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Reserve Bank of India

Current Affairs and Latest Circulars

May 2018 – September 2017



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- ❑ Reserve Bank of India has appointed Sudha Balakrishnan as its first Chief Financial Officer in May 2018. She has become the 12th Executive Director of Reserve Bank of India
- ❑ Dena Bank has been put under prompt corrective action by Reserve Bank of India in May 2018. The bank has become first in the list to be restricted from extending any fresh loans and recruiting new staff in view of degrading financial health of the bank due to NPAs and losses.
- ❑ Reserve Bank of India has modified the norms for setting up of an IFSC unit in May 2018, as per the new norms the parent bank has to mandatorily maintain a minimum capital of USD 20 Million in its IBU at all times.
- ❑ Reserve Bank of India in April 2018 has liberalized External Commercial Borrowings Policy by including more sectors in the window to facilitate cheaper access of overseas funds. The ECB Liability to Equity Ratio for ECB raised from direct foreign equity holder under the automatic route has been raised to **7:1**, further this ratio won't be applicable if ECB raised is up to USD 5 Million. RBI has also stipulated an all in cost ceiling of 450 basis points over the bench mark rate. More sectors have been included in the ECB framework:
 - Port Trusts constituted under the Major Port Trusts Act, 1963 or Indian Ports Act, 1908.
 - Housing Finance Companies, regulated by the National Housing Bank.
 - Companies engaged in the business of Maintenance, Repair and Overhaul and freight forwarding.
- ❑ As per the recent report from Reserve Bank of India, India's Forex Reserves have reached a record high of USD 424.864 Billion in April 2018. The rise is primarily due increase in Foreign Currency Assets (FCAs).

- ❑ Reserve Bank of India in its recent monetary policy in April 2018 has announced to shift from GVA (Gross Value Added Model) of estimating the economy of India to GDP (Gross Domestic Product) from 2018 for being on par with global practices.
- ❑ Updates on first bi-monthly Monetary Policy Review conducted in April 2018:

Repo Rate	6%
Reverse Repo Rate	5.75%
Marginal Standing Facility	6.25%
Statutory Liquidity Ratio	19.5%
Cash Reserve Ratio	4%
Bank Rate	6.25%

- ❑ Reserve Bank of India has extended adoption of Ind-AS (Indian Accounting Standards) for Commercial Banks till April 2019 due to unpreparedness of Banks to shift to new accounting system. Regional Rural Banks are exempted from adopting the Ind-AS norms.
- ❑ Reserve Bank of India has signed an MoU with Insolvency and Bankruptcy Board of India in March 2018 for cooperation in effective implementation of Insolvency Laws.
- ❑ Reserve Bank of India in February 2018 has raised the exposure limit under Exchange Traded Foreign Currency Derivatives trading for resident and foreign portfolio investors to USD 100 Million across all currency pairs including Indian Rupee.
- ❑ Reserve Bank of India in February 2018, has launched an Ombudsman Scheme for Non-Banking Financial Companies (NBFCs) for Redressal of complaints against NBFC registered with Reserve Bank of India under section 45-IA of RBI act 1934.
- ❑ Reserve Bank of India has constituted a committee headed by Y H Malegam (former member of central board of directors) to look into issues relating to

classification of bad loans, rising incidents of frauds and effectiveness of audits in the wake of Punjab National Bank Scam.

- ❑ NITI Aayog in its recent report has recommended setting up of an Independent Debt Management Office for better management of Government Debt which is currently managed by Reserve Bank of India.
- ❑ Government of India in April 2018 has launched first tranche of Sovereign Gold Bonds for 2018-19. The bonds will be issued by Reserve Bank of India on behalf of government of India. The issue price of the bond is Rs 3114 per gram.
- ❑ Reserve Bank of India has imposed a penalty of Rs 3 Crore on IDBI Bank for Non-Compliance with RBI framework on reporting of bad loans.
- ❑ Reserve Bank of India has made legal entity Identifier (LEI) compulsory for all companies having aggregate fund and non-fund exposure over Rs 5 Crore.
- ❑ Reserve Bank of India has constituted a task force headed by Y M Deosthalee on studying implementation of Public Credit Registry in India.
- ❑ Government of India in September 2017 has recognized Peer to Peer lending companies as NBFCs and these companies will be regulated by Reserve Bank of India.
- ❑ HDFC Bank has been added in the Systematically Important Bank (SIB) list in September 2017 making it the third bank to join the elite list. The other banks in the list are State Bank of India and ICICI Bank.
- ❑ Reserve Bank of India in April 2018 has allowed a limit of Rs 5000 Crore for Foreign Portfolio Investors to go long in Interest Rate Futures.
- ❑ Reserve Bank of India has removed the per borrower loan cap for MSME units for classification under Priority Sector Lending. The earlier norms were, loans upto 5 Crores to Micro and Small units and loans upto 10 Crores to Medium units have been considered under Priority Sector.
- ❑ Reserve Bank of India has imposed penalty of 3 crores on Axis Bank for non-compliance with norms of Income Recognition and Asset Classification stipulated by RBI.
- ❑ Reserve Bank of India has imposed penalty of 2 Crores on Indian Overseas Bank for non-compliance with KYC Norms stipulated by Reserve Bank of India.
- ❑ Reserve Bank of India has imposed a penalty of Rs 40 Lakhs for violating norms stipulated by RBI on Fake Notes detection and impounding.
- ❑ Reserve Bank of India in February 2018 has introduced an additional liquidity management tool – standing deposit scheme for better absorption of surplus liquidity in the system.

- ❑ Government of India has approved raising the authorized capital of NABARD from existing Rs 5000 Crores to Rs 30,000 Crores and transfer of Rs 20 Crore (0.4%) share capital of Reserve Bank of India to government of India.
- ❑ As per the recent study by Reserve Bank of India, home loans under Rs 2 Lakhs have the highest number of NPAs (Non-Performing Assets).
- ❑ As per the recent report from RBI, Mauritius has emerged as the largest source of Foreign Direct Investment in 2016-17.
- ❑ As per a report from Reserve Bank of India, Indian Banks have lost around Rs 17,000 Crores to frauds in last financial year.
- ❑ Public Sector Bank's NPA (Non-Performing Assets) have reached Rs 7.34 Lakh Crore by the end of September 2017.
- ❑ Uma Shankar has been appointed as the Executive Director of Reserve Bank of India in December 2017.

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