in the currency market – you go and buy dollars using Rs. 1000.

How many dollars will you get (remember its all OTC!)? –  $1000/63.79 = \$ 15.67$ .

So, with Rs. 1000 you are able to buy 15.67 dollars! Dollars is no use to you – its your commodity – you trade a commodity.

But when will you trade or in this case sell your dollar – you'll sell only when you see you can earn a profit obviously! So you wait for the rate to improve ...and then when the rate become  $1\$ = \text{Rs. } 65.85$  (it's increased from  $\text{Rs. } 63.79$ ) you sell your 15.67 dollars and get your rupees back!

$15.67 \times 65.85 = \text{Rs. } 1032$ ! Okay yeah ... profit of only  $\text{Rs. } 32$  ... but we took an example with easy figure – in real world the figures are huge!

- So this is basically how trading objectives are – and when the prices fall, the traders are dealt with huge losses.
- Forex market is highly exciting, highly risky and to be dabbled in when you've become an expert in the free online trading games!

Okay here's a scenario for consideration – if you are an importer, i.e, you buy goods from foreign country to be sold in India – you've got to pay to the foreign country seller in say, dollars – today the dollar rate is  $1\$ = \text{Rs. } 63.79$ , so for every dollar you need 63.79 rupees. Ok.

Suppose when at the time of payment the rate is  $\text{Rs. } 68.85$  for every dollar – you've got a loss! Now you will end up paying  $\text{Rs. } 5.06$  more for every dollar!

On the flip side – if you are an exporter – you are selling goods to a trader in a foreign country and you will receive payments in dollars – when the rate becomes  $\text{Rs. } 68.85$  from  $\text{Rs. } 63.79$  – you end up earning a profit due to exchange rate fluctuation of  $\text{Rs. } 5.06$ ! As when you are paid by in dollars you will get  $\text{Rs. } 68.85$  for every dollar!

So you can see what a dynamic world forex is! Ever changing and somewhat unpredictable!

### FOREX RESERVES

- The term 'forex reserves' is used to denote the foreign currency reserve of a central banks or governments of countries.
- So what goes into forex reserves? – Well, you could have foreign currency notes, deposits from foreign countries, foreign treasury bills other government securities etc.
- So basically forex reserves in a countries 'reserve' of money held in foreign currency or currency equivalent.
- Where does all the foreign currency come from? – from Exports, Foreign Loans, Grants, foreign investments in India – when tourists come to India!
- And the reserves are used to pay for imports, repay international loans and dues, or give international grants – when you go abroad!
- A country and its central bank has many international monetary obligations – forex reserves are used for that – when this reserve runs low the IMF or World Bank comes to rescue.
- Also a country's strong forex position can impact its exchange rate and international trade relations!
- For India – most of the forex is used to pay for oil imports as you all probably know – so having a strong forex reserve is extremely important.
- Forex reserves are managed by the RBI in India.

Latest though, **India is 9<sup>th</sup> on the list of countries with good forex position**; list headed by China.

And even latest news on the forex reserves front is that, India's forex reserves rose by  $\$3.16$  billion last week, so the current figure resides at  $\$319.99$  billion!

Which is like  $-\$ 3,199,900,000$ ! And the pundits are of the opinion that is it a comfortable position to be in. Well, who are we to argue!

All we can hope is that with the economic development envisioned for India in the coming years our forex reserves keep filling up!

## ***Types of Bank Accounts***

This topic is important for bank exams, as generally many questions are asked in bank exams and interview on bank accounts like what are different types of accounts in bank, what is difference between current account and saving account .So understanding this topic is very important.

### **VARIOUS TYPES OF BANK ACCOUNTS**

1. Saving Account
2. Current Account
3. Recurring deposit Account
4. Fixed deposit Account
5. FCNR Deposit Account
6. NRO Account
7. NRE Account

### **SAVING ACCOUNT :**

Saving accounts are opened by individuals in banks to save some share of their earnings .Main aim of saving account is to promote saving habit among individuals.These saving accounts are opened on the name of individuals only.

On saving account an individual earns some rate of interest, these rate of interest varies from bank to bank ,earlier this rate of interest in fixed by RBI but now RBI has given power to banks to decide their own rate of interest on saving account .This rate of interest is usually 4% but some private banks offering 6% rate of interest too.

When a person open a saving account he is provided with a passbook, ATM card, cheque book.

In saving accounts there is restriction a person can deposit or withdrawal money within month . Minimum deposit a individual has to maintain in account (In PSU banks) is Rs1000 or less as some bank offering zero balance accounts.

### **CURRENT ACCOUNT :**

Current account are opened for business transactions , on the name of firm or company .Banks offered no rate of interest on money held in current account but provide extra features as compared to current account like there is not limit on deposit or withdrawal in current account but no passbook is issued for current account holder. Minimum deposit needed to open current account is Rs5000 or depends on respective bank. Many facilities are provided to current account holder like overdraft facility, statement of account.

### **RECURRING DEPOSIT ACCOUNT OR R.D.**

In recurring deposit account is a saving feature that bank offers to their customers, who can save only small amount of money per month. In recurring deposit account a person deposit a fixed sum of money for fixed period like a person deposit Rs 500 per month for one year bank pays interest on the deposit money every month after the completion of fixed period bank pay the deposit money along with interest to his customer.

Recurring deposit account are generally meant for salary earning people who can save a fixed sum of money every month.

#### FIXED DEPOSIT ACCOUNT OR TERM DEPOSIT ACCOUNT

In fixed deposit account , a person deposit a fixed sum of money one time only for the fixed period bank pays the rate of interest on the fixed deposit account depends on tenure of deposit account, after the completion of period bank pay the amount along with rate of interest incurred on the amount .banks also charge penalty is premature withdrawal is done if person need money before the completion of fixed period.

***For NRI to invest in India and earn interest on their hard earn money , as rate of interest offered by Indian banks is higher than western counterparts so it is attraction option to deposit money in Indian banks and earn good rate of interest . RBI allow three type of account to NRI by which they can deposit their money in India***

#### FCNR DEPOSIT ACCOUNT

**FCNR** stand for **Foreign Currency Non -Resident account**

This account is opened by NRIs In this account a person invest a fixed sum of money for a period not less than one year and max five years in any foreign currency in fcnr account . After the completion of fixed period principal and interest is paid in foreign currency in which he had deposited .In this way NRI are save from foreign exchange rate risk

#### NRO DEPOSIT ACCOUNT

**NRO** stand for **Non Resident Ordinary saving account**

The Non Resident Ordinary Account (NRO Account) is a Savings / Current. Recurring Deposit / Fixed Deposit bank account held in India, in Indian Rupees. **NRO account is opened by any person resident outside India** only who want to earn attractive rate of interest in India and also have some earnings in India (such as rent income, dividend, pension, etc).This account is best suited for NRI or PIO who have some earnings in India as these earnings are deposit in NRO account .NRO account is only operated in Indian currency only .Average monthly balance in NRO saving account is Rs1,50,000. NRIs can remit up to 1 million per calendar year. Banks are free to determine their interest rates on savings deposits under Ordinary Non-Resident (NRO) Accounts. However, interest rates offered by banks on NRO deposits cannot be higher than those offered by them on comparable domestic rupee deposits

#### NRE ACCOUNT

**NRE** stands for **Non Resident External Account**

The Non Resident External Account (NRE Account) is a Savings / Current. Recurring Deposit / Fixed Deposit bank account held in India, in Indian Rupees. Such accounts can be opened only by the NRI. Balances held in NRE account are fully repatriable. With effect from March 1, 2014, interest rates offered by banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits

## Definitions of Micro, Small & Medium Enterprises

In accordance with the provision of **Micro, Small & Medium Enterprises Development (MSMED) Act, 2006** the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

### 1 Manufacturing Enterprises

The enterprises engaged in the manufacture or production of goods pertaining to any industry or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are **defined in terms of investment in Plant & Machinery**

## 2. Service Enterprises

The enterprises engaged in providing or rendering of services and are **defined in terms of investment in equipment.**

### MANUFACTURING SECTOR

Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees

### SERVICE SECTOR

Enterprises	Investment in equipments
Micro Enterprises	Does not exceed twenty Ten lakh rupees
Small Enterprises	More than twenty Ten lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	More than Two crore rupees but does not exceed Five crore rupees

## *Maharatna, Navratna and Miniratna PSUs in India*

Public sector enterprises or public sector undertakings have been back bone of Indian economy since the time of independence. These public sector undertakings contribution in Indian economy indescribable. These industries are related to power sector, steel manufacturing, iron ore and petroleum. Government is also able to earn considerable revenue from these PSUs, to honor their contribution and vest some special power that help and provide greater autonomy to these public sector enterprises in decision making, government confer to some to these industrial organization.

The PSUs in India have been divided in three categories on the basis of autonomy (and thus status) they enjoy. The three categories are...

- Maharatna
- Navratna
- Miniratna I & II categories

The policy aims to support them by providing greater autonomy to compete in the global market. In India Vedic verses 'Ratna' is denominated as precious gems and precious stones. Symbolically, the terms Maharatnas, Navratnas and Miniratnas are supposed to stand for such contribution of gems and precious stones in the hierarchical order.

### 1) MAHARATNA SCHEME

**Maharatna Scheme was introduced for Central Public Sector Enterprises (CPSEs), with effect from 19th May, 2010,** in order to empower mega CPSEs to expand their operations and emerge as global giants. The objective of the scheme is to delegate enhanced powers to the Boards of identified large-sized Navratna CPSEs so as to facilitate expansion of their operations, both in domestic as well as global markets.

#### ELIGIBILITY CRITERIA FOR GRANT OF MAHARATNA STATUS

CPSEs fulfilling the following criteria are eligible to be considered for grant of Maharatna status:

1. Having Navratna status
2. Listed on the Indian stock exchange, with a minimum prescribed public shareholding under SEBI regulation
3. An average annual turnover of more than Rs.20,000 crore during the last three years.
4. An average annual net worth of more than Rs.10,000 crore during the last three years.
5. An average annual net profit of more than Rs.2500 crore during the last 3 years.
6. Significant global presence or international operations.

**List of Maharatna Companies (as per available information as on 26 October, 2014)**

**There are seven public sector companies which were granted Maharatna status.**

#### MAHARATNA CPSEs

1. Bharat Heavy Electricals Limited
2. Coal India Limited
3. GAIL (India) Limited
4. Indian Oil Corporation Limited
5. NTPC Limited
6. Oil & Natural Gas Corporation Limited
7. Steel Authority of India Limited

#### Maharatna status helps in enhanced powers:

As compared to other CPSEs, the Boards of Maharatna CPSEs have been delegated enhanced powers in the areas of:-

1. A Maharatna company can invest 15% of its networth in a single project for establishing a new venture or undertaking an acquisition activity with a cap of Rs 5,000 crore without any permission from GOI.
2. Make equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad

#### Major Impact

The main objective of the Maharatna Scheme is to empower mega CPSEs to expand their operations and emerge as global giants.

### 2) NAVRATNA SCHEME

The Central Public Sector Enterprises (CPSEs) fulfilling the following criteria are eligible to be considered for grant of Navratna status:

**A score of 60 (out of 100), based on six parameters which include**

1. Net Profit to Net Worth
2. Manpower cost to cost of production or services
3. Gross margin as capital employed
4. Gross profit as Turnover
5. Earnings per Share
6. Inter-Sectoral comparison based on Net profit to net worth.

The number of PSUs with Navratna status in the country now stands at 16. National Buildings Construction Corporation Limited' (NBCC) and 'Engineers India Limited' (EIL) are the most recent addition to this coveted status granted by the Department of Public Enterprises.

**THERE ARE SEVENTEEN CPSES GRANTED NAVRATNA STATUS LIST INCLUDE:**

1. Bharat Electronics Limited
2. Bharat Petroleum Corporation Limited
3. Engineers India Limited\*
4. Hindustan Aeronautics Limited
5. Hindustan Petroleum Corporation Limited
6. Mahanagar Telephone Nigam Limited
7. National Aluminium Company Limited
8. National Buildings Construction Corporation Limited
9. NMDC Limited
10. Neyveli Lignite Corporation Limited
11. Oil India Limited\*
12. Power Finance Corporation Limited
13. Power Grid Corporation of India Limited
14. Rashtriya Ispat Nigam Limited
15. Rural Electrification Corporation Limited
16. Shipping Corporation of India Limited
17. Container Corporation of India Limited

**Enhancement of delegated powers of Navratna PSUs**

1. The ceiling on investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the PSU in one project limited to Rs. 1000 crore..
2. The Board of Directors of these PSUs shall have the powers for mergers and acquisitions, subject to the conditions.

**3) MINIRATNA SCHEME**

In October 1997, the Government had also decided to grant enhanced autonomy and delegation of financial powers to some other profit making companies subject to certain eligibility conditions and guidelines to make them efficient and competitive. These companies called Miniratna', are in two Category-I,II.

**THE ELIGIBILITY CONDITIONS AND CRITERIA ARE:**

1. **Category –I** CPSEs should have made profit in the last three years continuously, the pre-tax profit should have been Rs. 30 crore or more in at least one of the three years and should have a positive net worth.
2. **Category-II** CPSEs should have made profit for the last three years continuously and should have a positive net worth.
3. These CPSEs shall be eligible for the enhanced delegated powers provided they have not defaulted in the repayment of loans/interest payment on any loans due to the Government.

Presently, there are 68 'Miniratna' CPSEs (54 Category –I and 18 Category-II).

#### MINIRATNA CATEGORY - I CPSEs

1. Airports Authority of India
2. Antrix Corporation Limited
3. Balmer Lawrie & Co. Limited
4. Bharat Coking Coal Limited
5. Bharat Dynamics Limited
6. BEML Limited
7. Bharat Sanchar Nigam Limited
8. Bridge & Roof Company (India) Limited
9. Central Warehousing Corporation
10. Central Coalfields Limited
11. Chennai Petroleum Corporation Limited
12. Cochin Shipyard Limited
13. Dredging Corporation of India Limited
14. Kamarajar Port Limited
15. Garden Reach Shipbuilders & Engineers Limited
16. Goa Shipyard Limited
17. Hindustan Copper Limited
18. HLL Life care Limited
19. Hindustan Newsprint Limited
20. Hindustan Paper Corporation Limited
21. Housing & Urban Development Corporation Limited
22. India Tourism Development Corporation Limited
23. Indian Rare Earths Limited
24. Indian Railway Catering & Tourism Corporation Limited
25. IRCON International Limited
26. KIOCL Limited
27. Mazagaon Dock Limited
28. Mahanadi Coalfields Limited
29. Manganese Ore (India) Limited
30. Mangalore Refinery & Petrochemical Limited
31. Mishra Dhatu Nigam Limited
32. MMTC Limited
33. MSTC Limited
34. National Fertilizers Limited
35. National Seeds Corporation Limited
36. NHPC Limited
37. Northern Coalfields Limited
38. North Eastern Electric Power Corporation Limited
39. Numaligarh Refinery Limited
40. ONGC Videsh Limited
41. Pawan Hans Helicopters Limited
42. Projects & Development India Limited
43. Railtel Corporation of India Limited
44. Rail Vikas Nigam Limited
45. Rashtriya Chemicals & Fertilizers Limited
46. RITES Limited
47. SJVN Limited

48. Security Printing and Minting Corporation of India Limited
49. South Eastern Coalfields Limited
50. State Trading Corporation of India Limited
51. Telecommunications Consultants India Limited
52. THDC India Limited
53. Western Coalfields Limited
54. WAPCOS Limited

#### MINIRATNA CATEGORY-II CPSES

55. Bharat Pumps & Compressors Limited
56. Broadcast Engineering Consultants (I) Limited
57. Central Mine Planning & Design Institute Limited
58. Central Railside Warehouse Company Limited
59. EdCIL (India) Limited
60. Engineering Projects (India) Limited
61. FCI Aravali Gypsum & Minerals India Limited
62. Ferro Scrap Nigam Limited
63. HMT (International) Limited
64. HSCC (India) Limited
65. India Trade Promotion Organization
66. Indian Medicines & Pharmaceuticals Corporation Limited
67. M E C O N Limited
68. Mineral Exploration Corporation Limited
69. National Film Development Corporation Limited
70. National Small Industries Corporation Limited
71. P E C Limited
72. Rajasthan Electronics & Instruments Limited

#### ENHANCEMENT OF DELEGATED POWERS OF MINIRATNA PSUs.

**Miniratna-I:** up to Rs. 500 crore or equal to their net worth, whichever is lower.

**Miniratna-II:** up to Rs. 300 crore or up to 50% of their net worth, whichever is lower.

## ***What is Bank Audit and its Process in India***

‘Audit’ or ‘Auditing’ is an activity which is undertaken by any business organization on its own or by the requirement under any law – to go through its accounts, transactions, and documents – to ensure correctness, legality of it.

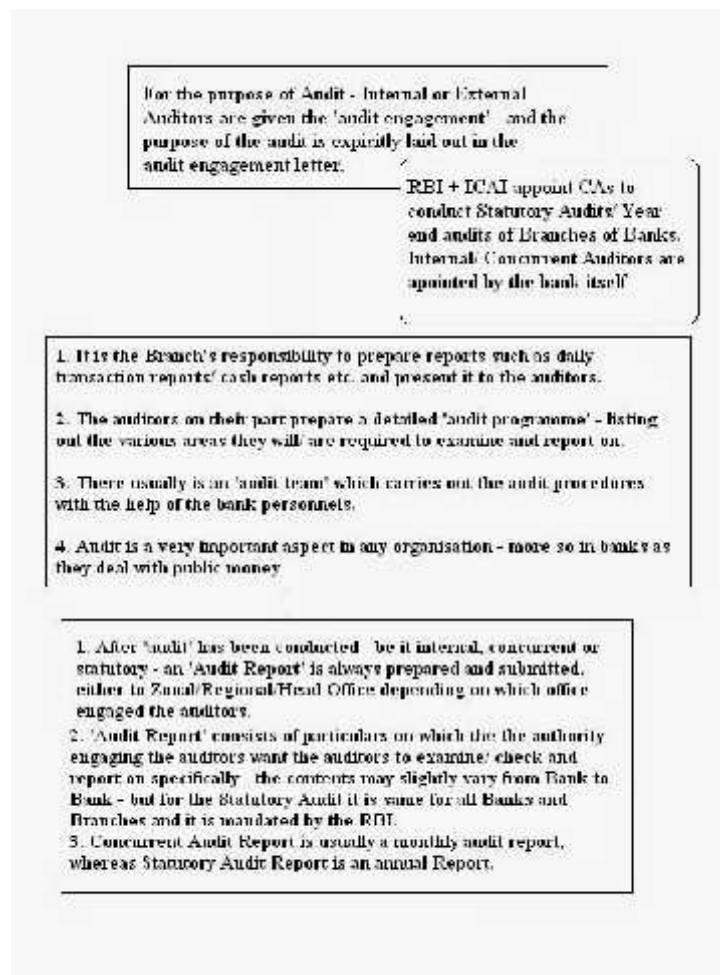
It is an examination of the accounts and can be conducted by internal or external agencies – known as the auditors.

#### **BANK AUDIT CAN BE CLASSIFIED INTO 3 BROAD CATEGORIES:-**

1. Concurrent Audit
2. Internal Audit/ Information Systems Audit
3. Statutory Audit

## CONCURRENT AUDIT

- Concurrent Audit means – the audit or examination of transactions happening as and when a transaction actually happens.
- It is a continuous audit, which goes on all the year around, usually conducted by external auditors (Chartered Accountants) on monthly basis.
- In concurrent audits daily basis transactions are examined and checked – this ensures any irregularities are nipped at the bud.
- Banks have a huge number of daily transactions – they also have many documentations and other formalities that they have to conform too – through concurrent audit any irregularities or nonconformities are easily found out as and when it happens and rectified immediately; this avoids piling up of irregularities which may become a huge problem for any branch when the year end audit comes around!
- Concurrent Auditors check for daily maximum cash balance adherence compliance, KYC norm compliance, proper documentation of new loan disbursement, checking if new loans have been made as per rules and regulations, income leakage etc. among other things like putting any new RBI instruction to work!; these are reported on in the 'concurrent audit report'.
- Concurrent Audit is a measure to help a Branch to work smoothly and rectify any mistakes to avoid cascading effect of the irregularities.



### INTERNAL AUDIT/ INFORMATION SYSTEMS AUDIT

- Many banks instead of having concurrent audit or even in addition to having concurrent audits may use 'internal auditing'.
- Internal Auditing is when any organization, including a bank, constitutes an audit team within its own organization to cater to its auditing requirements.
- These internal auditors will visit branches one by one where and when required and carry out auditing.
- Internal Audit may focus on any specified area or cover every aspect of the branch, depending on its audit programme and requirement; main thing is it is conducted by the bank itself.
- However one important thing in internal audit is – information systems audit; information systems audit is a new area gaining prominence in the last few years.
- With rapid computerization in banking sector – core banking, ATMs, mobile banking, internet banking, completely computerized banking functions – it becomes necessary to have a periodical review of how these systems are working.
- Internal Control audit looks at the information flow, the channels, the security (of information) etc.
- It also checks for the workability of new banking softwares and how it rates on security and access.

### STATUTORY AUDIT

- 'Statutory Audit' is conducted by a 'Statutory Auditor' – the word 'statute' means – mandated or compulsorily required by any law or Act; in Bank's case it is the RBI's mandate.
- Every year around the very last days of March (end of financial year) and the beginning of April (first two weeks of April) – in every branch of every bank a very rigorous activity is held – known as the year end audit or the statutory audit!
- This audit is the most important event for a bank as this decides among other things – the NPA!
- Which by now, I think most of you would know and appreciate how important it is for any bank – NPA and its provisioning affect the profits of a bank and hence the Balance Sheet and Profit and Loss Account and finally the shareholder's dividends.
- Thus Statutory Audit is very important.
- Statutory Auditors are appointed by RBI in association with the ICAI, to empanel Chartered Accountants for the job.
- Statutory Audit does not look at the nitty-gritties of the banking transactions (these are looked at by concurrent and internal audits); instead they rely on the concurrent audit reports and test checking to form their opinion.
- Statutory Audit mainly looks at the loans and advances, compliance with PSL requirements, CRR, SLR etc. and other statutory norms compliance as per the latest RBI circulars.

Thus Bank Audit is an important activity undertaken by internal and external auditors, to ensure no fraud is being committed – the overall aim to ensure fair and just banking practice.

So when the next time you go to your local branch and witness audit going on specially the Stat Audit – cut 'em some slack! They're trying their best to reduce the NPA and its provisioning!