

## CORRIGENDUM

**Examination : DIPLOMA IN BANKING AND FINANCE/ JAIIB**

**Subject : PAPER I – PRICIPLES AND PRACTICES OF BANKING MODULE A**

POSITION AS IT EXISTS IN THE COURSEWARE	TO BE MODIFIED AS
<p>Page No.6</p> <p>1.1.4 Payment Banks</p> <p>Payments Banks (PBs) can undertake only some activities viz. accepting demand deposits (up to Rs.1 lac)</p>	<p>Payments Banks (PBs) can undertake only some activities viz. accepting demand deposits (up to Rs.2 lacs per individual customer)</p>
<p>Page No. 16</p> <p>Under Marginal Standing Facility</p> <p>... of their respective NDTL at 100 basis points above the policy repo rate under the Liquidity Adjustment Facility...</p>	<p>... of their respective NDTL at 0.25% above the policy repo rate under the Liquidity Adjustment Facility...</p>
<p>Page No.22</p> <p>2.4 (viii):</p> <p>As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the Reserve Bank of India has advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed regulatory limits on banks' exposure to individual and group borrowers in India. The exposure ceiling limits would be 15 percent of capital funds in case of a single borrower and 40 percent of capital funds in the case of a borrower group. There are certain exclusions and exemptions to these norms.</p>	<p>The sum of all the exposure values of a bank to a single counterparty must not be higher than 20 % of the bank's available eligible capital base at all times. In exceptional cases, Board of banks may allow an additional 5 % exposure of the bank's available eligible capital base. Banks shall lay down a Board approved policy in this regard.</p> <p>The sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25 % of the bank's available eligible capital base at all times.</p> <p>The eligible capital base for this purpose is the effective amount of Tier 1 capital fulfilling the criteria defined in the Master Circular on Basel III.</p> <p>(RBI circular dt 03.06.2019)</p>

Page No. 43 4.2.7  List of Institutions Permitted to Participate in the Call/Notice Money Market both as Lenders and Borrowers (a) Scheduled Commercial Banks; (b) Co-operative Banks other than Land Development Banks; (c) Primary Dealers; (d) Regional Rural Banks.	List of Institutions permitted to participate in the call/notice money market both as lenders and borrowers a. Scheduled Commercial Banks (excluding local area banks) b. State Co-operative Banks c. District Central Co-operative Banks d. Urban Co-op Banks e. Small Finance Banks f. Payment Banks g. Regional Rural Banks h. Primary Dealers
Page no.47 4.3.4  Primary Dealers are only permitted to borrow in the ICD market. The borrowing under ICD is restricted to 150% of the Net Owned Funds	Primary dealers are allowed to borrow in call/notice/term money market with a prudential limit of 225% of their Net Owned Fund  (RBI Master directions)
Page no.48 4.5 LIBOR	RBI had, in August 2020 requested banks to frame a board approval plan outlining an assessment on exposures linked to LIBOR and steps to be taken to address risks arising from the cessation of LIBOR.  The financial conduct Authority, U.K has announced on 05.03.2021 that LIBOR will either cease to be provided by any administration or no longer be a representative rate.
Page No.78 6.5 (c) Level of risk, depicted by a riskometer. The different levels of risk are: • Low • Moderately Low • Moderate • Moderately High • High	Level of risk is depicted by Risk-O-Meter. The different levels of risk are; effective from 01-01-2021 i. Low Risk ii. Low to Moderate Risk iii. Moderate Risk iv. Moderately High Risk v. High Risk vi. Very High Risk
Page No. 100  7.1 Factoring  To be added in 7.1.1 from 5th line after collection of debt, etc....	(Master Direction- Reserve Bank of India (Financial Services provided by Banks) Directions, 2016)  Factoring shall be treated on par with loans and advances and shall accordingly be subject to extant prudential norms on loans and advances as applicable.

	<p>The exposure for facilities extended by way of factoring services shall be reckoned as under:</p> <p>a. The exposure shall be reckoned on the assignor for factoring on with-recourse basis.</p> <p>b. The exposure shall be reckoned on the debtor for factoring on without-recourse basis.</p> <p>Provided that exposure shall be on the import factor in cases of international factoring.</p> <p>c. The exposure shall be reckoned on the 'assignor' or the 'debtor' or the 'import factor', for factoring on limited recourse basis, depending on the terms of agreement.</p> <p>In factoring business, the security interest is created by way of Assignment. The charge thus created is to be registered with CERSAI</p>
<p>Page No. 104</p> <p>7.3.1 Guarantees</p> <p>To be added as additional information</p>	<p>Section 28 of India Contract Act voids every agreement by which any party thereto is restricted from enforcing his rights. But under 'exception 3' it is stated that a bank guarantee will not void if a claim period of not less than one year is allowed.</p>
<p>Page No.122</p> <p>8.3.5 (k) Last line</p> <p>RBI has advised that with effect from April 1, 2021 NSFR should be equal to at least 100% on ongoing basis.</p>	<p>RBI has advised that with effect from April 1, 2021 LCR should be equal to at least 100% on ongoing basis.</p>
<p>Page No. 153</p> <p>11.8.2 NEFT</p>	<p>a. Availability of National Electronic Funds Transfer (NEFT) System on 24x7 basis (RBI noti dt 06.12.2019)</p> <p>b. There will be 48 half-hourly batches every day. The settlement of first batch will commence after 00:30 hours and the last batch will end at 00:00 hours.</p> <p>c. The system will be available on all days of the year, including holidays.</p> <p>d. NEFT transactions after usual banking hours of banks are expected to be automated transactions initiated using 'Straight Through Processing (STP)' modes by the banks.</p> <p>e. Member banks will ensure sending of positive confirmation message (N10) for all NEFT credits</p> <p>f. Member banks shall not levy any charges from their savings bank account holders for funds transfers done through NEFT system which are initiated online (viz. internet banking and/or mobile apps of the banks)</p> <p>g. NEFT works under B+2 return discipline</p>

	<p>h. In the event of delay in return of the funds transfer instructions under NEFT for any reason whatsoever, the destination branch has to refund the amount together with interest at the current RBI LAF Repo Rate plus 2% till the date of refund</p>
<p>Page no. 154</p> <p>11.8.2 RTGS</p>	<p>a. RTGS shall be governed by the RTGS System Regulations, 2013, as amended from time to time.</p> <p>b. RTGS is available round the clock on all days of the year with effect from 00:30 hours on December 14, 2020.</p> <p>c. The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is ₹ 2,00,000/- with no upper or maximum ceiling</p> <p>d. With effect from July 01, 2019, the Reserve Bank has waived the processing charges levied by it for RTGS transactions. Banks may pass on the benefit to its customers</p> <p>e. The RTGS system accepts future value dated transactions from the remitting bank for settlement on RTGS working days up to three days in advance. Such transactions will be placed in the queue and shall be settled on the basis of the value date of the transaction</p> <p>f. If it is not possible to credit the funds to the beneficiary customer's account for any reason, the funds received by the RTGS member bank will be returned to the originating bank within one hour of receipt of the payment at the Payment Interface (PI) or before the end of the RTGS Business day, whichever is earlier.</p> <p>g. In case of any delay in returning the failed payment, the originating customer is eligible to receive compensation at current repo rate plus 2%.</p> <p>h. Unique Transaction Reference (UTR) number is a 22-character code used to uniquely identify a transaction in RTGS system</p> <p>i. The RTGS provides for sending a positive confirmation to the remitter that the funds have been successfully credited to the beneficiary account</p> <p>j. The message format used in RTGS for giving positive confirmation is camt 0.59.</p> <p>k. RTGS is made available round the clock on all days of the year with effect from 00:30 hours on December 14, 2020. (RBI notification dt 04.12.2020)</p>

### 11.8.2 ATMs/Point of Sale (POS) Terminals/Online Transactions

To facilitate customer convenience, the RBI has also permitted cash withdrawal using debit cards issued by the banks at PoS terminals. The limit of cash withdrawal is ₹ 1000/- per day subject to certain conditions.

The limit and charges for cash withdrawal at PoS are as follows:

- The cash withdrawal limit from Points of Sale (PoS) terminals using debit cards and open system prepaid cards issued by banks in India has been rationalised to ₹2,000 per transaction within an overall monthly limit of ₹10,000 across all locations (Tier 1 to 6 centres). (RBI notification dt 19.05.2021)
- Customer charges, if any, on such cash withdrawals should not be more than 1% of the transaction amount.

Turn Around Time (TAT) and customer compensation for failed transactions using ATM:

If customer's account is debited but cash not dispensed, Pro-actively reverse the failed transaction within a maximum of T + 5 days. ₹100/- per day of delay beyond T + 5 days, is to be credited to the account holder as compensation. (RBI notification dt 21.05.2021)