<table>
<thead>
<tr>
<th>S. No</th>
<th>News Articles</th>
<th>Page Number*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>1</td>
<td>Kalaripayattu - Fighting technique (Picture)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Co-op banks to report large exposures</td>
<td>17</td>
</tr>
<tr>
<td>3</td>
<td>Income Tax officials pursuing Ambani money trail overseas</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>Gross NPAs may rise to 9.9% by next Sept., says RBI report</td>
<td>17</td>
</tr>
<tr>
<td>5</td>
<td>Financial system stable despite slow growth</td>
<td>17</td>
</tr>
<tr>
<td>6</td>
<td>Falling revenue risks fiscal parameters: RBI</td>
<td>17</td>
</tr>
<tr>
<td>7</td>
<td>Bharat Stage VI norms for quadricycles likely</td>
<td>11</td>
</tr>
<tr>
<td>8</td>
<td>Practice cum Revision - MCQs</td>
<td>@end of the video</td>
</tr>
</tbody>
</table>
Part A—Preliminary Examination
Paper I - (200 marks) Duration: Two hours
- Current events of national and international importance.
- History of India and Indian National Movement.
- Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B—Main Examination

PAPER-II
General Studies-I: Indian Heritage and Culture, History and Geography of the World and Society.
- Indian culture will cover the salient aspects of Art Forms, literature and Architecture from ancient to modern times.

PAPER-III
General Studies-II: Governance, Constitution, Polity, Social Justice and International relations.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Kalaripayattu
- Traditional martial art form → Kerala
- Oldest & most scientific martial art in the world
- Mother of all martial arts (Karate, Judo, Kung fu & Thai leg boxing)
- History
  - 11th Century - major war between Cholas and Cheras
  - Parasurama → Created this dynamic art of "offence and defence" for all
- Northern and Southern styles
- Practised mainly by members of Nair and Ezhava castes

- Primary aim → ultimate coordination between mind and body
  - Specialisation in indigenous medicinal practices
- Rigorous physical training
  - Medicinal oil massage → Kalari treatment
  - to make the body agile & supple
- Feats
  - Chattom (Jumping)
  - Ottam (Running)
  - marichil (Somersault)
**Weapons**

- Meipayattu - physical body exercise
- Vadipayattu - using sticks
- Valpayattu - using swords
- Verumkaiprayoga - bare hand exercise

**Important stage - Vaythari**

(Oral commands)

**Kalarichikitsa (Kalari treatment)**

- Branches
  - Marmachikitsa (Vital parts)
  - Chavulti Thirumal (Massage by foot pressure)
  - Vyayamachikitsa (Physical exercise)

**Chosen as a discipline**

1) Indigenous Games & Martial Arts Scheme
   - Sub-scheme of National Sports Talent Contest (NSTC)

2) Promotion of Rural and Indigenous/Tribal Games
   - Under Khelo India Scheme
   - Identification of Talent
   - Providing Grant

<table>
<thead>
<tr>
<th>Kalaripayatu, Kerala</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silambam, Tamil Nadu</td>
</tr>
<tr>
<td>Kabaddi, Telangana</td>
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<tr>
<td>Archery, Jharkhand</td>
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<tr>
<td>Malkhamb, Maharashtra</td>
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<tr>
<td>Mukna, Imphal, Manipur</td>
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<td>Thangta, Imphal, Manipur</td>
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<tr>
<td>Khomlainai, Assam</td>
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<tr>
<td>Gatka, Punjab</td>
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</table>
Co-op banks to report large exposures

PRESS TRUST OF INDIA
MUMBAI

The Reserve Bank of India (RBI) directed large co-operative banks to report all exposures of ₹5 crore and more to the Central Repository of Information on Large Credits (CRILC), a move aimed at early recognition of financial distress.

Separately, non-banking financial companies saw stress in asset quality in the first half of the current fiscal, with gross NPA ratio rising to 6.3% in September 2019 from 6.1% in March, RBI’s FSR report said. However, net NPA ratio remained steady at 3.4% between end-March 2019 and end-September 2019.

News

* RBI has directed “Large Co-operative Banks” i.e., primary Urban Co-operative Banks (UCBs)
  → to report all exposures of ₹5 crore and more to Central Repository of Information on Large Credits (CRILC)
  → with effect from December 31, 2019
  → Currently, the UCBs are not a part of CRILC reporting framework
Reporting of Large Exposures to Central Repository of Information on Large Credits (CRILC) - UCBs

Please refer to paragraph 2 of the Statement on Developmental and Regulatory Policies dated December 5, 2019 on Primary (Urban) Co-operative Banks - Reporting to Central Repository of Information on Large Credits (CRILC) (extract enclosed).

2. It has been decided that Primary (Urban) Co-operative Banks (UCBs) having total assets of ₹500 crore and above as on 31st March of the previous financial year shall report credit information, including classification of an account as Special Mention Account (SMA), on all borrowers having aggregate exposures of ₹500 crore and above with them to Central Repository of Information on Large Credits (CRILC) maintained by the Reserve Bank. Aggregate exposure shall include all fund-based and non-fund-based exposure, including investment exposure on the borrower.

3. Special Mention Account (SMA)

Special Mention Account (SMA) is an account which is exhibiting signs of incipient stress resulting in the borrower defaulting in timely servicing of her debt obligations, though the account has not yet been classified as NPA as per the extant RBI guidelines. As early recognition of such accounts will enable banks to initiate timely remedial actions to prevent their potential slippages into NPAs, it is advised that UCBs having total assets of ₹500 crore and above as on 31st March of the previous financial year shall take necessary steps to classify loans/advances accounts as SMA, as under:

<table>
<thead>
<tr>
<th>SMA Sub-categories</th>
<th>Basis for classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMA-0</td>
<td>Principal or interest payment or any other amount wholly or partially overdue for 1-30 days</td>
</tr>
<tr>
<td>SMA-1</td>
<td>31-60 days</td>
</tr>
<tr>
<td>SMA-2</td>
<td>61-90 days</td>
</tr>
</tbody>
</table>

In case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows:

* Large Co-operative Banks
  1. Comes under the UCBs
  2. UCBs refers to “primary co-operative banks located in urban/semi-urban areas”
  3. Registered as co-operative societies under
     - State Co-operative Societies Act of the state concerned
     - Multi-State Co-operative Societies Act, 2002

* regulated & Supervised by
  1. Registrar of co-operative societies of the state concerned
  2. Central Registrar of Co-operative Societies, as the case maybe

* Banking Regulation Act, 1949
  1. Provides for the submission of periodical returns by the UCBs to the RBI

Civilspedia Team - Powered by Shankar IAS Academy
**Aggregate Exposure**

* Exposure means "risk" → maximum amount of money that will be lost if the borrower defaults on a loan

Ex:

- **Bank** → **Business entity**

  - Short term loan - ₹ 2 crore
  - Long term loan - ₹ 7 crore

  **Exposure = ₹ 9 crore**

**AGGREGATE EXPOSURE**

- Fund-based exposure
  - Loans
  - Overdrafts
  - Other cash transactions

- Non-fund based exposure
  - Bonds
  - Letters of guarantee
  - Letters of Credit (Does not involve funds/cash transactions)

- Investment exposure
  - Stock
  - Land
  - Real estate

---

**CRILC**

* Setup by RBI in 2014-15
* Database which contains credit information from
  - all Scheduled Commercial Banks (excluding RRBs)
  - four All India Financial Institutions
    - NABARD
    - NHB
    - EXIM Bank
    - SIDBI
  - Systemically important NBFCs
* Lenders need to report credit information including classification of an account as SMA, on all borrowers - having aggregate exposures of ₹5 crore and above to CRILC

**Objectives**

1. Strengthening offsite supervision
2. Early recognition of financial distress

**How it helps?**

- CRILC - gives a larger picture of the borrower’s liabilities across the Banking System
  - facilitates “Early Identification of stress in the account”
  - enables banks to take “pre-emptive steps to safeguard their interests”
Why this move?
- Irregularities of Punjab and Maharashtra Co-operative (PMC) Bank
Income Tax officials pursuing Ambani money trail overseas

‘Notice served on the family over hidden foreign assets’

SARASVI YADAV
PSYHM PANNEY
MUNSHI

The Income Tax Department has said that it exchanged information regarding members of the Mukesh Ambani family over alleged ‘undeclared foreign income and assets’ in a quarterly meet in March at India with seven countries India has pacts with.

The Double Tax Avoidance Agreements and Anti-Money Laundering and

Page 114 → C, B
Page 12 → D, H
Page 10 → T

We have rarely received a response from these seven countries in less than 50 days

Part A — Preliminary Examination

Paper I - (200 marks) Duration : Two hours

- Current events of national and international importance.
- Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B — Main Examination

PAPER-III

General Studies-II: Governance, Constitution, Polity, Social Justice and International relations.

- Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests.

PAPER-IV

General Studies-III: Technology, Economic Development, Biodiversity, Environment, Security and Disaster Management

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
- Challenges to internal security through communication networks, role of media and social networking sites in internal security challenges, basics of cyber security; money-laundering and its prevention.

* Double Taxation: Tax on income, paid to two countries / national Govts, under appropriate tax laws

- Same income - on which two taxes
- Demand to remove or modify the provisions related to taxation in both countries for such entities

* Chapter 9 of Income Tax Act, 1961 - Double Taxation Relief

- Section 90(3) of IT Act, 1961
  - Central Govt. may enter into agreement with the Govt. of any country outside India - for grant of relief w.r.t. to double taxation

- India can sign an agreement
  - for exchange of information - prevention of evasion / avoidance of income tax - for investigation of cases w.r.t. evasion or avoidance
  - for recovery of Income tax for Indian Govt.
**Automatic Exchange of Information**

- Can be done at the bilateral level
- Multilateral Competent Authority Agreement (MCAA) on Automatic Exchange of Financial Account Information

**Preamble of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015**

- Undisclosed Foreign Income and Assets - Black Money
- Act - deals with procedure for dealing with such income and assets; it provides for the imposition of tax on such undisclosed foreign income and asset(s)

**Countries of G20 & OECD developed a Common Reporting Standard on Automatic Exchange of Information**

- FIs of source jurisdiction to collect and report info to their tax authorities about account holders ‘resident’ in other countries
- Such info to be transmitted ‘automatically’ on yearly basis

**MCAA on Automatic Exchange of Financial Account Information**

- Two or more parties can mutually agree to exchange information automatically
- Exchange of information - on a bilateral basis
- India - a signatory
Cayman Islands

- Three islands
  - Grand Cayman
  - Cayman Brac
  - Little Cayman

- Located above the equator
- British Overseas Territory
- No river in any of these islands
Financial Stability Report by RBI

* Released in June and December every year
* Based on collective assessment of a Sub-committee of Financial Stability & Development Council (FSDC)
* 4 parts
  - Overall assessment of systemic risks
  - Global & domestic macro-financial risks
  - Performance and risks of financial institutions
  - Regulations & developments

Non-performing assets (NPA): When interest or principal remain due for more than 90 days

\[
\text{Gross NPA ratio} = \frac{\text{Gross NPA}}{\text{Gross Loans}}
\]

### GNPA Ratio

<table>
<thead>
<tr>
<th>Banks</th>
<th>Sep 2019 (in %)</th>
<th>Sep 2020 (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled Commercial Banks</td>
<td>9.3</td>
<td>9.9</td>
</tr>
<tr>
<td>Public Sector Banks</td>
<td>12.7</td>
<td>13.2</td>
</tr>
<tr>
<td>Private Banks</td>
<td>3.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>2.9</td>
<td>3.1</td>
</tr>
</tbody>
</table>
**Reasons for worsening GNPA ratio**
1) Changing macroeconomic situation
2) Impact of declining credit growth
3) Marginal increase in slippage

**Provision Coverage Ratio (PCR)**
- Mar 2019 - 60.5% 
- Sep 2019 - 61.5% 
**Increased Resilience**

**Capital to Risk weighted Assets Ratio (CRAR) or Capital Adequacy Ratio (CAR)**

<table>
<thead>
<tr>
<th>Banks</th>
<th>CRAR Ratio</th>
<th>Mar’19 (in %)</th>
<th>Sep’19 (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled Commercial Banks</td>
<td></td>
<td>14.3</td>
<td>15.1</td>
</tr>
<tr>
<td>Public Sector Banks</td>
<td></td>
<td>12.2</td>
<td>13.5</td>
</tr>
</tbody>
</table>

**Asset quality of agriculture and Service Sector deteriorated**

**Credit quality of large borrowers**
- 51.8% share in total loan portfolios
  - 79.3% in GNPA
- Top 100 large borrowers
  - 16.4% of gross advance
  - 16.3% of GNPA

**Measures needed**
1) Need for good corporate governance
2) Address twin problems of falling consumption and investment
Financial system stable despite slow growth

The Reserve Bank on Friday said the country's financial system remains stable despite slowing economic growth. The GDP slowed to a six-year low of 4.5% in the second quarter of FY20, forcing the RBI to slash its growth forecast by 260 basis points to 5% for the fiscal in its December monetary policy review.

"India's financial system remains stable, notwithstanding weakening domestic growth," the RBI said in the Financial Stability Report.

The report said all major risk groups such as "global risks, risk perceptions on macroeconomic conditions, financial market risks and institutional positions" were perceived as medium risks affecting the financial system. However, the perception of risks on various fronts like domestic growth, fiscal, corporate sector and banks' asset quality increased between April and October 2019, it said.

Part A—Preliminary Examination

Paper I - (200 marks)  Duration : Two hours
- Current events of national and international importance.
- Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B—Main Examination

Paper-IV

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

* India's GDP slowed to 4.5% - 6 year low - in Q2 of FY20
* RBI slashed growth forecast to 5% for FY 2019-20
* RBI: India's financial system is stable
  - Improved resilience due to recapitalisation

* Persisting global uncertainties are
  a) delay in Brexit deal
  b) US-China trade tensions
  c) Oil market disruptions, etc

* Result: Impact on overall investment and growth
Falling revenue risks fiscal parameters: RBI

GST mop-up grows by just 2.5%

The RBI has flagged falling government revenue as a threat to the overall fiscal numbers, with tax and non-tax revenues way behind targets. This, along with weaker private consumption and investment, could prove to be a challenge, RBI’s PSM said. The warning assumes importance with revenue mop-up falling and budgeted expenditure crossing 107% as of November, putting a big question mark on the government’s ability to meet the 3.3% fiscal deficit target.

GST collection, the mainstay of the government, have grown just 2.5% so far this year against a budgeted 14%, while major corporate tax cuts have given away Rs 1.45 lakh crore of budgeted revenue even as advance tax collections from corporates slipped 5.2% as of the third quarter.

The silver lining was the total personal income tax collection which grew to Rs 1,23,000 crore from Rs 1,07,000 crore. Cumulative advance tax collection till the third quarter stood at Rs 1.21 lakh crore against Rs 1.55 lakh crore year-on-year. Direct tax collections, net of refunds, for this fiscal grew a mere 0.7% till December.

- Tax and non-tax revenue - way behind their target
  - Weaker private consumption & investment

- Government Expenditure - crossed 107% as of November 2019
  - Difficult to achieve 3.3% fiscal deficit

- GST collections - growth at 2.5% against budgeted 14%

- Rs 1.45 lakh crore of revenue lost due to Corporate tax cut
Bharat Stage VI norms for quadricycles likely

SPECIAL CORRESPONDENT
NEW DELHI

The government has proposed to make Bharat Stage (BS) VI emission norms mandatory for quadricycles from April 1, 2020 and has invited comments from stakeholders in the next 30 days.

In 2016, the government announced that it will skip BS V norms altogether and move from BS IV to BS VI by 2020.

The Supreme Court, too, banned the sale and registration of motor vehicles conforming to the emission standard Bharat Stage IV in the entire country from April 1, 2020.

The proposed emission limits are in line with Euro 5 mass emission limits which will be applicable from January 1, 2020 in Europe.

Different stages
The Bharat stage standards instituted by the government to regulate emission of air pollutants from motor vehicles.

As the stage goes up, the control on emissions becomes stricter.

In April this year, Rajraj Auto launched India’s first quadricycle Qube.

Pg. 11 → Chennai

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Part A—Preliminary Examination

Paper I - (200 marks) Duration: Two hours

- Current events of national and international importance.
- General issues on Environmental ecology, Bio-diversity and Climate Change - that do not require subject specialization.

Part B—Main Examination

PAPER-III

General Studies-II: Governance, Constitution, Polity, Social Justice and International relations.

- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

PAPER-IV


- Conservation, environmental pollution and degradation, environmental impact assessment.

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- **Quadricycles**
  - Vehicle of a size of a 3-wheeler but with 4 tyres and fully covered like a car
  - has an engine like that of a 3-wheeler
  - Cheaper & Safer mode of transport for last mile connectivity

- **Bharat Stage (BS) norms are standards instituted by the Government to regulate emission of smoke and air pollutants from motor vehicles**
  - As the stage goes up, control on emissions becomes stricter
  - **BS- VI** - stricter & environment-friendly than **BS- IV standards**
**News**

* Government proposes to prescribe BS-IVI Emission norms for Quadricycles from April 1, 2020

- Released draft rules that aim to amend Rule 115 of the Central Motor Vehicles Rules, 1989

**Emission Standards in India - Legal Provisions**

- **Section 110 of the Motor Vehicles Act, 1988**
  - “The Central Government may make rules... w.r.t. the emission of the smoke... standards for emission of air pollutants, ...”

- **Rule 115 of the Central Motor Vehicles Rules, 1989**
  - “Emission of smoke, vapour, etc. from motor vehicles”
Q1. Consider the following statements with reference to “Central Repository of Information on Large Credits (CRILC)” reporting framework.
1. It was set up by the Central Government in 2014-15.
2. It is a database which contains credit information from the financial institutions across the country.
3. Primary (Urban) Co-operative Banks (UCBs) having total assets of Rs 500 crore and above, having aggregate exposures of Rs 5 crore are mandated to report credit information to CRILC.

Which of the above statements is/are correct?
a) 1 only
b) 1 and 2 only
c) 2 and 3 only
d) All the above

Q2. Consider the following statements.
1. The Cayman Islands Territory is a British Overseas Territory.
2. The Cayman Islands consist of five islands.
3. The Equator passes through the largest island in the Cayman Islands.

Which of the above statement(s) is/are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 1 only
d) 1, 2 and 3

Q3. Consider the following statements with reference to the “Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information”.
1. The agreement helps the signatories to tackle tax avoidance and evasion, and improve tax compliance.
2. India is not a signatory to this agreement.

Which of the above statement(s) is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Q4. Consider the following statements with reference to the “Financial Stability and Development Council (FSDC)”.  
1. It monitors macro prudential supervision of the economy, including functioning of large financial conglomerates, and addresses inter-regulatory coordination and financial sector development issues.
2. The Governor of RBI is the Chairman of FSDC.
3. The Financial Stability Report is released biannually by the sub-committee of FSDC.

Which of the above statement(s) is/are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3
Practice Question – Prelims

Q5. Consider the following statements.


2. The Emission standards Bharat Stage VI for motor vehicles are stricter and environment-friendly than Emission standards Bharat Stage IV.

Which of the above statements is/are correct?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Practice Question – Prelims

28-12-2019

Answers

1. Option – c – 2 and 3 only
2. Option – c – 1 only
3. Option – a – 1 only
4. Option – c – 1 and 3 only
5. Option – c – Both 1 and 2