इंडियन बैंक Indian Bank

इलाहाबाद ALLAHABAD

on POLICIES

2023-24

इमेज IMAGE

Indian Bank Management Academy for Growth & Excellence

इंडियन बैंक मैनेजमेंट एकेडमी फॉर ग्रोथ एंड एक्सीलेंस

FAQ ON SOP FOR POOLED ASSETS

1. What is the Procedure to be followed for Due Diligence at Pre Disbursement Stage for KYC?

- 100% verification of KYC documents and Loan documents should be done by our Bankofficials.
- Branch Manager/designated officer from Branch and nominated officer from ZO shall cross verify the information obtained under KYC norms by actually contacting the obligors or / and visiting their premises and recording the same. It is to be done as per the following:
- In case of MRR (Minimum Retention Requirement) of >=10% : Minimum 34%(one-third) of the randomly selected obligors (in number and Value)
- In case of MRR being <10% : 100% of the underlying obligors

2. What is the Procedure to be followed for Due Diligence at Pre Disbursement Stage for Compliance regarding Credit Appraisal and repayment record?

- Branch Manager/designated officer from Branch and the nominated officer from ZO shall also check compliance by the originator with the documented policy regarding credit appraisal and repayment record with regard to the randomly selected obligors as per the following:
- In case of MRR (Minimum Retention Requirement) of >=10% : Minimum 34%(one-third) of the randomly selected obligors (in number and Value)
- In case of MRR being <10% : 100% of the underlying obligors

3. Who will issue the Office Order for KYC verification?

- Respective Zonal office shall Issue Office Order and get the acknowledgement of the officials concerned related to KYC verification. Zonal Office officials should also be involved in verification. Report of verifications done duly signed by the officials concerned should be held on record.

4. Can same Official who is involved in the purchase of pool assets can do the KYC verification?

- Officials involved in the purchase of loan assetsshould be independent from the officials involved in the KYC verification.

5. What are the points to be complied during the verification of loan documents?

- At the time of verification of loan documents, the compliance of following should be ensured:
    - Minimum Holding Period (MHP) (Seasoning), Minimum Retention Requirement(MRR), Original door to door tenor of the loan, Rate of interest charged on obligors' accounts, Sector of the borrower (Micro / Small / Medium) etc.

6. Who will provide the certificate on Sector classification, MHP, MRR, non-restructuring/rescheduling, overdue of accounts?

- A certificate from Chartered Accountant certifying Sector classification (MSME/Priority Sector), MHP, MRR, non-restructuring/rescheduling, overdue of accounts to be obtained.

7. Is there any requirement of obtaining additional CA certificate ?

- Additionally, CA certificate should be obtained related to compliance with regulatory guidelines on independence of functioning and reporting responsibilities of the units

  and personnel involved in transfer / acquisition of loans from that of personnel involvedin originating the loans.

8. What are the documents to be obtained in Pool Purchase?

- Soft Copies of KYC documents, Loan documents, Legal Scrutiny Report and Engineer Valuation Report are to be obtained for records. Wherever soft copy of loan documents is not maintained by the originator, photocopies of title deed documents, LSR, EVR of the immovable properties along with loan documents to be obtained, in case of accounts secured by immovable property/ies.
- An undertaking letter to be takenfrom the originator that access will be given to physical documents, loan account data in the system etc. whenever it is required by us / our auditors.
- Availability of Loan application, appraisal notes, sanction letter etc. to be ensured alongwith the loan documents for the underlying obligors.

- Wherever immovable property/ies are obtained as security for the loan account/s, availability of Title deed documents, Legal Scrutiny Report (LSR) and EngineerValuation Report (EVR) should be ensured.
- Deed of assignment with regard to transfer of security interest in mortgaged property may be executed and registered with competent authority/registration authority.
- Loan documents (Deed of Assignment, Service agreement, Power of Attorney) vetted by our Legal Department are to be executed by the originator.
- Rating of the pool of accounts by an external agency for assessing "Loan Loss Estimate" arranged by the Originator.
- Transfer/Assignment deed entered between the assignor and the bank should contain details about the expected cash flows from the pool, Pool characteristics (such as asset status of the loans being Transferred/assigned, Priority Sector/Non Priority sector classification, Pool concentration criteria etc.), Representations and warranty details, Arbitration and Jurisdiction details, Servicer appointment / Replacement enabling clauses. Assignment deed should facilitate replacement through appropriate Representations and Warranties clause.
- Legal counsel opinion to be obtained on the above documents and should inter-alia certify compliance of absolute transfer of Loan assets to the extent of economic interest transferred and should also certify that our bank is having unfettered right to transfer or otherwise dispose of the loans free of any restraining condition to the extent of economic interest transferred from originating NBFC.

9. From where the verification of Hypothecation clause/Insurance details will be done?

- Hypothecation clause/Insurance details in case of vehicle loan may be randomly verified with the help of Vahan web portal by Ministry of Road Transport & Highways.

10. From where the verification of Mortgage will be verified ?

- In case of mortgage of immovable properties, property deed/title deed to be verified ineach case along with verification of CERSAI records.

11. Whether overdue accounts can be purchased under Pool?

- No, Branch should not take overdue accounts as pool purchase by verifying the statementof accounts.

12. To whom preference should be given under Pool Purchase?

- Even in the cases wherein 100% due diligence shall be done by the bank, preferenceshould be given to Transferors who retain at least 5% of economic interest in the transferred loans.

13. What are the other conditions to be meticulously followed?

- The originator should appoint a Trustee as our Bank's representative.
- One of the optional conditions in the assignment deed/servicer deed can be to share the access key of the borrower's documents with our bank.
- Owing to greater risk, where applicable, Accounts with LTV greater than ratio as applicable to the relevant loan category as prescribed by our bank's guidelines / LTV as mentioned in assignment deed shall be avoided.
- With respect to retail pools, priority and non-priority pools to be purchased separately for better due diligence (maximum interest rate, tenure, loan amount etc). By segregating pools, bank can enjoy the benefit of classifying some of the eligible loansunder priority sector (which are currently classified as non-priority)
- While selecting pooled assets, our bank may study the underlying obligor profile (at macro level) and importance must be given to nature and tenor of the Loan. Preferencemight be given to the pools with diversified loan profile and to the pools with loans having lower residual tenor.
- To onboard an originator, our bank may also look into the mix of asset deployment of the originator. Especially, it gains prominence when the originator is also servicer for the loans.
- As per the RBI guidelines related to the legal opinion to be kept on record by transferor, it is mentioned that **the arrangement does not interfere with transferee(s)' rights and rewards associated with the loans to the extent transferred to it**

14. What specific details appraisal note on pooled assets should contain?

- Appraisal note for pooled assets should cover details related to all the pools originated from particular originator (pertaining to MSME/RBD/RA) including the details related tothe undisbursed amounts in the already sanctioned pools for better monitoring purpose. Additionally, tentative details of the proposed obligor accounts for transfer interms of borrower concentration, Geographical concentration, Tenor of the loans, LTV,Ticket size etc to be furnished in appraisal note. Feed-back report to be submitted after disbursement of each tranche and list of obligors' accounts to be assigned to be collected.

15. Which framework to be adopted for Pricing of the Pool Assets?

- Pricing of the Pools should be as per the Risk Based Pricing Framework of the bank.

16. Which department is responsible for applying the Pricing?

- Respective Functional Credit Departments is responsible for applying pricing as per the applicable Risk Based Pricing Framework.

17. If there is a change in the credit risk profile of the pool based on the Health card & Stress testing exercise what to be done for pricing and by whom?

- “Based on the Health card & Stress testing exercise,if there is a change in the credit risk profile of the pool, pricing for the pool may be renegotiated accordingly.” By Responsible Unit i.e. Respective Functional Credit Departments and penal interest to be charged for overdue instalments and the same shall be part of assignmentdeed.

18. What are the steps to be undertaken for Post disbursement monitoring?

- Cash flow details should be forwarded by the servicing facility provider on regular basisto enable our bank to classify underlying obligors based on RBI IRAC norms. Responsible Unit – Branch maintaining the pool shall monitor on T+1 basis, Respective Functional Credit Departments shall monitor on weekly basis and CMC shall monitoron Monthly basis.

- DPD status/NPA status of the underlying accounts shall be monitored regularly. In case of SMA/NPA accounts, regular follow up with the servicer to be ensured for speedrecovery of overdues.

- On monthly basis, the Branch should cross verify the balance outstanding in obligors accounts on random basis by accessing the system maintained by the originator. If branch officials, are unable to carry out the exercise, concurrent auditor to be engaged and certificate confirming the compliance to be obtained.

- Originators shall not be allowed to reschedule the tenor of the loan/ or give top-up loans to obligors that can dilute the security coverage of underlying loans purchased without the permission of the Bank. Originators shall provide undertaking in this regard. The same may form part of assignment deed.
- Continuous monitoring of the health of the originator (when the company is servicer) will help the bank in mitigating the risks associated with the spill over of originator health to the underlying asset pool.
- Originators & Servicers latest Market intelligence to be regularly checked.
- In cases where the originator is also appointed as servicer, it shall hold the cashflows arising from the underlying loans in trust, on behalf of our bank and shall avoid co-mingling of these cash flows with its own cash flows.
- Pay-outs of the underlying loan accounts should be from the actual collections received from the respective obligors and prepayments from other obligors should not be used for tagging overdue/NPA accounts as Non SMA Standard.

19. How often the Branch should meet the officials of the serving NBFC?

- Branch should meet the officials of Servicing NBFC on monthly basis to discuss about the steps taken by them for recovering the overdues / NPA, if any. Minutes of the meeting should be kept on record.

20. What are the details to be covered in Transferor wise health card?

- Transferor wise health card needs to be maintained for all the pools. Details should be maintained at tranche level and should include - Name of the Transferor, Name of the Originator, Sanction Date, Date of Tranche Availment, Tranche Reference No., Loan Loss Estimate, Pricing, Avg Residual Tenor, Initial Disbursement Amount, Loan O/s, Top 3 State Concentration (as a % to total O/s). Top 10 Borrower Concentration (as a % to total O/s), GNPA%, Absolute Change in GNPA% 3Months, Absolute Change in GNPA% 1 Year, GNPA% to Initial Disbursement, GNPA% to initial disbursement (bps change compared to last qtr), SMA-1%, SMA-2%, SMA-1% to Initial

Disbursement, SMA-2% to Initial Disbursement, Collection Efficiency - Last 6 Months, Originator Health - Internal Rating/External Rating/CRILC Status/External News etc.

- Responsible Unit – Respective Functional Credit Departments

21. Who will prepare the transfer wise health card ?

- Owner functional departments shall prepare transferor wise health card at tranche level on a monthly basis and should submit the details to CO: RMD in the 1st week of following month.

22. Who will do the Stress testing of the pools?

- Based on minimum 3-month data, CO: RMD will initiate stress testing and place a report to CRMC in such a way that all the pools are covered at least oncein a year.
- Responsible Unit – Respective Functional Credit Departments for maintaining transferor wise health card and RMD for Stress Testing.

23. What is the frequency of NPA movement certificate ?

- Quarterly NPA movement certificate should be obtained from Concurrent Auditor / Statutory Auditor by the Branch and submit to Zonal Office. Zonal Office should submit consolidated NPA movement certificate of pooled assets to Corporate Office.

24. What are the steps to be undertaken for Disposal of underlying security/ OTS settlement?

- Wherever the originator proposes to enforce the security / dispose the security forrecovering the dues / settle the NPA account under One-time settlement (OTS) prior written permission to be obtained from the Bank by detailing the nature of security,value of security, method of disposal of security, likely loss to be incurred by Bank etc.
- The Branch should take up for disposal of security / OTS settlement as per the Bank's Recovery Policy guidelines applicable for individual loan accounts.

25. Under which circumstances service provider is replaced?

- Powers are delegated to Initial Sanctioning authority in approving the **replacement ofthe servicing facility provider**. Some of the **examples**

of the triggers for replacement: -

a. Severe deterioration in the asset quality of the Transferor serving as servicefacility provider
b. Collection efficiency falling below 95% for a particular pool
c. Increase in the NPA levels above the Loan Loss estimate provided by externalrating agency

Responsible Unit – Respective Functional Credit Departments/CMC

26. What are the disclosures to be made in financial statements?

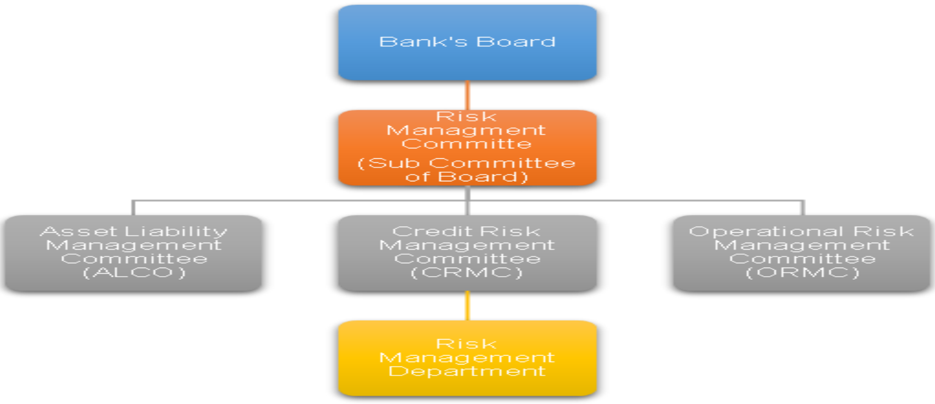
- Disclosures to be made in financial statements under 'Notes to Accounts'
  - In respect of loans not in default that are transferred or acquired, the disclosures should cover, inter alia, aspects such as weighted average maturity, weighted average holding period, retention of beneficial economic interest, coverage of tangible security coverage, and rating-wise distribution of rated loans.
  - The disclosures should also provide break-up of loans transferred / acquired through assignment / novation and loan participation.

Responsible Unit – Respective Functional Credit Departments

Q-1 What is the Purpose of Intergrated Risk Management Policy?
Ans-1 Intergrated Risk Management policy provides guidance on adopting a more holistic approach to manage risk, emphasizing four related elements: Developing the Corporate Risk Profile; Establishing an Integrated Risk Management Function; Practicing Integrated Risk Management; and Ensuring Continuous Risk Monitoring

Q-2 What is the Governance Framework of Integrated Risk Management Policy?

Ans-2 Bank has adoptedfollowing structure in order to facilitate an effective and efficient risk management framework.



Q-3 Who is Chief Risk Officer and how it needs to function?
A-3 The Board has appointed General Manager in charge of Risk Management as Chief Risk Officer (CRO) of the Bank. The CRO shall function independently and have direct reporting lines to the MD & CEO. RMC shall meet the CRO on one-to-one basis, without the presence of the MD & CEO, at least on a quarterly basis.

Q-4 Which all committees the CRO will be a member?
Ans-4 CRO will be a member of following committee
- Credit Risk Management Committee (CRMC)
- Asset Liability Management Committee (ALCO)
- Operational Risk Management Committee (ORMC)
- New Product / Process Approval Committee (NPPAC)

Q-5 CRO is the invitee of which all committees?
A-5 CRO is invitee of following committees
- Corporate Office Level Credit Committee-General Manager COLCC (GM)
- Corporate Office Level Credit Committee-Executive Director COLCC(ED)
- Credit Approval Committee (CAC)

Q-6 How the Credit Risk is identified in the Bank?
A-6 The Process of risk identification starts at the time of accepting the credit proposal by way of fixing benchmark for various financial ratios for consideration of sanction of credit limits to borrowers. In case of existing borrower accounts the systems of monitoring Special

Mention account (SMA), Loan Review Mechanism (LRM), Rating/Scoring Models & Credit Audit are utilised for identification of credit risk.

Q-7 How the credit Risk is measured?
A-7 Bank has deployed scoring model and rating model. Risk Assessment Model (RAM) provides internal rating models. The rating models delivered by CRISIL have been customized to the Bank‟s requirements. In addition to the Rating Models, entry level scoring model for all the structured / other products have been developed to suit our requirements.

Q-8 Explain the integrated Approach for Credit Risk?
A-8
(i) **Credit Risk in Off-balance sheet Exposure**: All the „off balance sheet‟ exposures on customers will continue to be subjected to the same degree of credit appraisal as applicable to fund based exposures, and monitoring procedures.
(ii) **Credit Risk in Investment Banking**: Significant magnitude of credit risk, in addition to market risk, is inherent in investment. The proposals for investments are being subjected to the same degree of credit risk analysis, as any loan proposal. The maximum exposure to a customer would continue to be bank-wide and include all exposures assumed by the Credit and Treasury Departments. Management of credit risk in investment portfolio is spelt out in the CRM Policy.
(iii) **Operational Risk in Credit Administration area:**Bank ensures that before introducing new products, activities, processes and systems, the operational risk inherent in them is clearly identified. Loss data under the seven loss events are classified according to the severity and frequency. Controlling mechanism is reviewed periodically to have a check on operational losses by analysis of loss data.
(iv) **Market Risk in Credit Administration Area**: The inflows and outflows of loan portfolio may lead to liquidity risk. Unanticipated withdrawals, performing assets turning into non-performing assets and crystallization of non- fund based limits are the potential reasons causing liquidity risk. Further, this may also lead to interest rate risk due to raising of resources at higher interest rates to meet funding requirements. In order to mitigate the risk, the bank takes adequate steps through Contingency funding plan/ hedging transactions etc. The Liquidity risk is also assessed in different stress scenarios to ensure timely tie-up of resources in case of any liquidity crisis.
(v) **Credit Risk in Treasury Operations**:The SLR securities are generally not exposed to credit risk and Liquidity risk. The non-SLR securities portfolio is prone for credit risk. Proposals for investments in non-SLR securities are subjected to same degree of risk analysis as any loan proposal with detailed appraisal and rating framework that factor in financial and non-financial parameters.
Further, all OTC derivative positions (e.g. FX swaps) are subject to Counterparty risk and accordingly the Bank will manage the risk based on exposure limits as specified in the Market Risk policy.
Interest rate risk may also lead to Credit Risk. Risk Mitigation measures are in place for reducing credit risk by Loan Participation, fixing ceiling on exposures; Escrow Mechanism, Forward Cover, Higher Margin, Loan Covenants, Collateral, Personal Guarantee / Corporate Guarantee and by Insurance Cover. These are described in detail in Credit Risk Management Policy. Bank takes adequate steps to match the maturities and alternatively to hedge the gap positions in a small measure to protect the portfolio from interest rate risk.

Q-9 What is Market Risk Management Process?

A-9 The Market Risk Management Process has been detailed under three components:

(i) **Interest Rate Risk in trading book**:Interest rate risk in the trading book is the risk arising due to changing interest factors on the daily Mark to market positions of the interest rate sensitive positions.Interest rate risk in the trading book is measured and managed in the form of PV01 and Modified duration limits. Further, the potential risk due to changes in market risk factors is estimated through VaR models. The VaR method incorporates the market risk factors against which the market value of the trading position is exposed. The risk arising from the HFT book is managed through VaR limits.

(ii) **Foreign Exchange (Forex) Risk**:The limits are fixed in the Policy in order to control the losses arising out of Market Risks on account of Open Exchange position, mismatches in the maturities of balance sheet items and off-balance sheet items.Policy for A category branches in India covers all the risk limits like overnight limit, loss limits, Day light limits, Aggregate Gap Limit and Internal Gap Limit, trading limits and limits for off- balance sheet items. Further, the Bank compute VaR for all its forex positions in trading and banking book.

Forex Risk Management at Foreign Branches:Dealing limits and counterparty Bank exposure limits for Foreign Branches are put in place.

(iii) **Equity Price Risk**:Equity Price Risk is that risk by which the Bank may suffer losses as a result of adverse equity price movements. The exposure norms as prescribed by RBI and trading limits have been adopted by the Bank in Investment Policy and are adhered to. Further, the Bank computes the VaR arising from equities on a daily basis.

Q-10 What is the strategies Bank has adopted for mitigating Market Risk?

A-10 Bank has already set prudential limits for open position and adherence by branches is monitored. The limits are reviewed to meet changed requirements, if any.

- Trading in Forex market undertaken by dealers controlled by prescribing suitable daily turnover limits and stop loss limits.
- Clear cut and well-defined division of responsibility between front and back offices is in place.
- Mid office reports about FX operations on daily basis.

Q-11 What is strategies of Asset Liability Management?

A-11 **(i) Interest Rate Risk Management and Measurement**: Interest Rate Risk (IRR) refers to potential impact on Net Interest Income (NII) or Net Interest Margin (NIM) caused by unexpected changes in market interest rates. Interest Rate Risk is measured by the Bank by traditional Maturity Gap analysis (Interest Rate Sensitivity of earnings or EaR), Duration (to measure interest rate sensitivity on economic value of equity), simulation etc. The Bank is using Maturity Gap Analysis for measuring Interest Rate Risk. Interest Rate Sensitivity is analyzed in different scenarios on a monthly basis. The Bank is working out the impact on economic value of equity based on Duration Gap Analysis as per the RBI guidelines with certain assumptions.

(ii) **Interest Rate Risk Mitigation Strategies**: The Bank has fixed the prudential limits for Rate Sensitive Gaps in Policy on Asset and Liability Management & Funds transfer pricing Policy. Bank has fixed limit on Earnings at Risk and the limits are reviewed periodically. Bank is also monitoring the MVE limit of 20% as specified by RBI based on a 200 bps shock

(iii) **Liquidity Risk Management and Measurement**: Liquidity is the ability to efficiently accommodate deposit and other liability decreases, as well as, fund asset portfolio growth and the possible funding of off-balance sheet claims. Analysis of liquidity risk includes the measurement of not only the liquidity position of the Bank on an ongoing basis but also examining funding requirements that are likely to be affected under crisis scenarios. The liquidity position is monitored on a daily basis by way of structural liquidity statement (SLS), stock ratios, and Basel III Liquidity ratios (LCR and NSFR) to ensure that various prudential limits / ratios stipulated under ALM Policy as per RBI guidelines are adhered to.

(iv) **Contingency Funding Plan (CFP):** The Bank has put in place a CFP, which is reviewed quarterly. CFP are designed to manage stress situations and shall be assessed based on the early warning indicators and stress test results as specified in the Policy on Asset and Liability Management & Funds transfer pricing Policy, which adequately covers the methodologies for conducting the stress tests & review of stress tests. Stress Tests are conducted as per the Stress testing enumerated in Policy on Internal Capital Adequacy and Assessment Process of the Bank.

Q-12 How operational Risk is identified and measured?

A-12 The process of identification of operational risk in various products / processes is to list out all the activities that are susceptible to operational risk through discussions with the relevant Business Units and Process owners in tune with the RBI guidelines, the focus on identification will be on the 7 loss events in 8 business lines. For effective risk assessment bank will adopt the tools like Risk and Control Self-Assessment, and Key Risk Indicators.

The Bank will use RCSA and KRI for assessment of risk and the „Matrix" Approach for capturing losses which are categorized according to the type of event and the business line in which the event has occurred. The potential losses can be categorized broadly as arising from „high frequency, low severity events and low frequency, high severity items. Assessment will take into account both historical and potential risk events and will consider both internal as well as external loss events

Q-13 What are the types of Residual Risk?

A-13 Following is the various types of residual risk

- Reputational Risk
- Strategic Risk
- Group Risk
- Model Risk and Risk Rating
- Risk associated with new product / process

Q-14 What is Reputational Risk?

A-14 Reputational risk is defined as the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts, other relevant parties or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

Q-15 How to measure the Reputational Risk?

A-15 Based on the sources of reputational risk identified, the Bank has adopted a comprehensive scorecard for the assessment of reputational risk

Risk Drivers	Risk Factors
Market Perception Weightage – 35%	Negative publicity in media (Print/digital/social)
	External rating downgrade
	Frequent changes in senior management
	Awards, recognitions received
	Movement of share price
Stakeholder Satisfaction Weightage – 30%	Customer complaints received
	Investor complaints received
	Pending legal cases
	Regulatory compliance breaches
	Fines/penalties charged
	AML cases against the bank
	Cases due to Anti-Terrorist funding problems
Business ContinuityWeightage – 15%	Liquidity crisis
	ATM outage
	Internet banking downtime
	Mobile banking downtime
	CBS downtime
	Credit losses
	Operational risk losses
	Incidents of External Fraud (specifically Internet banking/mobile banking fraud)
	Incidents of Internal Fraud
	Failed Transaction (E Banking)
	Incidents of Information Security Events
Employee satisfaction Weightage – 5%	Attrition rate
	Employee morale
	Employee complaints
Financial Performance Weightage – 15%	Return on Assets
	Profitability
	CRAR
	Gross NPA %

Q-16 What is strategic Risk?

A-16 Strategic Risk is the risk that emanates from adverse business decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence, execution and / or other intrinsic risks of business, and it directly impacts the ability of the Bank to meet its business and strategic objectives.

Q-17 What are the various components of Strategic Risk Management Framework?

A-17 Strategic risk management framework consists of the following components:

a. A strategic Risk management process that includes the following key elements:

- Strategic planning to adopt a proactive approach in shaping its future, anticipating and adapting to change;
- Procedures for alignment and change management, where necessary, to ensure that

(i) Internal resources and processes can cater for changes arising from implementation of new strategies.
(ii) Relevant individuals responsible for implementation acquire the necessary skills and
(iii) A culture of acceptance of change is present for implementing strategic changes.
- Mechanism to monitoring the progress and effectiveness of strategy implementations.

b. Performance evaluation and feedback to facilitate the Bank in taking prompt actions to address deviations of actual results from desired outcomes and provide recommendations for improvement and further development; Other supporting processes, including stress-testing, planning and management of capital and funding needs, MIS, human resources management and development, and independent reviews and audits.

Q-18 How the Strategic risk is measured?
A-18 the Bank would use the Strategic Risk Index (SRI). Bank has adopted the following step-wise approach for developing this scorecard:
- Develop list of risk characteristics considering the Bank‟s existing strategy, environment and business performances
- Short listing of risk characteristics through discussion through participation from various business and functional departments
- Determination of risk factors for assessing the identified risk characteristics
- Determination of scoring pattern for factor ranges – based on the riskiness of response grade of a parameter scoring pattern will be determined.
- Determination of risk characteristics weight – based on the relative riskiness / importance weights will be assigned to following Risk Characteristics. Cumulative weight of all scorecard characteristics, of a scorecard, should be 100

Risk Characteristics	Strategic Risk factors
Change in Competitive Environment Weightage – 20%	New products introduced
	New services introduced
	Employee Morale
	Enhancement of Network & Performance
	Peer Benchmarking of income
Changes in Regulatory Environment Weightage – 15%	Regulations by RBI/SEBI
Technology Changes Weightage – 20%	Technological Initiatives
	Adoption of new technology
Behavioral change of Stakeholders Weightage – 20%	Customer complaints received
	Investor complaints received
	Employee complaints
Strategic Planning Weightage – 25%	Deviation from business plan
	Involvement of Board and Senior Management
	Frequent changes in senior management

Q-19 Define the concept of “Group”
A-19 A 'Group' may be defined as an arrangement involving two or more entities related to each other through any of the following relationships and a 'group entity' as any entity involved in this arrangement:
i. Subsidiary – Parent
ii. Associate

iii. Joint Venture
iv. Related Party
v. Direct or indirect ownership of 20 percent or more interest in the voting power of the enterprise
vi. Common brand name
vii. Promoters of Bank
viii. Non-Operative Financial Holding Company (NOFHC) of Bank
ix. An entity which has any of the first six relations, as above, with the promoters/NOFHC and their step-down entities

It is important to note that a bank‟s stability and solvency can also be jeopardized by the parties which are related to the bank organically. Such entities are generally termed as group entities.

Q-20 What is Indian Bank's Group Risk Governance Framework?

A-20 The Indian Bank Group Risk Management governance is split into Risk Governance at the Entity Level and at the Group Level. To facilitate an effective management of risk, the following governance structure has been established at the entity level.

- The entity‟s Board is responsible for providing oversight for the risk management at the respective entities.
- Each Group entity is accountable for managing its own risk within the overall framework established by the Risk Management Department and the RMC.

Q-21 How the Group Risk is assessed and measured?

A-21 Our bank has proposed to adopt the Simple approach for assessment of Group Risk. The RMDs of each Group entity, will evaluate the likely impact of each risk, as for its respective group entity, and communicate the same to RMD, who shall subsequently do so for the group based on the entity inputs.

The assessment of the risks will be done based on the following by the entity risk departments:

- Impact on the core earning capacity of the group
- Increased volatility of earnings/cash flow
- Impact on capital
- Business reputation or viability impact
- Breach of regulatory/legal obligation

Q-22 What is Model risk?

A-22 Model risk relates to the risk of inaccurate assessment of underlying risks arising from inappropriate model development, calibration weaknesses or incorrect application of the model and includes the risk of under-estimation or over-estimation of credit risk

FAQs on CYBER SECURITY

Questions 1: What is Cyber security policy?

Answer. Cyber security policy is a written document, detailing structure, benchmarks and role & responsibilities of various functionaries to prepare its defences against cyber-attacks. It highlights the risks from cyber threats and the measures to address/ mitigate the risks

Questions 2: What are the objectives of the Cyber security policy?

Answer. It is to provide guidance and direction to Indian Bank in combating cyber threats and to detect, respond, recover and contain the number, frequency and impact of cyber incidents/attacks on continuous basis.

Questions 3. What is the scope of the Cyber security policy?

Answer. It applies to every person (Bank employees, System Administrator, Users, auditors, Contractors and other third parties), who access information using the bank information system. It provides the framework to ensure cyber safe environment and to protect the organization and its stake holders by containing the cyber incidents/attacks. Depending on the level of inherent risks, the risk can be classified as low, moderate, high and very high.

Question 4. What are the regulatory guidelines for Cyber security policy?

Answer. RBI vide their circular RBI/DBS/2015-16/418 DBS.CO/CSITE/BC.11/33.01.001/2015-16 dated 2nd June 2016,

mandated that banks should immediately put in place a Cyber Security Policy elucidating the strategy containing an approach to combat cyber threats. Further, IDRBT has issued a Cyber Security Checklist which could help on Risk Management and information security in monitoring the cyber defense preparedness of the Banks.

Question 5. How Cyber security policy is different from IS security policy?

Answer. Cyber Security policy is distinct and separate from the broader IS security policy. It specifically focuses on the risks from cyber threats and the measures to address/ mitigate those risks, whereas information security policy covers data, software, hardware and networks used by Bank's offices. It also provides protection against accidental or deliberate damage or destruction.

Question 6. Who is responsible for formulation of Cyber security policy

& CCMP?

Answer. Information System Security Department

Question 7. What is Cyber Crisis Management Plan (CCMP)?

Answer. Cyber Crisis Management Plan (CCMP) will address the following four aspects

1) Detection of Cyber Attack
2) Response to Cyber Attack
3) Recovery from Cyber Attack
4) Containment of Cyber Attack The CCMP is

5) Formulated by Information System Security Department

6) Implemented by ITD

7) Audited by Inspection Department

Questions 8. Who are responsible for testing effectiveness & efficiency of controls?

Answer. The audit of testing effectiveness and efficiency of controls put in place in order to combat cyber threats will be the responsibility of auditors/inspectors from the Inspection & Audit Department reporting to their respective audit cell/inspection centers.

Question 9. What is the periodicity of different types of cyber security audits?

Answer. The Security Operations Centers (SOC) also must be put to periodical audits through Internal I S Auditors on a monthly basis and External Auditors on a yearly basis to ensure its effectiveness and efficiency in Cyber Security Preparedness.

Question 10.What is responsibility for cyber security?

Answer. All employees, external contractors, and other third parties, who require access to the Bank's information systems, are responsible for ensuring that cyber security policies are adhered to and they operate systems in such a manner as to ensure its security. Management at all levels is responsible for ensuring that staff are aware of, and adhere to, the cyber security policy.

Question 11.Who is responsible for Cyber Security?

Answer. All employees, external contractors, and other third parties, who require access to the Bank's information systems, are responsible for ensuring that cyber security policies are adhered to and they operate systems in such a

manner as to ensure its security. Management at all levels is responsible for ensuring that staff are aware of, and adhere to, the cyber security policy.

Question 12.Who is responsible for information security implementation?

Answer. The Information Technology Department (ITD) is responsible for facilitating and driving the overall information security implementation at all locations including Corporate Office/Zonal Offices and Branches.

Question 13.Who will review and audit of overall information security implementation?

Answer. Information Systems Audit Cell will review and audit of overall information security implementation at all locations including Corporate Office/Zonal Offices and Branches.

Questions 14.Who are Data information owners?

Answer. The Data/Information Owner is a business unit head (e.g. Departmental / Zonal / Branch InCharge) responsible for protection of the data.

Question 15.Who is Application owners?

Answer. Application owner is responsible for developing and/ or maintaining the application. Typically the application owner is the head of the IT department.

FAQs on CYBER SECURITY

Questions 16.What are the responsibilities of Application owners?

Answer. If the application fetches the data and transmits the data, it is application owner's responsibility to ensure the application behaves as per the protection mechanism mentioned for each category of classification of the data.

Question 17.Who is System owners?

Answer. System Owner is typically an official at Top Management level who heads people and process at Technology Department. General Manager/Deputy General Manager/Department Head of IT Department may be designated as System Owner.

Questions 18.What are the responsibilities of System owners?

Answer. The System Owner is an official responsible for the actual computers that house the data. This includes the hardware and software configuration, including updates, patching, and installation of AntiVirus etc.

Question 19.Who is/are Custodians?

Answer. Custodians may be officials from the IT Department in the rank of AGM/CM qualified officials or officials with technical background who reports to System Owner.

Answer. Custodians are responsible for hands-on protection of business applications, web applications, databases, operating systems etc. running in a computer. Custodians perform all the activities required for switching over the applications to DR Site in case of emergency or during the Disaster Recovery testing of applications after the same is approved by the Data Owner and after obtaining the permission of the System Owner.

Question 21.What is the cloud?

Answer. "The cloud" refers to servers that are accessed over the Internet and the software and databases that run on those servers. Cloud servers are located in data centers all over the world. By using cloud computing, users and banks don't have to manage physical servers themselves or run software applications on their own machines.

Question 22.What is cloud security?

Answer. Cloud security is the protection of data stored online via cloud computing platforms from theft, leakage, and deletion. Methods of providing cloud security include firewalls, penetration testing, obfuscation, tokenization, virtual private networks (VPN), and avoiding public internet connections. Cloud security is a form of cyber security.

Question 23. What is Cyber Security?

Answer. Cyber Security is the technique of protecting systems, networks and programs from cyber attacks

Question 24. What is Cyber Attack?

Answer. Cyber attack is a deliberate exploitation of computer systems, technology-dependent enterprises and networks with intention to obtain undue gains.

Questions 25.What are the different types of cyber attacks?

Answer. Various cyber-attacks are like Denial of Service, Distributed Denial of Service, ransom ware/crypto ware, destructive malware, business email frauds like spam, email phishing, spear phishing whaling, vishing frauds, drive-by downloads, browser gateway fraud, ghost administrator exploits, identity frauds, memory update frauds, password related frauds etc

Question 26.What happen in Denial of Service cyber attack?

Answer. It is a cyber-attack in which the perpetrator seeks to make a machine or network resource unavailable to its intended users by temporarily or indefinitely disrupting services of a host connected to the Internet.

Question 27. What happen in Distributed Denial of Service cyber attack?

Answer. It occurs when multiple systems flood the bandwidth or resources of a targeted system, usually one or more web servers. A DDoS attack uses more than one unique IP address or machines, often from thousands of hosts infected with malware.

Question 28. What is spam?

Answer. Irrelevant or unsolicited messages sent over the internet, typically to a large number of users, for the purposes of advertising, phishing, spreading malware, etc.

Question 29. What is Phishing?

Answer. Phishing is a type of online scam where criminals impersonate legitimate organizations via email, text message, advertisement or other means in order to steal sensitive information. This is usually done by including a link that will appear to take you to the company's website to fill in your information - but the website is a clever fake and the information you provide goes straight to the crooks behind the scam.

Question 30. What is Vishing?

Answer. The fraudulent practice of making phone calls or leaving voice messages purporting to be from reputable companies in order to induce individuals to reveal personal information, such as bank details and credit card numbers.

Question 31.What is Ransom ware?

Answer. Ransom ware is malicious software that infects your computer and displays messages demanding a fee to be paid in order for your system to work again. This class of malware is a criminal moneymaking scheme that can be installed through deceptive links in an email message, instant message or website.

Question 32.What is Crypto ware?

Answer. Crypto ware is a type of ransom ware that once it infects your device it restricts access to your device and files to extort money from you or its other victims. It will display an alert or window on your screen telling you that your device has been locked and that your files have been encrypted.

Question 33.What is Destructive malware?

Answer. Destructive malware is malicious software with the capability to render affected systems inoperable and challenge reconstitution. Most destructive malware variants cause destruction through the deletion, or wiping, of files those are critical to the operating system's ability to run.

FAQs on CYBER SECURITY

Question 34. What is the Purpose and objectives of CSOC ?

CSOC is Cyber Security Operation Centre, which takes the responsibilities for proactive monitoring and management capabilities with sophisticated tools for detection, quick response and backed by data and tools for sound analytics. The Key Responsibilities of C-SOC would include:

1. Monitor, analyse and escalate security incidents
2. Develop Response - protect, detect, respond, recover
3. Conduct Incident Management and Forensic Analysis
4. Co-ordination with contact groups within the bank/external agencies

Question 35. Why is the User/Employee/Management Awareness necessary?

All employees must be aware of the Bank's Information & Cyber security policies and standards. To facilitate this awareness there will be an ongoing security awareness program that explains the need for information security and provides the user community with adequate security training.

A lack of information systems security awareness may also result in sub-standard procedures and practices, thereby compromising security across the Bank. Therefore, all personnel must ensure that they are aware of their requirements and obligations to the Bank’s Personnel and Information Systems Security Policies and Practices. They must also be informed of the importance of information systems security through information security awareness programs.

Board members may be sensitised on various technological developments and cyber security related developments periodically, and they also imparted training programmes on IT Risk / Cyber security Risk and evolving best practices in this regard so as to cover all the Board members at least once a year.

Question 36. What do you mean by Deception Technology ?

Answer: Bank shall implement Deception technology with an aim to prevent cyber criminals that have managed to infiltrate the network from doing any damage. Bank shall set up honey traps / decoys within the organizational network to identify, monitor, record the behaviour of cyber criminals attempting to infiltrate network and benefit from the pattern of attack to make the Bank’s environment more secure. Alerts generated by the Monitoring tool shall be followed up by the ISSD team to identify and isolate the threat.

Question 37. What is Anti Phishing ?

Answer: Bank shall Subscribe to Anti-phishing/anti-rogue app services from external service providers for identifying and taking down phishing websites/rogue applications. Bank shall take steps to create awareness on social engineering techniques periodically through ATMs/ Net Banking site, Bank’s Website, SMS, etc among all the stake holders to minimize the loss from such happenings. Bank shall subscribe to a service from external experts for anti-phishing which includes brand protection.

Question 38. What is the Patch/vulnerability & change Management ?

Answer: A documented risk-based strategy must be followed for inventorying IT components that need to be patched, identification of patches and applying patches so as to minimize the number of vulnerable systems and the time window of vulnerability/exposure. Any changes made to IT assets shall following appropriate change control procedure.

Question 39. What is the Guidance on social media usage ?

Answer: Bank shall have a policy on usage of social media for communication by its employees, departments, offices, vendors, partners and third party having access to Bank's internal information. The purpose of this policy guidelines is to detail the use of social media, including blogs, wikis, microblogs, message boards, chat rooms, electronic newsletters, online forums, social networking sites, and other sites and services that permit users to share information with others in a contemporaneous manner. There must be a uniform code of practice to share information with the public in a controlled manner.

Question 40.What is Information Security Steering Committee ?

Answer: The Committee handling the role of Cyber Security Committee chaired by the Executive Director (Information Security). Executive Directors, CRO, GM (I & C), COO, GM (CTO), GM (DBD), GM (Legal) and CCO are the members of the Committee. The Sectoral Coordinator from NCIIPC is also a member of the committee. CISO is the convenor.

FAQs on Legal Documentation Policy

Q1. What is the purpose of documentation Policy?

Ans: The purpose of documentation policy is to provide general guidelines for preparing of documents, ensuring that documents executed by the borrower/ guarantor are complete in all respects and are in order to enforce bank's right inthe court of law.

Q2.What is a document as per General Clauses Act?

Ans: A document shall include any matter written, expressed or described upon, any substance by means of letters, figures or marks or by more than one of those means which is intended to be under or which may be used for the purpose of recording that matter [Section 3(18) of General Clauses Act, 1897 & Section 3 of Indian Evidence Act, 1872].

Q3. What are the Requisites of a proper document?

Ans: The document should

1. contain correct name(s) of the party(ies),
2. contain proper recital or narration
3. be properly stamped
4. be current and legally enforceable
5. contain the amount of loan/facility, interest and overdue interest, if anychargeable.
6. give the description of the security, if any,
7. describe how consideration has been passed on,
8. give terms of repayment,
9. give major and important terms and conditions mutually agreed upon,
10. give the place of execution,
11. mention the date of execution,
12. be duly registered wherever required with the appropriate authority.

Q4. Why the documents are generally standardized?

Ans: The different types of documents, that has to be executed for various products/services offered by bank are drafted by the bank's legal advisors in the(technical) language commonly adopted and judiciously interpreted by the courts with preamble and consideration clauses, obligations, privileges andreservations, and thus provide necessary legal safeguards to protect the bank's interest.

Q5. In case there is not any standard form of documents for a particular type of advance, what should be done in such cases for documentation purpose?

Ans: As regards advances for which no standard form has been prescribed, the branch manager should get the document drafted by a competent legal advisor, refer to CO: Legal dept and obtain approval for the draft to be executed along with necessary guidelines in the matter of handling such type of advances.

Q6. Which department is responsible for designing the format of documents?

Ans: Generally, the user department designs the format for their products in consultation with CO: Legal department. The user department after getting the documents/ format vetted by CO: legal department get the documents/ forms numbered from CO: O&M division.

Q7. **Which documents should be used in case of Consortium advances ?**

Ans: In case of consortium advance, model formats of documents recommended by IBA under SWCL (Single Window Concept of Lending) should be used.

Q8. Where one can find the standard forms of documents with specimen to be used for documentation purpose?

Ans: One can find the specimen of all the standard forms of documents used by bank in the "Manual of instructions on documentation".

Q9. What is Pre-requisite for disbursement?

Ans: No advance should be disbursed before all the necessary documents duly completed, stamped and executed by the borrowers and the guarantors concerned are obtained.

Q10. What are the important things involved in the documentation process?

Ans: Documentation process involves

1. Identifying the document format / drafting the documents
2. stamping
3. filling up the document
4. executing/signing
5. completing the necessary legal formalities including registration whereverstipulated and
6. Safeguarding the document.

Q11. When the stamping of documents should be done?

Ans. Documents executed in India are required to be stamped either before or at the time of execution.

Q12. What is stamp duty when documents are executed by two persons in different states?

Ans. When documents are executed by two persons in different states, it must bear the stamp duty of the state where it is signed first & then to be sent to the second state for signature of the other person. If the stamp duty in second state is higher than first state, excess amount is to be paid by sending the document to the stamp office along with amount of deficit stamp duty and then got certified by the stamp office. Then only second person should sign the documents.

Q13. What is to be done if document is signed in one state & to be acted in another state where stamp duty is higher?

Ans. If document is signed in one state & to be acted in another state where stamp duty is higher, the deficit amount of stamp duty is to be paid in the state where it is to be acted upon within three months of its receipt in the latter state.

Q14. What is the process for document execution if a party is residing at a place other than place of advancing branch?

Ans. If documents are to be executed by a party who is residing at a place other than place of advancing branch & he cannot come to the advancing branch to execute them, the documents should be sent to the nearest branch to the place of availability of executant. The branch receiving the documents should get the documents executed in presence of Manager/officer of the branch. Identification of executant must be insisted before execution of documents & proper record of execution of documents may be made in document execution register. If the branch from which the documents were received is in another state, arrangement should be made to pay additional stamp duty, if so required, before the documents are got executed. If set of documents are to be signed by different persons in different places, the first execution should as far as possible be at the place where the advance is sanctioned and the amount is disbursed.

Q15. What is the process if signature is in a vernacular language or the document has been affixed with thumb impression of the borrower?

Ans. if signature is in a vernacular language or the document has been affixed with thumb impression of the borrower/guarantor, it is to obtain a separate letter of declaration in the vernacular language confirming that the content of documents have been properly read over and explained to the executant in the vernacular language and executant has affixed his thumb impression/signature in a vernacular language only after understanding the nature & contents of the documents. In addition, branches have to obtain a letter confirming the execution of documents in his presence by such illiterate/blind person or purdanashin woman.

Q16. Why documents to be executed by the borrower should be handwritten and completed in one sitting & using the same pen & ink?

Ans. Documents to be executed by the borrower should be preferably handwritten and completed in one sitting & using the same pen & ink so that unnecessary doubts regarding different hand writings and different ink may be avoided at a later date, which may lead to question of admissibility/enforceability by the borrower**.**

Q17. Why loan documents should be signed on every page at the end by the executants?

Ans. Loan documents should be signed on every page at the end by the executants for having read the contents of each page. Initial must not be allowed in place of signature**.** Advantage of getting signature on each page of an agreement is that borrower will be fully and completely bound by such execution. If it is not so signed, the borrower may allege that the bank has substituted the relevant pages of the agreement and the document executed by him contained some other matter or that the matter contained in the pages signed by him is not binding on him, since he is illiterate and the clauses were not read and explained to him.

Q18. What needs to be done if any of the terms & conditions are subsequently modified?

Ans. If any of the terms & conditions are subsequently modified, the consent of all the signatories to the original documents including guarantors should be obtained for the same.

Q19. What is to be done if any amendment in Terms & conditions of advances is to be done and the original document is registered with registrar of assurances?

Ans. If any amendment in Terms & conditions of advances is to be done and the original document is registered with registrar of assurances, it should be effected by a supplementary document which should also be registered. Mere written consent of parties to the amendments in in Terms & conditions of advances will not be legally effective & enforceable.

Q20. What should be course of action while handing over true copies of the documents?

Ans. Written acknowledgement of the borrower is to be taken while handing over true copies of the documents, retaining the original documents with the bank. Further it must be confirmed that original documents executed are perfect and complete in every aspect before handing over the true copies to avoid future litigation from the borrowers regarding legality of documents.

Q21. What do you understand by digital document execution?

Ans: Digital document execution is a procedure under which execution, stamping, preservation and retrieval of documents will be done using online platform. This procedure is completely paperless mode of execution of documents without the physical presence of borrowers by enabling e-signing and e-stamping of documents.

Q22. How is the digital document execution proposed to be implemented in our Bank?

Ans: It is proposed to integrate execution of documents online with the Digital Documentation Execution platform of the National e-Governance Services Limited (NeSL). This procedure is completely paperless mode of execution of documentation without the physical presence of the borrower by enabling e-signing and e-stamping of documents. Loan Origination System (LOS) will be integrated with this secure and online system. Customer will sign the documentsdigitally or with Aadhaar/ Dongle/ biometric modes and the branch will sign the documents digitally by biometric /digital signature and will be stored digitally at NeSL /CERSAI.

Q23.Which documents need to be witnessed ?

Ans: Regular mortgage deeds (Registered Mortgage deed), debenture deeds, gift deeds of immovable property, power of attorney should be witnessed by at least two witnesses.

Q24.What are the Guidelines relating to Equitable Mortgage?

Ans:

1. The Legal Scrutiny Report should be obtained from the Bank's panel lawyer in the prescribed format (F 178).

2. Title Deeds should be deposited subsequent to the date of execution of the loan documents like DPN, Term Loan agreement, Guarantee Agreement, Letter of Continuity.

3. At the time of accepting Title Deeds, the branch should ensure that all those documents mentioned in the Legal Opinion including an up to date Encumbrance Certificate are deposited.

4. Equitable Mortgage of security should be extended, at the time of extending further advance to the borrower.

5. Equitable Mortgage with Certified Copies of Title Deeds has to be created only with approval from the competent authority.

6. Complete set of original Title Deeds which was scrutinized by the Bank's legal adviser, should be obtained.

FAQs on Legal Documentation Policy

7. Title Deeds of the property should be deposited at the notified place.

8. After creation of the Equitable Mortgage the title deeds from notified branch to advancing branch should be transferred.

9. Proper resolution of the company seeking the advance with an undertaking to give Equitable Mortgage of the immovable property of the Company thereafter and naming the person who is authorized to deposit the title deeds at the Bank on behalf of the Company should be obtained.

10. The valuation report of approved Engineer and legal opinion are in respect of one and the same property should be ensured.

11. Encumbrance Certificate for 4 months immediately after the creation of the EM and subsequently on yearly basis should be obtained.

12. The mortgaged property should be inspected at least once in a year and a record of the same should be kept.

13. A declaration from the borrower / guarantor / third party to the effect that the relative property is free from any prior encumbrance and that there is no attachment on the property should be taken. The suggestion of obtaining Encumbrance Certificate from the date of parent document to the date of considering the proposal instead of relying on the Encumbrance Certificate for 13 years only, in case parent document is traced prior to 13 years should be followed.

14. Registration of Memorandum of Deposit of Title Deeds should be done in States where the practice is in vogue.

Q25. What is the objective of policy on document management (preservation record)?

Ans: The objective of the document management policy is to ensure that all records in offices whether current or non-current are required to be taken proper care of. It is essential to have proper storage, retrieval and disposal control of such records, as the banks deal day in day out with high risk security documents, which should be available for any reference in future.

Q26. What are the regulatory reference for maintenance and preservation of records?

Ans: The Banking companies (Period of preservation of records) rules, 1985 provides the guidelines for preservation period and list of records to be preserved. Similarly, Prevention of Money Laundering Act, 2002 requires maintenance of records of the nature and value of transactions and maintenanceof records of the identity of the clients of the Banking companies, financial institutions and intermediaries.

Q27. What are the Time limits for preservation of records?

Ans:. The government of India has by an order laid down certain regulations forthe preservation of old records and documents of banks. Under these regulations, certain records and documents are to be preserved permanently while some others are to be preserved up to 10 years, 8 years, 5 years, and 3 years.

Q28. What is the time period for Preservation, maintenance and elimination of records and files for written off loan accounts?

Ans: Written off loan accounts for which, credit guarantee claims have already been settled and adjusted to the loan accounts, the loan papers, files, registers etc., be maintained for a period of 5 years from the date of closure and later eliminated, provided there is no chance of recovery.

FAQs on Legal Documentation Policy

Q29. What are the guidelines for removal and disposal of records?

Ans: As time passes, the period for preservation lapses and such items are permitted to be withdrawn from records and disposed. However, no record or document shall be disposed notwithstanding the fact that the periodicity for which it is to be preserved has lapsed, if any enquiry, claim or litigation is pending in respect of any information contained in such documents or records.

Q30. What is the applicability of limitation period in respect of repayment of a deposit by the Bank?

Ans: Limitation period in respect of repayment of a deposit with a bank would start against the bank from the date of demand by the customer and is enforceable within a period of 3 years. Therefore, under the present law, the starting of limitation period is linked to the date of demand by the depositor and not the date of maturity

Q31. What are the Prevention of Money Laundering Act, 2002 - Rules for Maintenance of Records?

Ans: These rules may be called the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the procedure and Manner of Maintaining and Time for furnishing information and verification and maintenance of records of the identity of the clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005. This has come into force from 1st July 2005

Q32. According to PMLA Rule, what is the nature and value for Maintenance of Records of Transactions?

Ans:

1. All cash transactions of the value of more than 10 lakhs or its equivalent in foreign currency.
2. All series of cash transactions integrally connected to each other which have been valued below 10 lakhs or its equivalent in foreign currency wheresuch series of transactions have taken place within a month.
3. All transactions involving receipts by non-profit organizations of value more than rupees ten lakh, or its equivalent in foreign currency.
4. All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable securityor a document has taken place facilitating the transactions.
5. All suspicious transactions whether or not made in cash or otherwise.

Q33. According to PMLA Rule, what may be the mode of transactions for other than cash (nature and value) for Suspicious Transactions?

Ans: Deposit and credits, withdrawal into or from any account in whatsoever name they are referred to in any currency maintained by way of - Cheques including third party cheques, pay orders, demand drafts, cashiers cheques or any other instrument of payment of money including electronic receipts or credits and electronic payments or debits. Transfer from one account within the same banking company, financial institution and intermediary, as the case may be, including from or to Nostro and Vostro accounts.Credits or debits into or from any non-monetary accounts such as d-mat account, security account in any currency maintained by the banking company, financial institution andintermediary.

Q34. What are rules for retention of records of transaction under PML Act, 2002?

FAQs on Legal Documentation Policy

Ans; The bank shall maintain for at least 5 years from the date of transaction between the bank and client, all necessary records of transaction, both domestic or international, which will permit reconstruction of individual transaction. Bank shall also ensure that records pertaining to the identification of the customer and his address obtained while opening the account and during the course of business relationship are properly preserved for at least 5 years after the business relationship is ended. In addition bank shall ensure that records relating to all complex, all unusual large transactions, and all unusual pattern of transaction, which has no apparent economic or visible lawful purpose arepreserved for five years.

Q35. What are the information, that a record pertaining to transactions should contain as per PMLA, 2002?

Ans: The records as per PMLA, 2002 should contain the following information:

1. The nature of the transactions;
2. The amount of the transaction and the currency in which it wasdenominated
3. The date on which the transaction was conducted, and
4. The parties to the transaction.

Q36. What is digitization of documents?

Ans: The procedure of conversion of physical records to electronic records is known as digitization of documents.

It involves four steps –

1. Document preparation,
2. Document scanning,
3. Document coding and,
4. Document indexing.

The process of digitization would address confidentiality, Integrity and availability of documents.

Q37. What is Document Management Solutions?

Ans: Document Management Solutions (DMS) envisages establishment of a system where the bank gets the documents scanned for uploading to DMS and send the same to Document Archival Centre (DAC) at pre-determined frequency. DMS also establishes linkage with other applications (DeVA, LLMS, LAPS etc) for quick retrieval of records.

Q38. What are the roadmaps for digitization of documents in our bank?

Ans: The digitization of documents shall be introduced in a phased manner. In the first phase the departments of KMO and CO will be covered. FGMOs/ZOs and branches will be covered under second and third phase respectively.

Q39. In case of Internet Banking, which type of records are required to be kept?

Ans: As far as record maintenance is concerned regarding Internet Banking, all applications of banks should have proper record keeping facilities for legal purposes. It may be necessary to keep all received and sent messages both in encrypted form, it should be possible to decrypt the Information for legal purpose by obtaining keys with owner‘s consent.

Q40. What is the periodicity of review of documentation policy?

FAQs on Legal Documentation Policy

Ans: The policy shall be reviewed bi-annually, in tune with the regulatory guidelines/ internal requirements or as and when considered necessary. Board isempowered to approve changes/ amendments/ relaxations/ exemptions, if any, required to be made in policy.

Q1. What is E-Procurement?

E-procurement is the use of information and communication technology (specially the internet) by the buyer in conducting procurement processes with the vendors/ contractors for the acquisition of goods (supplies), works and services aimed at open, non-discriminatory and efficient procurement through transparent procedures.

Q2. Who can be 'Class I Local Supplier' in reference to Procurement of Consultancy and Other Services?

Class-I local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, meets the **minimum local content** as prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India), Order 2017. The 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 50%

Q3. Who can be 'Class II Local Supplier' in reference to Procurement of Consultancy and Other Services?

Class-I local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I Local Supplier' under the Public Procurement (Preference to Make in India), Order 2017. The 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 20%.

Q4. What are the 5 R's of Procurement?

The 5 R's of Procurement are:

a. Right quality
b. Right quantity
c. Right price
d. Right time and place
e. Right source

Q5. What are the 5 Fundamental Principles of Public Procurement?

Over and above the basic aims of procurement, the obligations of procuring authorities can be grouped into following five fundamental principles of public procurement, which all procuring authorities must abide by and be accountable for:

a. Transparency principle
b. Professionalism principle
c. Broader obligations principle
d. Extrinsic legal principle
e. Public accountability principle

Q6. What is Pre-Bid Integrity Pact?

The Pre-Bid Integrity Pact is a tool to help governments, businesses and civil society to fight corruption in public contracting. It binds both buyers and sellers to ethical conduct and transparency in all activities from pre-selection of bidders, bidding and contracting, implementation, completion and operation related to the contract. This removes insecurity of Bidders, that while they themselves may abjure Bribery, but their competitors may resort to it and win contract by unfair means.

Q7. What are the commonly used types of Contracts and Systems of Selection of Consultants/ service providers?

There are different basis for linking payments to the performance of services (called types of contracts) – each having different risks and mitigation measures. The choice of the type of contract should be based on Value-for-Money (VfM) with due regard to the nature of assignment. Mostly used types of contracts are:

a. Lump sum (Firm Fixed Price) contract
b. Time based (Retainer-ship) contracts
c. Percentage (Success Fee) contract
d. Retainer-ship cum Success fee based contract
e. Indefinite delivery contract

Q8. What is Lump Sum (Firm Fixed Price) Contract?

The lump sum (firm fixed price) contract is the preferred form of contract and under normal circumstances; the Procuring Entity shall use this form of contract. Consultant's proposal is deemed to include all prices - no arithmetical correction or price adjustments are allowed during evaluation. Lump sum consultancy contracts are easy to administer because there is fixed price for a fixed scope and payments are linked to clearly specified outputs/ milestones/ deliverables such as reports, documents, drawings, bills of quantities, software programs and so on. This type of contracts are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth.

Q9. What are the various risks involved in Lump Sum (Firm Fixed Price) Contract and what are the mitigations of those risks?

The Risks & Mitigations involved in Lump Sum Contract are as follows:

a. Risk: Quality and Scope of the Output/ Deliverables is not linked to the payment. There may be tendency for the Consultant/ Service Provider to cut corners on quality and scope of the output/ deliverables by saving on resources employed. Disputes may arise due to different possible interpretations of quality and scope of assignment.

   Mitigation: Lump sum service contracts should be used mainly for assignments in which the quality, scope and the timing of the required output of the Consultants/ Service Providers are clearly defined. The contract should include provision for evaluation of quality and scope of deliverables and certificate for its acceptability may be recorded. Payment should be made only against certificate of acceptance of deliverables.

b. Risk: As time is not linked to the payment. There may be tendency for the consultant/ service provider to save on deployment of resources which may result in time-over-run.

   Mitigation: While the payments are not linked to time, the assignment should be monitored per month to ensure that the output per month is in line with planned and estimated time-line.

Q10. What is Time-Based (Retainer-ship) Contract?

In Time-based (Retainer-ship) contracts payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who in consultancy contracts are normally named, but not so in other services) and on reimbursable items using actual expenses and/or agreed unit prices. These are also called as retainer ship contracts, since the consultant/ service provider are retained for a pre-decided period. The rates for staff include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances. This type of contract is appropriate when Lump sum contract is not feasible due to difficulties in defining the scope and the length of services, either because the inputs required for attaining the objectives of the assignment is difficult to assess or because the services are tied up to activities by others for which the completion period may vary. This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments etc.

Q11. What are the various risks involved in Time-Based (Retainer-ship) Contract and what are the mitigations of those risks?

The Risks & Mitigations involved in Time-Based (Retainer-ship) Contract are as follows:

a. Risk: Quality and Scope of the Output/ Deliverables is not linked to the payment. There may be tendency for the Consultant/ Service Provider to cut corners on quality and scope of the output/ deliverables by saving on resources employed. Disputes may arise due to different possible interpretations of quality and scope of assignment.

   Mitigation: Lump sum service contracts should be used mainly for assignments in which the quality, scope and the timing of the required output of the Consultants/ Service Providers are clearly defined. The contract should include provision for evaluation of quality and scope of deliverables and certificate for its acceptability may be recorded. Payment should be made only against certificate of acceptance of deliverables.

b. Risk: Performance in each time period is not linked to the payment. There may be tendency for the consultant/ service provider to use paid staff in a dilatory and unproductive manner.

   Mitigation: Contracts need to be closely monitored and administered by the 'Procuring Entity' to ensure that the progress of assignment is commensurate with the time spent and that the resources for which payment is claimed have actually efficiently and productively been deployed on the assignment during the period. A system of monthly reporting of payouts and quantum of work achieved by the consultant/ service provider to CA should be instituted to enable supervision

Q12. What are the various risks involved in Lump Sum (Firm Fixed Price) Contract and what are the mitigations of those risks?

The Risks & Mitigations involved in Lump Sum Contract are as follows:

a. Risk: Quality and Scope of the Output/ Deliverables is not linked to the payment. There may be tendency for the Consultant/ Service Provider to cut corners on quality and scope of the output/ deliverables by saving on resources employed. Disputes may arise due to different possible interpretations of quality and scope of assignment.

   Mitigation: Lump sum service contracts should be used mainly for assignments in which the quality, scope and the timing of the required output of the Consultants/ Service Providers are clearly defined. The contract should include provision for evaluation of quality and scope of deliverables and certificate for its acceptability may be recorded. Payment should be made only against certificate of acceptance of deliverables.

b. Risk: As time is not linked to the payment. There may be tendency for the consultant/ service provider to save on deployment of resources which may result in time-over-run.

   Mitigation: While the payments are not linked to time, the assignment should be monitored per month to ensure that the output per month is in line with planned and estimated time-line.

Q13. What is Percentage (Success/ contingency Fee) Contract?

Percentage (Success/ Contingency Fee) contracts directly relate the fees paid to the consultant/ service provider to the estimated or actual project cost, or the cost of the goods procured or inspected. Since the payment is made after the successful realisation of objectives, it is also called success (or contingency) fee contract. The final selection is made among the technically qualified consultants/ service providers who have quoted the lowest percentage while the notional value of assets is fixed. These contracts are commonly used for appropriate architectural services; procurement and inspection agents.

Q14. What are the various risks involved in Percentage (Success/ contingency Fee) Contract and what are the mitigations of those risks?

The Risks & Mitigations involved in Lump Sum Contract are as follows:

a. Risk: Quality and Scope of the Output/ Deliverables is not linked to the payment. There may be tendency for the Consultant/ Service Provider to cut corners on quality and scope of the output/ deliverables by saving on resources employed. Disputes may arise due to different possible interpretations of quality and scope of assignment.

   Mitigation: Lump sum service contracts should be used mainly for assignments in which the quality, scope and the timing of the required output of the Consultants/ Service Providers are clearly defined. The contract should include provision for evaluation of quality and scope of deliverables and certificate for its acceptability may be recorded. Payment should be made only against certificate of acceptance of deliverables.

b. Risk: As time is not linked to the payment. There may be tendency for the consultant/ service provider to save on deployment of resources which may result in time-over-run.

   Mitigation: While the payments are not linked to time, the assignment should be monitored per month to ensure that the output per month is in line with planned and estimated time-line.

c. Risk: Bias against Economic solutions: Since the percentage payment is linked to the total cost of the project, in the case of architectural or engineering services, percentage contracts implicitly lack incentive for economic design and are hence discourged.

   Mitigation: Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services.

Q15. What is Retainer and Success (Contingency) Fee Contract?

In Retainer and Success (Contingency) fee contracts the remuneration of the consultant includes a retainer (time based, monthly payment) and a success fee (Percentage based), the latter being normally expressed as a percentage of the estimated or actual Project cost. Thus, this type of contract is a combination of Time Based and Percentage Contracts. Retainer and contingency fee contracts are widely used when consultants (banks or financial firms) are preparing companies for sales or mergers of firms, notably in privatization operations. It can also be used for assignments related to organisational restructuring/ change.

Q16. What is Indefinite Delivery Contract?

These contracts are used when Procuring Entity need to have “on call” specialized services, the extent and timing of which cannot be defined in advance. There is no commitment from Procuring Entity for the quantum of work that may be assigned to the consultant/ service provider. The Procuring Entity and the firm agree on the unit rates to be paid, and payments are made on the basis of the time/ quantum of service actually used. The consultant/ service provider shall be selected based on the unit rate quoted by them for providing the services. These are commonly used to retain “advisers” or avail services 'on-call' - for example; expert adjudicators for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting, Document Management, Taxi Services, Temporary Manpower Deployment and so forth – normally over a period of a year or more.

Q17. What is Terms of Reference in context of Procurement of Consultancy services?

The Terms of Reference (ToR) is similar to Description, Quantity and Technical Specification in Procurement of Goods. This is the first step in the selection of the consultants. A ToR explains the purpose/ objectives of the assignment, scope of work, activities, tasks to be performed, respective responsibilities of the Procuring Entity and Consultant, Expected Results, and deliverables of the assignment.

ToR is important for an understanding of the assignment and its correct execution to ensure that the objectives of assignment are achieved. It reduces the risk for the Procuring Entity of unnecessary extra work, delays, and additional expenses of the Procuring Entity. In addition, it helps reduce for the bidders the risk of ambiguities during the preparation of bidder’s proposals, contract negotiation, and execution of Consultancy. Therefore, ToR should be comprehensive and unambiguous. However, it should not be too detailed and inflexible, so that competing consultants may be in a position to propose their own methodology and staffing. Bidders shall be encouraged to comment on the ToR in their proposals.

Q18. What are the various steps of selection of consultants through Competitive Process?

The selection process for consultants generally includes the following steps:

a. Preparation and issuance of the Request for Proposals (RfP)
b. Pre-proposal meeting
c. Receipt of proposals
d. Evaluation of technical proposals, consideration of quality
e. Public opening of financial proposals
f. Evaluation of financial proposals
g. Selection of the winning proposal
h. Negotiations with the selected bidder, if require
i. Award of the contract to the selected firm.

Q19. What is the Law of Agency, which is applicable to Procurement of Consultancy and Other Services?

The Law of Agency has been covered under Section 182 to section 238, of the Indian Contract Act, 1872. As per the Law of Agency, the Procuring Entity is vicariously legally and financially liable for actions of its Agents.
The Consultants/ Service Provider would be an Agent of the Principal/ Client/ Procuring Entity – Procuring Entity, to carry out the service/ assignment on its behalf. There exists a Principal/ Procuring Entity and Agent relationship between Procuring Entity and such consultant/ service provider. Standard Bidding Documents should take care of this aspect.

Q20. What is the meaning of Arbitration Agreement?

It is an agreement by the parties to submit to arbitration all or certain disputes, which have arisen or which may arise between them, in respect of a defined legal relationship, whether contractual or non-contractual. The dispute resolution method of arbitration, as per the Arbitration and Conciliation Act, can be invoked only if there is an arbitration agreement (in the form of an arbitration clause or a separate arbitration agreement) in the contract. If there is such an agreement, courts are barred from directly entertaining any litigation in respect of such contracts, and are bound instead to refer the parties to arbitration.

Q21. When can Competition Commission of India (CCI) can initiate an enquiry?

In India, CCI may initiate an inquiry in the following circumstances:

a. On its own motion on the basis of information and knowledge in its possession, or
b. On receipt of any information, in such manner and accompanied by such fee as may be determined by regulations, from any person, consumer or their association or trade association, or
c. On receipt of a reference from the Central Government or a State Government or a statutory authority

FAQ ON **PROCUREMENT POLICY**

Q1. What does CPPP stand for in procurement procedures?

Answer: CPPP stands for the Central Public Procurement Portal, functioning as a centralized platform to streamline and facilitate various procurement processes across multiple sectors and entities. It serves as a unified interface for procurement activities, ensuring efficiency and transparency in the procurement process.

Q2. What is the full form of DGS&D in DGS&D Rate Contracts?

Answer: DGS&D stands for Directorate General of Supplies and Disposals, specifically in the context of Rate Contracts. This department plays a pivotal role in standardizing contracts for supplies and disposals across governmental departments, ensuring a structured approach in procurement dealings.

Q3. According to the prevalent Cut-off Policy, what's the minimum tender amount for goods procurement through advertisement?

Answer: As per the prevalent Cut-off Policy, the minimum tender amount for goods procurement through advertisement is stipulated to be above Rs. 2 Cr. This policy determines the threshold beyond which procurement necessitates advertisement for bids, ensuring transparency and fair competition.

Q4. How many leading newspapers must publish notices for goods purchase to obtain bids?

Answer: Notices for goods purchase must be published in at least 2 leading newspapers to solicit bids. This multi-publication strategy enhances the reach and accessibility of procurement opportunities, attracting a wider pool of potential bidders.

Q5. What's the minimum time allowed for bid submission from the date of tender notice publication?

Answer: Bidders are accorded a minimum of 3 weeks from the publication date of the tender notice for bid submission. This duration allows ample time for interested parties to prepare and submit comprehensive bids, promoting a competitive yet feasible timeframe for participation.

Q6. What's the maximum amount for a limited tender to be called?

Answer: Limited tenders can be called for procurement amounts up to Rs. 2 Cr. This delineation enables a focused approach to specific procurement needs within a specified financial boundary, allowing flexibility while maintaining control over expenditures.

Q7. At what procurement amount are tenders published on a bank's website?

Answer: Tenders for procurement above 10 lakhs are published on the bank's website. This criterion ensures broader visibility and accessibility of procurement opportunities to potential vendors, especially for larger-scale procurements.**Q8. What's the duration for bid acceptance on the final submission day?**

Answer: No late bids are allowed beyond the final submission day, maintaining fairness and adherence to the stipulated timelines in the bid submission process. This ensures an equitable evaluation of bids without favoritism or extended allowances that might impact the process's integrity.

Q9. What's the maximum amount for spot tender & emergency procurements?

Answer: The maximum amount for spot tender & emergency procurements is restricted to Rs. 1 lac. This limitation aims to facilitate swift procurement in urgent situations within predefined financial constraints, ensuring timely response to unforeseen needs.

Q10. What's the maximum procurement amount through the Local Committee at Corporate/Head Office?

Answer: The Local Committee is authorized to procure goods up to Rs. 5 lakhs. This empowerment allows for decentralized decision-making within specified financial boundaries, fostering localized procurement decisions aligned with organizational requirements.

Q11. How many times should the bidder's average Business Turnover exceed the estimated Project Cost during the last 3 Financial Years?

Answer: The bidder's turnover should exceed the estimated Project Cost at least threefold during the last 3 Financial Years. This criterion ensures financial stability and capability to undertake projects efficiently.

Q12. What percentage of the contract value is specified for Performance Security in bid documents?

Answer: Performance Security specified in bid documents ranges between 5-10% of the contract value. This security deposit acts as a guarantee for contract fulfillment, providing assurance to the procuring entity.

Q13. What action should be taken if the Digital Signature Certificate is lost or misplaced?

Answer: Concerned officers should lodge an FIR if a Digital Signature Certificate is lost or misplaced. This action ensures the proper legal procedure is followed and helps mitigate potential risks associated with the compromised certificate.

Q14. Within what timeframe can online L-1 Vendors rectify shortcomings by upload?

Answer: L-1 Vendors are permitted to rectify shortcomings within 7 days through online upload facilities. This provision allows for the rectification of errors or deficiencies identified in the initial submission, ensuring fair opportunities for vendors to address issues promptly.

Q15. Where are tenders primarily conducted within the procurement process?

Answer: Tenders are primarily conducted on a dedicated e-Procurement portal. This centralized platform streamlines the entire tendering process, from publication to submission, ensuring efficiency and transparency.

Q16. Where specifically are online tenders floated within the procurement process?

Answer: Online tenders are specifically floated on the dedicated e-Procurement portal. This exclusive platform provides a secure and standardized environment for the electronic submission and management of bids, ensuring a digital and accessible bidding process.

Q17. Which committee holds approval authority for projects exceeding 15 Cr via open/limited tendering mode?

Answer: The IT Strategy Committee holds approval authority for projects exceeding 15 Cr via open/limited tendering mode. This committee oversees larger-scale procurements, ensuring strategic alignment and effective utilization of resources.

Q18. What's the range for Bid validity period from the last date of bid submission?

Answer: The Bid validity period ranges from 90 to 180 days from the last date of bid submission. This timeframe allows sufficient validity for bids, enabling comprehensive evaluations and negotiations within a reasonable duration.

Q19. What's the significance of the Bid validity period in procurement?

Answer: The Bid validity period ensures bids remain valid for 90 to 180 days after the submission date. This duration allows the procuring entity to assess and compare bids effectively, negotiate terms, and finalize contracts without being rushed.

Q20. What's the eligibility criterion for bidder's Business Turnover in relation to the estimated Project Cost?

Answer: Bidders should have a turnover of at least 3 times the estimated Project Cost in the last 3 Financial Years. This criterion demonstrates the bidder's financial capacity and stability to handle projects efficiently.

Q21. What's the specified percentage range for Performance Security in bid documents?

Answer: Performance Security specified in bid documents ranges between 5-10% of the contract value. This security deposit acts as a safeguard, ensuring the successful execution of the contract and performance as agreed upon.

Q22. What's the protocol if a Digital Signature Certificate is lost or misplaced?

Answer: The proper course of action involves lodging an FIR if a Digital Signature Certificate is lost or misplaced. This legal step helps in documenting the incident and mitigating potential risks associated with compromised credentials.

Q23. Within what duration can online L-1 Vendors rectify shortcomings by upload?

Answer: L-1 Vendors are permitted to rectify shortcomings within 7 days through online upload facilities. This provision ensures fairness by allowing vendors to address any deficiencies identified during the bidding process promptly.

Q24. Where are tenders specifically floated within the procurement process?

Answer: Tenders are specifically floated on the dedicated e-Procurement portal, ensuring a centralized and standardized platform for the entire bidding process, from publication to submission and evaluation.

Q25. What happens if the Digital Signature Certificate is lost or misplaced?

Answer: If the Digital Signature Certificate is lost or misplaced, concerned officers should lodge an FIR. This formal step helps in addressing the loss or compromise of the certificate and mitigating potential security risks.

The purpose of the Policy is to define and put in place a framework covering the accepted practices, requirements, responsibilities of the staff concerned, processes and procedures to be followed for end-to-end Digitalized lending under Retail, Agriculture, MSME segments or in the case of any loan product, in general.

Q2. What is the process of Digital Lending ?

Digital lending eco-system is complex and evolving, Digital lending models are characterized by distinct market structures, regulatory environment and customer needs. Some players offer end-to-end digital solution, while others focus on a specific component of the lending process and leverage partnerships to supplement their models.

The credit verticals will explore and adopt niche Digital Lending solutions targeted at accelerating business growth, while creating a centralized end-to-end digital lending solution to achieve the long-term roadmap of creating a fully integrated and digital customer journey across portfolios

Q3. What is the scope of Digital Lending Policy ?

The Policy covers various aspects of the Bank's digital lending products and services of Priority &Non-Priority Sector Lending and Other lending products and services. The Digital lending products are designed to reflect the on-going developments in the digital lending arena, and to provide best-in-class digital lending products and services to our customers, in line with the latest "Guidelines on Digital Lending"&"Loans Sourced by Banks and NBFCs over Digital Lending Platforms: Adherence to Fair Practices Code and Outsourcing Guidelines" issued by RBI on September 02, 2022and June 24, 2020 respectively.

The business verticals concerned are required to select and design the products as per market requirements and to expand their respective business portfolios with due controls and monitoring, within the guidelines of the credit policy / credit risk management policy, IT Security policy, IT policy, Outsourcing policy and other applicable policies.

Q4. What does the Digital Lending mean and how do AI & ML can contribute it?

Digital lending refers to the digitization of the lending process by digital channels for lead generation, KYC and due diligence, acquisition, appraisal, sanction, disbursement, pre and post-sanction compliance, monitoring, controls, repayment and engagement and by leveraging data acquired/ derived digitally and advanced algorithms for credit decisions, collections and customer engagement. Bank may leverage Artificial Intelligence and Machine Learning to correlate the data for business decisions.

Q5. What are the three main components of Digital Lending ?

Three main Components of Digital Lending are:

1. Use of Digital Channels
2. Use of Digitalized Data
3. Focus on Customer Experience and Engagement

Q6. What are the broad steps followed in the framework for Digital Lending ?

Following are the Broad steps followed in Digital Lending.

A) Customer on boarding / acquisition through various channels.

B) Underwriting: Loan Application Processing/ BRE/ Analytics/ Sanction

C) Loan Opening/ Documentation/Disbursement

D) Collection and Recovery mechanism

E) Customer Experience and Engagement

Q7. What is Annual Percentage Rate (APR) in digital lending ?

Annual Percentage Rate (APR) will be the effective annualized rate charged to the borrower of a digital loan. APR shall be based on an all-inclusive cost and margin including cost of funds, credit cost and operating cost, processing fee, verification charges, maintenance charges, etc., and exclude contingent charges like penal charges, late payment charges, etc.

Q8. What is the Key Fact Statement (KFS) and its relevance in Digital Lending ?

The KFS shall contain the details of Annual Percentage Rate (APR), the recovery mechanism, details of grievance redressal officer designated specifically to deal with digital lending/ FinTech related matter and the cooling-off/ look-up period, apart from other necessary information related to the loan.

Key Fact Statement (KFS) will be provided to the borrower before the execution of the contract in a standardized format for all digital lending products.

Only the fees & charges mentioned in the KFS will be charged to the borrower at any stage during the term of the loan.

Q9. What do you mean by cooling off / look-up period in digital lending ?

A period in whch borrower shall be given an explicit option to exit digital loan by paying the principal and the proportionate APR without any penalty during this period is called cooling off/ look up period.

The cooling period shall not be less than three days for loans having tenor of seven days or more and one day for loans having tenor of less than seven days. For borrowers continuing with the loan even after look-up period, pre-payment shall continue to be allowed as per extant RBI guidelines.

Q10. What is the Grievance Redressal mechanism for DLP ?

LSPs to have nodal grievance redressal officer to deal with complaints/ issues raised by the borrowers. Also the Bank's shall have designated nodal grievance redressal officer to deal with FinTech/ digital lending related complaints/ issues of LSPs & DLAs raised by the borrowers. Complaint can be lodged through DLA & the banks website.

Contact details of grievance redressal officers shall be prominently displayed on the websites of the Bank, its LSPs and on DLAs and also in the KFS provided to the borrower. Further, the facility of lodging complaint shall also be made available in the DLA and the bank's website.

The customer can lodge a complaint over the Complaint Management System (CMS) portal under the Reserve Bank-Integrated Ombudsman Scheme (RB-IOS) if it has not resolved by Bank within 30 days.

Q11. What are the caution requires in digital lending for collection, usage of customer data and and sharing it with third parties?

(i) The Bank shall ensure that any collection of data is need-based and with prior and explicit consent of the borrower having audit trail. A one-time access can be taken for camera, microphone, location or any other facility necessary for the purpose of on-boarding/ KYC requirements only, with the explicit consent of the borrower.

(ii) The borrower shall be provided with an option to give or deny consent for use of specific data, restrict disclosure to third parties, data retention, revoke consent already granted to collect personal data and if required, make the app delete/ forget the data.

(iii) The purpose of obtaining borrowers' consent needs to be disclosed at each stage of interface with the borrowers.

(iv) Explicit consent of the borrower shall be taken before sharing personal

information with any third party, except for cases where such sharing is required as per statutory or regulatory requirement.

Q12. What are the Reporting norms to Credit Information Companies (CICs) under digital lending ?

Bank shall ensure that any lending or extension of structured digital lending products over a merchant platform i.e. short term, unsecured/ secured credits or deferred payments, is to be reported to CICs irrespective of its nature/ tenor as per the provisions of the Credit Information Companies (CIC) (Regulation) Act, 2005; CIC Rules, 2006; CIC Regulations, 2006 and related guidelines issued by RBI from time to time,

Q13. What are the loss sharing arrangement in case of default for digital lending?

It shall be guided by Master Direction – RBI (Securitization of Standard Assets) Directions, 2021 dated September 24, 2021, especially on synthetic securitization contained in Para (6)(c), with regard to the industry practice of offering financial products involving contractual agreements such as First Loss Default Guarantee (FLDG) in which a third party guarantees to compensate up to a certain percentage of default in a loan portfolio of the Bank.

Q14. The responsibility of customer data storage and their privacy lies with?

Responsibility regarding data privacy and security of the customer's personal information will be that of Bank. LSPs / DLAs prohibited to store personal information of borrowers except some basic minimal data (*viz.,* name, address, contact details of the customer, *etc.*) The Bank shall ensure that all data is stored only in servers located within India, while ensuring compliance with statutory obligations/ regulatory instructions

Q15. What are the guiding policies to be adhered for operation on digital platforms of Bank ?

The products / services offered on digital plateform will be guided through the following policies / guidelines of the Bank.

(a) Policy on Digital Banking Products and Services,

(b) Deposits Policy,

(c) Know Your Customer (KYC) / Anti Money Laundering (AML) / Combating

Financing of Terrorism (CFT) Policy of the Bank,

(d) Digital Payment Security Policy and SOP on Digital Payment Security Controls.

Q16. Who is the competent authority for Interpretation and amendments to the Digital Lending Policy ?

The MD & CEO / Executive Director is the authority for interpretation on any of the terms given in this Policy and also to amend the policy for business requirements and seek ratification from the Board.

Q17. Which Department can undertake the review of the Digital Lending Policy ?

Digital Lending Process and IT Security aspects shall be owned by Transformation Management Office (TMO) / Digital Banking Division (DBD) and IT Department based on emerging changes / requirements in Digital Lending ecosystem and policy review shall be placed by TMO/ DBD from time to time.

Q18. What is the fequency model for review of the digital lending polcy?

Apart from the regular review, under the following circumstances, the policy will be reviewed:

(1) On change of major technology

(2) After completion of Audit- to discuss the audit findings and the impact on Policy

(3) Before rolling out of major functionality - To discuss the impact on policy

(4) Any major regulatory changes

(5) Any other development which has a perceived impact on the policy

Q1. What are Internal Office Accounts?

Internal Office Accounts (IOA) include BGL accounts and Internal Office Current Accounts.
Branch General Accounts (BGLs) are Subsidiary General Ledger Accounts through which all transactions pertaining to Assets, Liabilities, Income and Expenditure happen.
Internal Office Accounts (IOA) include Non Customer Non KYC Liability Current Accounts opened by branches/ Administrative offices for routing internal transactions and the Account is operated by Staff, authorized by branch / respective departments.

Q2. Who is the competent authority for opening of Internal Office Accounts?

In our Bank, **Executive Director of the Bank** is the sanctioning authority for opening of BGLs and Internal Office Accounts.

Q3. What is the procedure of opening of BGL Accounts?

The procedure of opening of BGL Accounts is as under:

a. **Requests for opening**: User department requiring new BGL has to place a note to the respective Department Head for obtaining departmental clearance for new BGL opening. Upon clearance by Departmental Head, user department has to submit a request to CO: Banking Operations Department (O&M Cell) for opening BGL in the specified format along with the approved note. The purpose of opening the BGL account, the proposed reconciliation type and mapping with appropriate CGL, etc. will be mentioned in the request.
b. **New BGLs mapped to new CGL**: In case the BGL is to be mapped to a new CGL, the request is to be routed through CO: Accounts Department.
c. **Placing of office note before the competent authority**: CO: Banking Operations Department (O&M Cell) will place office note with details and proposed mapping of the new account to the Executive Director through the General Manager (BOD). **The Executive Director shall permit** opening of the BGL account or issue any other directions in this regard.
d. **After Approval:** After getting the approval, CO: Banking Operations Department (O&M Cell) will convey the approval to CO: Accounts Department with the copy of approved note. The Accounts Department will ensure proper mapping of BGL with CGL and convey the approval to CO: ITD for opening and mapping of the BGL in CBS. The CO: ITD will advise CO Accounts Department after opening of the BGL, who will then inform the same to CO: BOD (O&M Cell). Finally, CO: BOD (O&M Cell) will inform the User Department about opening of the BGL. The user department will also be advised to adhere to guidelines related to operation and maintenance of the account.

Q4. What is the procedure of opening of Internal Office Current Accounts?

The procedure of opening of Internal Office Current Accounts is as under:

a. The Department/Office requesting for opening the Account should place note to their Department Head / Office justifying the need for opening the Account and the name and style in which the Account has to be opened. On approval by Departmental Head, the request should be forwarded to CO: Banking Operations Department with a signed letter of Department Head alongwith the copy of approved note and the confirmation that no similar internal office account is available for the proposal transactions.
b. CO: Banking Operations Department will examine the request and after finding the request justified, place the proposal to Executive Director through GM (BOD). After ED's approval, CO: Banking Operations Department will advise the approval to the requesting Zone / department / controlling office and the directions of ED, if any. The requesting Zone / department / controlling office and branch will preserve copy of the approval for checking during internal inspection, audit and RBI inspection.

Q5. What is the procedure of mapping of Internal Office Current Accounts?

The accounts having credit balance will be mapped to **Other Liabilities** and the accounts having debit balance will be mapped to **Other Assets.**

Q6. Who will be the owner of any new BGL Account and who will maintain the records of BGLs?

The user department recommending opening of the BGL will have the ownership of the newly opened BGL.
CO: BOD (O&M) Cell will maintain the record of all BGLs opened and closed.

Q7. Who can mark Stop/Hold/Freeze in Internal Office Current Accounts?

It can be done by Departments of Corporate Office / FGMO / Zonal Offices or by branches after recording the event in the following cases:

a. By the order of any Hon'ble Court.
b. By order of any Law enforcing Agency
c. On observance of any suspicious transaction by EVVR / OSMC
d. Any matter for which Branch / ZO / FGMO / CO deems fit to put stops, holds or debit freeze in any account.

Q8. Who can remove Stop/Hold/Freeze in Internal Office Current Accounts?

The authority putting the stop, hold or debit freeze and the superior / higher authority is authorized to remove the debit freeze after maintaining proper record of such event.

Q9. Which type of transactions are prohibited for Internal Office Current Accounts?

The Internal Office Current Accounts should not be utilized for:

a. Loan disbursements
b. Routing of repayments to avoid slippage to NPA
c. Parking of Government funds
d. Cash payments to customers
e. Any other unauthorized purposes

Q10. What is the procedure of closure of Internal Office Current Accounts?

The procedure of closure of Internal Office Current Accounts is as under:

a. User Departments at Corporate Office will regularly review the status and usability of Internal Office Accounts used by them and branches / offices reporting directly to them (LCB, SAM, RMPC, RAPC, ICs etc) on monthly basis and advise CO: ITD to close the redundant accounts under advise to CO: BOD.
b. Similarly, Zonal Offices will regularly review Internal Office Accounts being used by them / branches under their span and advise the branches to close redundant accounts from front end under advise to CO: BOD.

Q10. Which type of transactions are permitted in Routing Accounts (BGL 98741)?

The permitted transactions in Routing Accounts are:

a. Foreclosure of Deposit in case account holder does not have current / savings account with us.
b. Payment of insurance premium by debiting various accounts
c. Salary Bulk Upload and bulk NEFT with authority of our corporate clients
d. Inward and Outward Remittance through RTGS/NEFT including vendor payments.
e. MOC / INCA reversal
f. Expenditure and payment upto value of Rs.20,000/- through cash mode (No deposit of cash is permitted)
g. Receipt of RTGS / NEFT in the name of Bank / Branch (Subsidy / EMD money/ CGTMSE claim etc.)

Q11. Which type of transactions are classified as Exceptional Transactions in Routing Accounts (BGL 98741)?

The following transactions are classified as exceptional transactions:

a. Receipt of repayment proceeds of loan (including OTS) through Post Dated Cheques /Transfer / RTGS / NEFT
b. Loan disbursal and transfer through routing account where direct remittance is not feasible.
c. Loan discharge using Routing Account

Q12. What controls have been implement for Exceptional Transactions in Routing Accounts?

The following controls have been implemented for the exceptional transactions:

a. **Before transaction:** Higher level permissions for the exceptional transactions (User type 42 at Zonal Office).
b. **After transaction:** Generation of Offsite Monitoring tickets, to attended and closed as per SOP on Internal Audit and Generation of exclusive reports in MIS portal (O&M / BOD Dashboard) for exceptional transactions in BGL 98741
c. Zones will review the exceptional transaction report and keep records of the same. The exceptional transaction report will be placed to ZACE / the statutory auditors / concurrent auditors / internal inspectors / RBI inspectors.

Q13. What is the Audit control system for Internal Control Accounts?

Comprehensive Audit of Internal Office Accounts will be carried by CO: Inspection Department by internal inspectors during September and Statutory Audit during March every year. Audit observations will be placed to ACE/ ACB by CO: Banking Operations Department every half year. The branches / Zonal Offices / Administrative offices including Corporate Office Departments should disclose the accounts maintained to the Auditors and ensure coverage of all Internal Accounts in Audit.

Q14. What are the guidelines for maintaining Internal Office Current Accounts in Administrative Offices?

The Zonal Offices are permitted to maintain only the following Internal Office Current Accounts:

a. One Internal Office Current Account is allowed for internal purposes. The account will be used for all transactions authorized by Zonal Head / DZM / designated official not below the rank of Chief Manager.
b. One separate Internal Office Current Account for Authorised Officer funds of all branches in the Zone (under SARFAESI Act). The account will not be used for any other purpose.
c. One Current Account for CGTMSE guarantee fee payment and claims (only existing accounts for CGTMSE claims will be allowed to continue – no new account to be opened for this purpose). The account will not be used for any other purpose.

Q15. What are the guidelines for maintaining Internal Office Current Accounts in Branches?

The guidelines for Branches are as under:

a. No internal office current account is permitted for branches (other than the accounts of FGMO / Zonal Office / Image / STCs / ICs / CO directly reporting branches / CO departments).
b. As per Reserve Bank of India guidelines, all redundant Internal Office Current Accounts in branches are to be closed, except in any exceptional case with approval of CO: BOD after examination by ZACE.
c. Zonal Offices will review the position of all internal office accounts in their jurisdiction and discuss their operation and reconciliation in monthly ZACE meetings. The discussion will be recorded every month without exception. Copy of minutes of monthly ZACE meetings must be made available for inspection, audit and RBI inspection.

Q16. Who will monitor the operations of BGL accounts?

Periodical monitoring of transactions should be done by Zonal / FGM offices and by the owner department at Corporate Office.

1.) **Financial Inclusion Plans are implemented over blocks of three years. The FIP was implemented in three phases. What are they?**

Ans: Phase I: Year 2010-13

Phase II: Year 2013-16

Phase III: Year 2016-19

2.) **When RBI had set up the Financial Inclusion Advisory Committee (FIAC)?**

Ans: 2012

3.) **What is the FI vision (NFSI:2019-2024)?**

Ans: To make financial services available, accessible and affordable to all the citizens in a safe and transparent manner to support inclusive and resilient multi stakeholder led growth.

4.) **What are the Startegic pillars of National Strategy for Financial Inclusion?**

Ans: i) Universal Access to Financial Services

ii) Providing Basic Bouqet of Financial Services

iii)Access to Livelihood and Skill Development

iv) Financial Literacy and Education

v) Customer Protection and Grievance Redressal

vi) Effective Coordination

5.) **Define a "Part Time Banking Outlet"**

Ans: A Banking outlet which does not provide delivery of service for a minimum of 4 hours per day and for atleast 5 days a week will be considered a " Part time Banking Outlet"

6.) **What is IBTRD?**

Ans: Indian Bank Trust for Rural Development

7.) **IB SAATHI stands for..**

Ans: Indian Bank Sustainable Access and Aligning Technology for Holistic Inclusion

8.) **Who will be identifying and deploying Field BCs in the allotted locations?**

Ans: The Corporate BC

9.) **Working hours for Bank Mitras?**

Ans: Branch in consultation with FB s/Bank Mitras can decide working hours of his/her BC points as per their convienience and requirement of the customers of the area. The working of minimum 20 working days log in in a month and minimum 4 hours working in a day is mandatory for all BC points.

10.) What is NUPS in FI?

Ans:New Uniform Payment Structure for FBC/Bank Mitras

11.) Who has been designated as the Grievance Redressal Officer (GRO) of our Bank related to services rendered by Field BCs?

Ans:General Manager FI

12) What are the losses with regard to BC operations covered in the Banker's Indemnity Policy?

Ans: Clause A- Loss of Premises: The limit of Money in the premise/counter/BC point/place of business operation of BCs/Business Facilitator/Bank Mitra in the usual course of business is as mentioned below:

i) Money in Safe-Rs 150000/-
ii) Money in counter: Rs 150000/-

Clause B- Loss in Transit: The limit for Cash in Transit for per Business Correspondents /Business Facilitator/Bank Mitra in the usual course of business for a single carrying limit is Rs 200000/-

13) What are the three types of remuneration structure for CBCs/FBCs for rendering BC Management Services to Bank?

Ans: Fixed Component, Variable Component, Enrolment commission in SSS schemes and other business canvassed by FBCs

14) Whether registration of Mobile No with Bank account is a must to avail DSB services?

Ans: Yes

15) If customer has multiple accounts with multiple Banks, can he avail DSB facility for all such accounts?

Ans: Customer can avail DSB facility for any of the listed 12 PSU Banks against account linked with his /her mobile number.

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FAQs on CSR POLICY & DONATION POLICY

1. **What is the purpose of Corporate Social Responsibility policy?**

In exercise of the powers conveyed under Section – 135 and sub section (1) and (2) of Section 469 of the Companies Act 2013 (18 of 2013) the Central Government framed rules governing CSR Activities. Government of India has stipulated guidelines for India Inc for Corporate Social Responsibility by allocating 2% of their average Published Net Profit of the previous 3 years. Taking cue from the Corporate, Banks have also initiated CSR in a big way.

2. **What are the key objectives of the Bank's CSR policy?**

i. To improve the quality of lives of underprivileged / weaker sections of the society in and around the country.
ii. To generate goodwill and strengthen the image of the Bank as a responsible Corporate Citizen through CSR programmes.

3. **What are guidelines of Ministry of Corporate Affairs regarding Corporate Social Responsibility policy?**

The companies must incur expenditure on Corporate Social Responsibility to the tune of 2% of the Published average Net profit of the previous 3 Financial Years.

4. **What comes under inclusive growth in Corporate Social Responsibility policy?**

Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water and Swachh Bharat Abhiyan.

5. **What comes under Financial literacy & Enhancing Vocational Skills in Corporate Social Responsibility policy?**

Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects; granting scholarships to meritorious students.

6. **What comes under Green Initiative and Environmental Sustainability reducing carbon foot-prints in Corporate Social Responsibility policy?**

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

7. **Which is nodal department for monitoring of CSR activities?**

CO: Corporate Communication Department will act as the nodal department for CSR. The Bank will have effective monitoring mechanism for implementation of the CSR Projects or programs or activities, which will be undertaken every quarter.

8. **What is SEBI regulations regarding CSR activities?**

As per Regulation 34 of SEBI (LODR) Regulations 2015, the annual report of the Bank pertaining to a financial year shall include a business responsibility report describing the initiatives taken from an environmental, social and governance perspective.

9. **What are guidelines of reporting regarding Corporate Social Responsibility policy?**

As per Regulation 34 of SEBI (LODR) Regulations 2015, the annual report of the Bank pertaining to a financial year shall include a business responsibility report describing the initiatives taken from an environmental, social and governance perspective, in the format as specified by the Board from time to time.

10. What are the guidelines regarding *Implementation of CSR Activities as per* Corporate Social Responsibility policy?

The CSR activities shall be undertaken by the Bank as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business. The Board of the Bank may decide to undertake its CSR activities through a registered trust or a registered society or a company or its holding subsidiary or associate company under section 8 of the Companies Act or otherwise.

11. What are the Guidelines for considering Scholarships *as per* Corporate Social Responsibility policy?

Bank is extending a helping hand to the students by providing one-time monetary assistance to Meritorious Students across the country.

- To grant scholarship every year to the top 3 rank holders of plus 2 examinations of various States for pursuing higher studies in India.
- To grant scholarship to first 5 Toppers of the Common Entrance Test conducted by the Government agency/ies identified for this purpose or the first five toppers of the counseling system or similar methodology followed by the respective State/Union Territory to determine the toppers, for pursuing higher studies in any Professional Course for the entire duration of the Course.

12. What is the scope of the Donation Policy?

The policy would apply to all activities undertaken by the Bank towards fulfilling its Donation objectives.

13. What is the Objective of the Donation Policy?

The key objectives of the Bank's CSR policy are to improve the quality of lives of underprivileged / weaker sections of the society in and around the country.

14. What are the regulatory reference regarding the Donation Policy?

As per RBI guidelines to All Scheduled Commercial Banks on Donations by Banks vide Ref No DBOD.No.Dir.BC.50/13.01.01/2005-06/ dated 21.12.2005, the profit making Banks may make donations during a financial year aggregating upto one per cent of the published profit of the Bank for the previous year.

15. What are eligible purposes for making donations as per Donation Policy?

Gifts for charitable, cultural, educational, or social causes, where the Bank does not derive any publicity mileage or otherwise in return, are to be classified as Donations.

FAQ on Cyber Crisis Management Plan

1. What is the purpose of Cyber Crisis Management Plan (CCMP)?

Ans: Cyber Domain is vulnerable to a wide variety of incidents, whether intentional or accidental, manmade or natural and the data exchanged in the cyberspace can be exploited for nefarious purposes. Cyber-attacks that target the infrastructure can effectively reduce the available resources and undermine confidence in their supporting structures. A significant cyber related incident may take any form: an organized cyber-attack, an uncontrolled exploit such as computer virus or worms or any malicious software code, a disaster with significant cyber consequences, or other related incidents capable of causing extensive damage to critical infrastructure or key assets. The purpose of this plan is to establish the strategic framework which can aid in rapid identification, investigation, information exchange regarding actions to prepare for, coordinated response, remediation to mitigate the damage caused by malicious cyberspace activity and for recovery from the cyber incident.

2. What is the nature of cyber crisis and contingencies plan at three stages viz., Cyber Security i) Event, ii) Incident and iii) Crisis?

Ans:

i) Contingencies plan at ***Event***:

An event is any observable occurrence in a system or a network like a user connecting to a network file share or browsing a webpage, or even sending an email. Adverse events are those that have a negative consequence that can lead to a disruption of service and has a negative impact to business/ transaction. Examples of such events are system crashes, slow response on system/network, network flooding, high network utilization etc.

ii) Contingencies plan at ***Incident***:

A security incident is defined as an adverse event in an information system and/or network that poses a threat to computer or network security. In other words, an incident is any event that causes or may cause a breach of information security in respect of availability, integrity and confidentiality. Examples of such incidents could be unauthorized access to information system, disruption of data, denial of services/availability, misuse of system resources, computer viruses etc. Any violations of Bank’s information security policy and Cyber Security Policy would also classify as a security incident.

iii) Contingencies plan at ***Crisis***:

A situation wherein security characters of information are compromised as a result of failure of an IT system or network of IT systems, due to technical reasons, intentional acts or negligence, leading to consequences that may threaten lives, economy, national security and public confidence. All cyber security crises are cyber security incidents; however, all cyber security incidents are not cyber security crises but may lead to crisis situations if not attended to in a timely manner.

3. What is the various nature of Cyber Crisis, its possible targets and their impact?

Ans:

Type of Crisis	Possible Targets	Related impact
1. Targeted Scanning, Probing and Reconnaissance of Networks and IT Infrastructure	Infrastructure at Data Centres and Network Operation Centres • Routers, Switches, • Database and DNS • Servers • Web portals	• Pre-cursor to hacking and focused attack leading to cyber crisis • Total/partial disruption of e-Governance, Public and Banking services
2. Large scale defacement and semantic attacks on websites • A website defacement is when a Defacer breaks into a web server and alters the contents of the hosted website • Attackers change the content of a web Page subtly, so that the alteration is not immediately apparent. As a result, false information is disseminated	• Bank's Website • Bank's Transaction/Internet Banking Website • Online transactions, etc	• Total/partial disruption of services/activities • Dissemination of false/ misleading information Monetary loss, damage to reputation, loss of image etc.
3. Malicious Code attacks (virus/worm/trojans/ botnets) • Malicious code or malware is software designed to infiltrate or damage a computer system without the owner's informed consent. Malicious code is hostile, intrusive, or annoying software or program code. Commonly known malware are virus, worms, Trojans, spyware, adware and Bots	• Data Centre • Key Applications/ Databases	• Hanging of Computer systems • Partial or No response from Computer system • Total/partial corruption of data bases • Total/partial break down of data access services • Monetary loss, damage to reputation, loss of image etc. • Data Theft, identity theft and possible espionage
4. Malware affecting Mobile devices • Malicious code and malicious applications (apps) affecting operating systems/ platforms used for mobile devices such as Symbian, Android, iOS.	Mobile devices using affected Operating System and connected Computer systems	• Unauthorized disclosure of user's data and contact details • Misuse of devices resulting in excessive Billing
5. **Large scale SPAM attacks** • Spamming is the abuse of electronic messaging systems to indiscriminately send unsolicited bulk messages.	• **ISP networks** • **Key networks**	• Significant slowdown in network performance • Total/partial disruption of E-mail communication services • Severe drain on network resources

6. Identity Theft Attacks 6.1 Large scale Spoofing Spoofing is an attack aimed at Identity Theft • Spoofing is a situation in which one person or program successfully masquerades as another by falsifying data and thereby gaining an illegitimate advantage	• Key Applications, databases	• Increased possibility of identity theft and root privileges compromise leading to penetration into sensitive IT systems and Databases • Loss of sensitive data, monetary loss and loss of image
6.2 Phishing attacks • Phishing is an attack aimed at stealing the 'sensitive personal data' that can lead to economic frauds • Phishers attempt to fraudulently acquire sensitive information, such as usernames, passwords and credit card details, by masquerading as a trustworthy entity in electronic communication • Phishing criminals also attempt to plan malware into bank machines using malicious links sent via email using Spear Phishing techniques	• Gullible customers • Bank Information Assets and Data	• Loss of sensitive data, monetary loss and loss of image • Loss of user credentials • Monetary Loss to customers
Vishing attacks Vishing is a combination of 'voice' and 'phishing'. It is the practice of using social engineering over the telephone system, most often using features facilitated by Voice over IP (VoIP), to gain access to private personal and financial information from the public for the purpose of financial reward. It exploits the trust in landline telephone services and uses VoIP to trick the user **SMShing attacks** These are phishing attacks launched through SMS service via Mobile phones		
6.3. Social Engineering Art of manipulating people into performing disclosure actions or divulging confidential information	• Individual users • Network/System/Database Administrators	• Loss of sensitive personal data and key information

7. Denial of Service (DoS) attacks and Distributed Denial of Service (DDoS) attacks • Denial of service (DoS) is an attempt to make a computer resource unavailable to its intended users • A distributed denial of service attack (DDoS) occurs when multiple compromised computer systems flood the communication link (called bandwidth) or resources of a targeted system • DDoS attacks are launched through a Botnet which is a network of compromised computer systems called 'Bots'	• **Mission Critical systems** • Transaction Websites	• Total/partial disruption of services for prolonged periods • Monetary loss, damage to reputation, loss of image etc.
8. Domain Name Server (DNS) attacks • Attacks on DNS Servers aim at denying resolution of a domain name into a IP address, reverse DNS queries or redirecting users and traffic to fake/malicious domains in some other country to disrupt internet and mail traffic in the country	• Country level domain registry systems (NIXI • ".IN" registry) • Large server systems	• Total/partial disruption of '.in' registry services • Possible damage of/ inaccessibility to domain registry database or resolution services • Illegal diversion of Internet and mail traffic to some other countries • Total/partial disruption of internet traffic nationally/ internationally • Total/partial break down of online economic activities • Monetary loss, damage to reputation, loss of image etc.
9. Application Level Attacks • Exploitation of inherent vulnerabilities in the code of application software such as web/ mail/databases	Business Applications	• Data manipulation which may result in huge economic fallouts including monetary as well as business loss • Disruption of services • Loss of sensitive data and loss of image & trust

10. Compound attacks • By combining different attack methods, hackers could launch an even more destructive attack. The Compound attacks magnify the destructiveness of a physical attack by launching coordinated cyber attack	• Mission Critical Systems • Web based Applications	• Total/partial disruption of services/activities • Significant slowdown in disaster/emergency response capabilities that can magnify the impact of a physical attack • Huge economic fallouts including monetary as well as business loss • Damage to reputation, loss of image etc.
11. Router level attacks • Routers are the traffic controllers of the Internet to ensure the flow of information (data packets) from source to Gateway/ISP routers. Total/partial disruption of internet traffic nationally internationally • Total/partial break down of online economic activities • Type of Crisis destination Routing disruption could lead to massive routing errors resulting in disruption of Internet communication	Routers of large networks etc. ADSL/Wi-Fi Routers used by small offices/home users	• Huge economic fallouts including monetary as well as business loss • Total/partial break down of online activities • Possession of Router's control by attackers and re-redirection to malicious websites through rogue DNS Server entries for conducting malicious activities
12. Attacks on Trusted infrastructure • Trust infrastructure components such as Digital certificates and cryptographic keys are used at various levels of cyber space ranging from products, applications and networks. Compromise of infrastructure of Certifying authority or key management systems of product/ application owners may result in breakdown of trust of users and misuse of authentication mechanisms	• SSL Servers • Certifying Authorities Authentication infrastructures • Secure Communication Protocols and systems • Public Key Infrastructure	• Blocking of handshaking resulting in disruption of financial and authentication services • Large scale Man-in the middle attacks resulting in disclosure of sensitive data and user information • Redirection of users to fake websites with dubious authentication • Signing malicious code to make it appear as legitimate • Large scale cyber espionage

13. High Energy Radio Frequency Attacks • Use of physical devices like Antennas to direct focused beam which can be modulated from a distance to cause RF jamming of communication systems including Wireless networks leading to attacks such as Denial of Service	• Wireless Networks • Wi-Fi • Wi-MAX • Mobile Networks	• Disturbances of total disruption in the Wireless, Mobile Networks • Appliances like phones, Bluetooth • Some RF Jamming tools may use very high energy sufficient to even break down the electronics and make it to malfunction totally
14. Cyber Espionage and Advanced Persistent Threats • Targeted attack resulting in compromise of computer systems through social engineering techniques and specially crafted malware • The data from compromised system is siphoned off to remote locations' Common channel of attacks include spoofed/compromised email accounts of key officials' social networking sites and drive-by-download through watering hole websites	• Sensitive critical systems, applications and database	• Disclosure of sensitive information • Data theft • Compromise of critical internal systems

4. What are the generic incidents which shall be placed to Incident Review Committee to analyse the impact of the incidents, assess the damage, and assess the possible future damage/exploitation and to decide upon whether to report to Cyber Security and IT Examination (CSITE) Cell of RBI and Indian Computer Emergency Response Team (CERT-In)?
   Ans:

- Targeted scanning/probing of critical networks/systems *
- Compromise of critical systems/information *
- Unauthorized access of IT systems/data
- Defacement of website or intrusion into a website and unauthorized changes such as inserting malicious code, links to external websites, etc *
- Malicious code attacks such as spreading of virus/worm/Trojan/Botnets/Spyware *
- Attacks on servers such as Database, Mail and DNS and network devices such as Routers*
- Identify Theft, spoofing and phishing attacks *
- Denial of Service (DoS) and Distributed Denial of Service (DDoS) attacks *
- Attacks on Critical Infrastructure and wireless networks *
- Attacks on web applications *
- Skimming Attack *
- Transactional/financial loss due to system bug / wrong patching

* Since these are the typical examples of cyber security incidents, the same shall, as per the situation, be reported to CSITE /CERT-In ***without the approval of Incident Review Committee*** in order to avoid the time delay in reporting. These incidents, once reported, shall be placed to the Committee for confirmation.

5. What are the Incident Response Activities in the First 24 Hours?

Ans: The first 24 hours of an attack are the most critical in ***limiting*** the impact of an incident. The preparation to respond to an attack, detect, analyse and contain the attack through a combination of technologies and processes must be defined.

When an organisation is under cyber attack, minutes really do matter; for instance, the "SQL Slammer" worm infected 75,000 hosts within its first 10 minutes, doubling every 8.5 seconds during the first minutes of the outbreak. Cybercrime is now driving targeted and stealthier malware attacks, decreasing the available time to effectively respond. So appropriate response must be prepared.

6. What is an Incident?

Ans: A security incident is defined as an adverse event in an information system and/or network that pose a threat to computer or network security. In other words, an incident is any event that causes, or may cause a breach of information security in respect of availability, integrity and confidentiality.

7. What do you mean by Incident Response?

Ans: Incident Response (IR) is a structured process to respond to security incidents. Two dedicated teams shall be formed to effectively respond to the incidents as and when the incident is reported. The teams are Security Incident Response Team – Governance (SIRT- Governance) and Security Incident Response Team – Core (SIRT-Core)

8. How many members constitute SIRT-Governance Team?

Ans: A dedicated team from Top Management (SIRT-Governance Team) shall be formed to govern the Core IR Team for incident response. The SIRT- Governance Team shall consist of the following members:

- General Manager (RMD)
- General Manager (ITD)
- General Manager (DBD)
- General Manager (TMO)
- General Manager (Inspection)
- Chief Information Security Officer (CISO)
- Chief Compliance Officer (CCO)

9. What are the roles and responsibilities of the SIRT-Governance Team?

Ans: To manage the cyber security incident from the moment of its detection until its closure. Assessing the business impact and act upon it. Engaging the right resources and taking decisions on how to proceed. Decide when to start cleanup activities.

Decide whether to file a legal/police complaint or not

Assess the contractual and judicial impact of an incident. Ensure that incident response activities stay within legal, regulatory and the organization's policy boundaries.

Communicate in an appropriate way to all concerned stakeholder groups. Answer customer, shareholders, and press questions right away

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10. What is Security Information and Event Management (SIEM) ?

Ans: SIEM products provide situational awareness through the collection, aggregation, correlation and analysis of disparate data from various sources. The information provided by these tools help in understanding the scope of an incident.

11. What is Intrusion Detection and Prevention Systems (IDS and IPS) ?

Ans: IDS and IPS products that have detection capabilities should be fully used during an incident to limit any further impact on the organisation, IDS and IPS products are often the primary source of information leading to the identification of an attack. Once the attack has been identified, it is essential to enable the appropriate IPS rule sets to block further incident propagation and to support containment and eradication.

12. What is Network Behaviour Analysis (NBA) ?

Ans: Network wide anomaly-detection tools will provide data on traffic patterns that are indicative of an incident. Once an incident has been identified using these tools, it is important to capture that information for the purposes of supporting further mitigation activities, including operational workflow to ensure that the information from these tools is routed to the appropriate response team.

13. What is Managed Security Service Provider (MSSP)?

Ans: If an organisation has outsourced security event management to an MSSP, the latter should provide notification when an incident requires attention. Organisation must obtain as much information on the incident as possible from MSSP and implement remediation steps as recommended by MSSP.

14. What do you mean by Containment, what are its stages?

Once the scope of the attack is understood, it is time to contain and eradicate the attack. Many attacks take advantage of known, patchable vulnerabilities. Although it is important to eliminate the root cause by applying patches and reconfiguring devices, attempting to perform these actions as part of the response to an in-progress incident can only be effective if patching can be accomplished more quickly than the attack itself. Additional hosts may become infected during such an update; consequently, in many cases, it is important to implement shielding controls as a first stage of containment before taking the time for a more-comprehensive response.

i) **Shield (as a 1st stage of containment-IPSs)** provide in-line blocking and containment capabilities at the network. Additionally, various desktop security products can perform containment of malware & other compromises at the host level. These should be updated immediately to further block the attack.

ii) **Block (as a 2nd stage of containment-Network Access Control)** can limit the ability for an automated malware attack to replicate throughout the network, and it can contain a potential virus or worm outbreak to a segment or single device. As soon as an attack has been identified, policies should be updated to limit any further attack damage.

15. Why Security Controls are important for effective Cyber Security and continuous Security Policy Compliance?

Establishing a prioritized baseline of information security measures and controls that can be continuously monitored through automated mechanisms is an important security control measure to be adopted. Securing our critical business infrastructure against cyber-attacks is one of the highest priorities. To achieve this objective, networks, systems, and the operations teams that support them must vigorously defend against external attacks.

Following are the security controls for effective cyber security and continuous security policy compliance:

- Inventory of authorized and unauthorized hardware.
- Inventory of authorized and unauthorized software.
- Secure configurations for hardware and software for which such configurations are available.
- Secure configurations of network devices, such as firewalls and routers.
- Boundary defence.
- Maintenance and analysis of complete security audit logs.
- Application software security.
- Controlled use of administrative privileges.
- Controlled access based on need to know.
- Continuous vulnerability testing and remediation.
- Dormant account monitoring and control.
- Anti-malware defences.
- Limitation and control of ports, protocols and services
- Wireless device control.
- Data-leakage protection.
- Secure network engineering.
- Red-team exercises.
- Incident-response capability.
- Assured data backups.
- Security-skills assessment and training to fill gaps.

In general, all above control areas must be examined against the current status and develop an organization-specific plan to implement the controls.

16. What is malicious activity? How can a user identify it?

Ans: Any abnormal activity which could lead to potential threat to security is termed as malicious activity. The following are deemed to be malicious activities and user can detect it is observed.

- New files (unknown)/.bat file created in the root folders without user's knowledge.
- Change in the file extensions.
- Desktop defacement/Malware posters in the desktops.
- Strange pop-ups/alerts from Symantec.
- Sudden slowdown in the systems even when no application is being used.
- Command prompt execution pop-ups.
- Advertisement pop-ups.

Apart from any other activity by the computer which has normally not been observed.

SECTION A - INFORMATION TECHNOLOGY

Q1.What are the sections covered in IT Policy ?

Ans: The following sections are covered in IT Policy .

- Information Technology
- Email
- Data Backup
- Network
- IT Migration
- Database Administration
- Cloud Adoption

Q2. What are the objectives of IT Policy?

Ans: The objectives of the IT policy are to:

- Leverage IT investments to introduce new products, focus on customer needs, reduce costs, and enhance operational efficiency.
- Achieve optimal utilization of IT resources to meet organizational goals and gain a competitive edge.
- Ensure IT systems align with the bank's mission, enhance customer service and experience, and meet regulatory guidelines for cybersecurity.
- Align IT with business requirements, offer technology-enabled services, maintain system integrity and reliability, and support evolving policies and goals.
- Make IT initiatives cost-effective, efficient, flexible, and adaptable to organizational changes.
- Foster a customer-centric approach by promoting the use of various delivery channels for convenient banking services.

Q3. What is the IT requirements of our organization?

Ans: **The IT requirements of our organization are as under:**

- To allow for business continuity during any disruptions to services.
- To be secure/provide right access to right set of people (authentication, identity management), prevent unintended accesses, avoid frauds, data losses.
- To preserve data - persistence of data, storage, maintenance, and ease of retrieval over periods of time.
- To maintain data integrity, consistency and allow for a planned expansion and changes of version of components.
- To integrate with external components (like ATM, POS, RTGS, NEFT, NFS, UIDAI, NPCI, CERSAI, CIBIL, UIIC, Merchant aggregators, Master Card YSE, SMS service providers etc.)
- There should be a systematic process of implementing IT systems and operating IT components, transiting to new systems seamlessly and maintaining IT systems.
- Platform standardization and Standards for various IT components.
- To provide support to business at all levels - data, information, knowledge, transactions, MIS decision

support, business analytics etc.

Q4. What is IT Governance?
Ans: The IT Governance model should enable better alignment between IT and business strategies, create greater efficiencies, enhance conformity to internationally accepted best practices and improve overall IT performance in the Bank for effective handling of information to facilitate the growth of the organization.

Q4. What are the various committees formed by our Bank for IT Governance?
Ans: As per the RBI report of the Working Group on Information Security, Electronic Banking Technology Risk Management and Cyber Frauds, the Bank has formed the following committees for governance of IT, at different levels, in the Bank.

- IT Strategy Committee - A Board level Committee
- Information Security Committee - A high level committee headed by Executive Director
- IT Steering Committee - Executives' Level Committee.
- Enterprise architecture approval committee

Q6. What are the Long term, Medium term and Short term IT Strategy?
Ans:
Long Term IT Strategy
The technology being a business enabler, Long term IT strategy will be based on the business strategy of the Bank and also the IT strategy and Vision of RBI and Government. THE LONG-TERM IT PLAN will be based on long Term IT Strategy and will include the following categories of projects:

- **Projects for upgradation, refurbishing and replacement of existing system warranted by end of life (EoL) or end of support (EoS) from the software / Hardware vendors OR to meet the changed business requirements or technology environment.**
- **Projects having an implementation horizon of more than three years.**

Medium Term IT Strategy
IT projects to be taken up to fall in line with the set Vision of the bank. The time period for the same is up to 3 years. The Medium-Term IT plan will be based on the Medium-Term IT strategy.

Short Term IT Strategy
IT Projects aiming at improving customer service & increasing income stream, the projects undertaken as a part of compliance etc., which have implementation horizon of less than a year, will be brought under the Short-Term IT strategy. The SHORT-TERM IT PLAN will be based on the Short-Term IT strategy.

Q7. What is meant by IT infrastructure at Branches?
All new branches opened shall be provided the necessary IT infrastructure to extend Core Banking Solution and other business solutions as needed by the branch. If any specialized branch is opened, necessary IT infrastructure shall be provided as per the functional and operational needs of the specialized branch. For new branches, no. of PCs provided will be based on the staff posting. In case of Passbook printer, DD printer and UPS, redundancy will be maintained.

Q8. What is the list of activities taken by IT to satisfy the customer requirement of the Bank?

Ans: The list of activities taken by IT to satisfy the customer requirement of the Bank are as follows:

- Expansion of ATM network as per the business plan and improving their uptime and utilization by installing them in strategic locations and provision of Value-Added services through payment gateway.
- Expansion of the services offered through INTERNET BANKING by facilitating E-Payments and access to other utility services through payment gateway.
- Expansion of services offered through MOBILE BANKING by implementing latest technologies and the facilities offering mobile transactions through NPCI etc. Provision of value-added services like funds transfer, event based SMS alerts, expansion of services availed through Mobile phones, INDOASIS, Unified payment Interface, Scan & Pay, Point of Sale, AEPS and other digital channels.
- Facilitating new products and services involving electronic transactions, implementation of Cheque truncation project at more centres.
- Bank would endeavour to migrate the transactions done at branches gradually to various self service delivery channels by educating the customers and creating awareness.
- Digital Banking Division shall be responsible for migration of Branch based transaction to channel based transaction and achievement of GOI/RBI directions in this regard.

Q9. Which Back Office Operations are centralized in CBS?

Ans: Certain activities like Clearing, Deposit processing, Account opening, Retail Centralized Processing Centre, Personalized Cheque Book printing and dispatch, Salary for staff , Pension payment and inter branch reconciliation through Core to Core (C2C), are centralized. Any other activity identified for centralized operations, as per the policies of the Bank would be implemented.

BOD will review all the existing processes on a half yearly basis with the help of ITD and will place a monthly note to MD&CEO with the list of processes/projects identified for centralization and progress of other centralized projects.

Q10. What are the various modes of Connectivity/Link to be deployed in Bank's network ?

Ans: The connectivity modes like MPLS, Leased Line, GPRS, VSAT and RF are to be deployed in the bank and have to be provided based on criticality, cost benefit, availability and stability.

Stable technologies like MPLS, GPRS, 3G, 4G , cloud etc., which suit our requirements to be explored and deployed in our Bank's network (Both in Branches as well as at ATM & BNA locations).

Q11. What are the common areas for outsourcing of IT activities ?

Ans: These are some common areas where IT activities can be outsourced.

Technology Infrastructure Management, Maintenance and Support

Application Development, Maintenance and Testing

Provision, implementation, monitoring, hardware, software, network connectivity, Delivery channel related services, Information Security Operations Centre.

Q12. Who is the Owner of Bank's Website and what is contribution of ITD to website?

Ans:

CO: Marketing Dept. shall be the owner of website.

ITD to get the webpage performance analysed periodically using tools like google analytics and take necessary corrective measures to ensure quick response to customers' search on Internet space.
ITD will also provide all necessary technical support for smooth running of the website.

Q13. Find out the various goals of Information Security.
Ans:
Various goals of Information Security are :
Protect information from threats of unauthorized access
Ensure business continuity
Minimize financial loss, if any occurs.
Review access policy, removal of outdated access policies and control unauthorized access.

Q14. What are Disaster Recovery and Business Continuity Management?
Ans:
For Disaster recovery Management the following Infrastructure is put in place:
Primary Data Centre is located at Chennai and Disaster Recovery site (DR site) at Mumbai.
Live data replication is done between DC and DR Site.
ATM Switch is housed in the Primary data centre.
The Secondary ATM Tandem Switch is housed at DR site Mumbai.
For Business Continuity Management,
Necessary infrastructure, policies and procedures have already been put in place.
To ensure business continuity with the minimum possible downtime in the event of major disruptions and disasters to the following critical systems (Core Banking Solution, ATM Operations, Internet Banking and RTGS/NEFT Operations)
Near onsite for CBS operations is made operational to ensure zero data loss.

Q15. What are the essential attributes for the IT Infrastructure in our Bank?
Ans: The following attributes are essential for the IT infrastructure of our Bank.
Flexibility - Enables new and modified processes and applications, along with process-based support for internal and external users
Open architecture -Allows quick and efficient integration of both in-house and commercial applications,
Scalability - Provides efficient operation of software or hardware on demand,
Reliability - Supports the availability of the infrastructure on a 24X7 basis
Low-cost maintenance - Provides efficient and predictable cost of ownership
Business context - Fosters long term support of the infrastructure as the focus cannot be on technology alone.

Q16. Where are situated Data Centre, Disaster Recover Site and ATM Stich?
Ans: Primary Data Centre is located at Chennai and Disaster Recovery site (DR site) at Mumbai. Live data replication is done between DC and DR Site. ATM Switch is housed in the Primary data centre i.e. Chennai. The Secondary ATM Tandem Switch is housed at DR site Mumbai.

Q17. What is Data Quality and how to play a role in MIS?
Ans: Data quality plays vital role for extraction of any statement accurately. To maintain data quality and to identify the errors in data, MIS error tool helps to locate the errors in certain vital areas.

Adhoc reports are being provided to various user departments for critically analyzing the information available so as to adopt strategic or innovative plans for business development and to analyze risk areas and mitigate the risk perceptions in the operation.
All the reports/statements are to be in electronic form other than where it is warranted in paper form which cuts down the stationery and courier expenditure besides saving the precious time for preparation.
The existing executive information system will be upgraded as per the MIS Policy of the Bank.

A Separate MIS Policy is formulated which governs the Management Information Systems in the Bank.

Q18. What is Business Intelligence?
Ans: Business intelligence (BI) refers to the procedural and technical infrastructure that collects, stores, and analyzes the data produced by a company's activities. BI is a broad term that encompasses data mining, process analysis, performance benchmarking, and descriptive analytics.

Q19. What is Data Warehouse?
A data warehouse is a type of data management system that is designed to enable and support business intelligence (BI) activities, especially analytics. Data warehouses are solely intended to perform queries and analysis and often contain large amounts of historical data. A relational database to store and manage data.

Q20. What is Data Mining?
Ans: Data mining is the process of finding anomalies, patterns and correlations within large data sets to predict outcomes. Using a broad range of techniques, you can use this information to increase revenues, cut costs, improve customer relationships, reduce risks and more.

Q21. What is Cloud Computing and how it works?
Ans: Cloud computing is a model for enabling convenient, on- demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. Cloud computing can help bank create more agile and flexible business offerings for the competitive and growing markets, and help in transformation of business processes. Bank may explore the possibility of implementing cloud computing services while still meeting data privacy & cyber security requirements. Bank will conduct thorough due diligence and take other steps to manage the risks, security challenges in relation to cost benefit analysis, regulatory policy, data reliability, compliance and information security standards. Internet of Things (IoT) is the buzz word in the IT world. Bank will explore the usage of IoT and BYOD (Bring Your Own Device) for providing better customer service.

Q22. Who is the competent authority to decide on the eligibility for Internet connections?
Ans: GM(ITD)/CTO/DH is the competent authority to decide on the eligibility for Internet connections

Q23. What are the responsibilities of users of IT Systems?
Ans: Users of IT System are responsible for

- ✓ the appropriate use of the IT Systems and for taking reasonable precautions to secure the information and equipment entrusted to them.

- ✓ reporting inappropriate use of Bank computers, and breaches of computer security to respective Zonal offices and CO:ISSD.
- ✓ assist in resolving such matters and adhering to Banks policies and practices to ensure Bank computers are used in accordance with the Banks policy guidelines, and reasonable measures are taken to prevent loss or damage of computer information and equipment
- ✓ Users would be permitted to use only duly procured licensed software, where such license is necessary, and any unlicensed copies would be removed from the system.
- ✓ Open Source software that does not require any license, which are required for the users of the Branches/administrative offices, also would be provided where ever it is required.

Q24. What are the activities to be prohibited in an IT environment of Bank branches?

Ans:

- Unauthorized access (Like Access to Banks IT Systems ,Computers, Use of virus, worm, Trojan horse or any hacking programs ,cracking of the password of colleagues etc)
- Computer Sabotage (Destruction, theft, alteration, or any other form of sabotage of Bank computer programs files, or data.
- Accessing or attempting to access confidential data without prior approval is strictly prohibited.
- Handling the confidential information stored on computers, like sending them through Intranet or Internet without prior approval of Information systems security Department and competent authority.
- Copyright infringements: Software cannot be copied or installed without the availability of Licenses and the permission of the IT department. IT/ISSD will configure all workstations with virus protection software, which should not be removed or disabled
- The new software requirements or modification of existing software may be sent to ITD after obtaining the approval from competent authorities.
- Unauthorized changes to Bank's Computers (Installing software and making changes to computer hardware, software, system configuration are prohibited, without management authorization.
- It is not appropriate to use the Bank's computer for personal use.

Q25. What is Domain Name Server(DNS)?

Ans: Domain Name Server(DNS) is a distributed database. DNS translates Internet domain & host names to IP addresses and vice versa. Implementation of DNS will help in reducing the RTO during DR Switchover/ switchback activities. Also, it will help in enhancing security by masking the IP addresses and avoid netting during DR drills/switchover to DR. DNS implementation will be tested & implemented in a phased manner.

Q26. What are the various activities to be carries out by Emergency Response Team?

Ans:

Emergency Response Team (ERT) will be formed for each individual section of ITD.

Team will announce the emergency and it will be headed by respective CMs to co-ordinate with the other team such as ISSD, Network, Data Center, other related teams and vendors.

Status/Information will be updated to respective AGM/Department Head and continue the efforts for restoration.

If the normalcy is not restored within half an hour, same to be escalated to AGM/ Dept. Head and continue the efforts for restoration.

In case of officer-in-charge is on leave/ on duty, the next incumbent looking after the duties to take charge of the situation for restoration of normalcy.
Consolidated information will be placed to the head of the department on the action taken.

Q27. Who is Chief Information Officer (CIO)?
Ans:
Chief General Manager of Information Technology(IT) has to function as Chief Information Officer (CIO) reporting to ED/MD & CEO and Board. Any communication to RBI and other external regulatory bodies should be sent through CO: Compliance Department.

Q28. What are the function of Change Management?
Ans:
Change Management manages any changes to IT facilities need to be controlled. Inadequate control of changes to information processing facilities is a common cause of system or security failure. In order to minimize such failure, all system updates/software changes will be properly controlled and managed. ITD has to obtain tools to manage changes with IT infrastructure and adopt automated tools over a period of time. The tools enable Bank to manage incidents, changes, configuration etc.

Q29. What do you mean by Capacity Planning and Infrastructure Management?
Ans:
Capacity Planning and Infrastructure Management- the technology department will arrange to periodically review current performance and capacity of IT resources. This process includes forecasting future needs based on workload, storage and contingency requirements and it provides assurance that information resources supporting business requirements are continuously available. This should help optimize the performance of IT infrastructure, resources and capabilities in response to business needs.

Q30. What comes under preview of Computer Sabotage?
Ans:
Destruction, theft, alteration, or any other form of sabotage of Bank computer programs files, or data is prohibited and will be dealt with as per provisions of bank's rules & law.

Q31. How to handle confidential Information?
Ans:
Handling Confidential Information which are stored on computers is typically more difficult to manage than traditional paper documents that are sealed in an envelope, and locked in a filing cabinet clearly labeled as CONFIDENTIAL. As such it is important that users take extra care with confidential information stored on computers. If one observes a document at a shared printer, or any other location, do not read it without permission.

Q32. What do you mean by Copyright Infringement?
Ans:
Under the Copyright Infringement, only legally licensed software should be installed on computers. Users are expected to read, understand and conform to the license requirements of any software product(s) they use or install. Software cannot be copied or installed without the availability of Licenses and the permission of the IT

department. IT/ISSD will configure all workstations with virus protection software, which should not be removed or disabled. Each employee is responsible for protecting their computer against virus attack by following IT/ISSD guidelines for scanning all incoming communications and media, and by not disabling the anti-virus application installed on their workstation.

Q33. What do you mean by Copyright Infringement?

Ans: The IT Strategy Committee in the bank holds significant powers and functions:

Powers:

- Grants initial approval for IT projects outlined in the IT Roadmap.
- Offers strategic guidance and direction for IT strategies.
- Accesses external expertise if needed for decision-making.
- Collaborates with other committees to align corporate and IT strategies.
- Holds investigative authority within its scope.

Functions:

- Approves IT strategy and policy documents proposed by management.
- Ensures alignment between business and IT strategies.
- Validates processes to deliver IT value and balance investments and risks.
- Monitors resource allocation for sustainable growth.
- Assesses IT risks and effectiveness of risk management.
- Issues high-level policy guidance and oversees funding.
- Reviews IT performance and its contribution to business value.
- In essence, the committee's role is to steer IT initiatives, align them with business goals, manage risks effectively, and ensure IT's contribution to the organization's overall value.

Q34. What is Knowledge Management?

Ans: Knowledge Management is the systematic process of creating, sharing, and managing information within an organization to enhance efficiency and decision-making. In this context, it involves establishing centralized repositories, training initiatives, and active knowledge sharing through the CBS Help Desk. The goal is to empower users with information, improve their confidence in IT operations, and promote continuous learning and utilization of various systems and tools available.

Q35. What is Information Security?

Ans: Information Security involves protecting valuable data from unauthorized access, ensuring uninterrupted business operations, minimizing financial losses, and controlling access to information. This is achieved through robust policies, infrastructure protection, endpoint security measures, regular policy reviews, and a dedicated Security Operations Centre(SOC) for monitoring and incident handling.

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Section -B (Email)

Q36. What is role of AD user ID?

Ans: Along with the new mail messaging solution (MMS) an Active Directory (AD) has been implemented and all the systems accessing Mail System are authenticated through this AD. It is proposed to bring remaining systems of the Bank under AD in a phased manner and help to manage and control all the systems centrally.

The AD will be managed centrally from single location i.e. Head Office/Corporate Office. After implementation of centralized AD, the branch server which is presently used as individual AD (domain controller) and all the nodes in the branches will be part of this centralized AD. Thus a centralized management and control could be exercised over all the servers and nodes like monitoring of any software installation, unauthorized copying of data on external device, centralized patch management, restriction from installing unlicensed software etc.

Q37. What is Mail Messaging Solution?

Ans: MMS is a comprehensive infrastructure solution to provide individual email ID to employees of our Bank where mails can be accessed not only through LAN/WAN but also over Internet and through Mobile/PDA devices.

This facilitates speedier, efficient and effective way of communication both internally and externally using our Bank's domain.

Q38. What are the main objectives of providing E-mail facility to staffs?

Ans:

- Utilisation of technology for faster communication, decision making and actions
- Minimise operational delays and difficulties thereon
- Ease of implementation, both immediate and long term
- Flexibility for additional security with centralized implementation and monitoring of control mechanisms
- Better and personalized customer service
- Facilitating cost effective method of communication

Q39. What are the prohibition to use Bank's Computer?

Ans:

It is not appropriate to use the Bank's computer for personal use.

Prohibited activities include, Installing/Playing Computer games, Installing unapproved / unlicensed software and programs, Installing Pirated softwares, Installing freewares, Installing additional hardware/ additional unapproved hardware and Running a personal business on the side.

Using the Bank's email to store or transmit jokes, junk mail, chain letters, or to solicit for commercial other than bank's own use, religious, charitable, or political causes is prohibited.

Q40. Who is the owner and custodian of E-mail policy of our Bank ?

Ans: The General Manager of CO: Information Technology Department will be the owner and custodian of the E-mail Policy.

Q41. Who are all the users for availing Email facility of the Bank?

Ans: First category users are Individual users will be the staff members of the Bank/Business partners .

Second category users are Corporate users which will be functional units of the Bank/Business partners that include departments at Corporate Office, Zonal Offices, Branches, other Offices and Business partners.

Q42. What are the rights of Bank as an owner of E-mail System ?

Ans: The Bank as owner of the e-mail system and employer of the users reserves the right to

- Unfettered access on the
    - stored e-mail space and storage
    - the e-mails in the folders of any staff member
    - e-mail account on the Bank's server
- Override and access to folders protected by either password or other modes and the staff members must permit and help the Bank in such activities
- Record and review the e-mail connections and communications thereof
- Intercept e-mail communications
- Monitor activities of the staff members through e-mail

Q43. What is an Active Directory(AD)?

Ans:

An Active Directory (AD) for password management is an implementation interface at the OS level that enforces various password controls such as individual password for accountability, enforce password changes, store passwords in encrypted form, not display passwords on screen etc.

All the users accessing Bank's PC, mail system, internet connectivity and staff portal will be authenticated through this AD.

Q44. Which Department will arrange, monitor and review the audits of Email System?

Ans:

CO: Inspection Department will arrange, monitor and review the audits of Email System.

Q45. What is Phishing?

Ans:

Phishing is a cyber-attack in which scammers/attackers make Internet users divulge with sensitive information about their bank accounts and personal details. The attackers are able to target Internet users due to some inherent weakness in web browsers and other technical aspects of the Internet.

The tactics of using email to solicit sensitive information from users is called Phishing.

Q46. What are the restrictions on File Size and File type of attachment sent/received through Email?

Ans:

The size of the e-mail and the attachments put together will be restricted to 35MB in case of internal mail communication and 20MB in case of external mail communication by default for all users. On special requests based on the user's requirement, the size of the e-mail and attachments which can be sent / received via e-mail will be increased on a permanent basis or for a specific period.

Q47. Why there is integration of Fintech companies into our system/bank?

Ans:

Fintechs are mostly startup technology and financial expertise firms providing domain specific products and services that are already provided by various traditional financial institutions such as banks, asset management companies and insurance companies. Bank may recognize this change of growing acceptance for technology in banking and adopt suitable strategies for their betterment in partnership with Fintech. Bank shall endeavor to equip itself and revamp business models in order to remain relevant to their fast evolving and tech-savvy customer base. Banks and fintechs have their own unique selling propositions, ie fintech sector offers innovation and disruptive technology, while banks can drive customer demand. As a progressive approach, bank may integrate various fintech ideas collaborating with fintech companies.

Q48. What do you mean by Emergency Change Management Process?

Ans:

Emergency Change Management Process Emergency changes are defined as changes that are required in the IT systems (Application, Configuration, OS, Hardware, Database, Network and Security equipment) and Data in an ecosystem to ensure smooth conduct of business operations and need to be carried out within a very short span of time than normally required. The approvals required for such changes/ modifications to be carried out to handle the emergency situation will be ratified from the competent authorities.

Q49. What are the various processes required to implement the requirement of enhancements (or) bug fixes?

Ans:

Any enhancement or bug fixes required to accommodate the requirement will be taken up with the respective application team. In case of applications developed and managed by the bank, the change required will be coordinated by the respective team head. In case of applications developed and/or managed by vendors, the change will be communicated to respective vendor for carrying out necessary changes in the application. The changes such carried out will be tested by the bank's team for ensuring proper functioning.

Q50. What is the scope of Third Party and Outsourcing in E-mail services and others resources?

Ans:

E-mail services may require outsourcing of resources and services with third party agencies depending on current and future requirements. The security of the Bank's Information and processing facilities might be exposed to the risk of improper access from users of third party or outsourcing agencies. In all outsourcing cases, the procedures and standards for Third Party and Outsourcing Services formulated in the Organization & Methods Department's Outsourcing policy of our Bank and approved by the board, will be the benchmark with due modifications, as applicable to e-mail services.

Q51. What is the need of E-mail Policy?

Ans: An email policy is crucial due to security concerns and user responsibilities. It's needed to safeguard the bank's technical infrastructure, ensure secure communication, and protect customer interests. This policy supplements broader security guidelines, adapting to evolving business needs, especially in remote access and personal device usage, aiming to prevent data leakage. Overall, the policy establishes clear guidelines for secure and efficient email communication within the bank.

Section C -Data Backup and Retention Policy

Q52. What is the objective of Data Backup and retention policy?

Ans: The Primary objective of the Backup and retention policy is to provide the required electronic data to carry out critical business functions at an alternate Server/ Site in the event of a disaster at the Primary Server/ Site and to return to the primary server / site and resume normal business functions within a specified time frame that minimizes business loss and opportunities to the Bank by executing rapid recovery procedures of electronic data.

It also defines the need for performing periodic copies of files and data from computer system to an alternative medium to ensure application software and customer's data are adequately preserved for future requirements. It also has a pre-defined, set schedule whereby information from business applications and databases and user files are copied to disk and/or tape to ensure data recoverability in the event of accidental data loss, data deletion, corrupted information, cyber-attack or any kind of a system outage.

The backup policy ensures that the data should be retrieved at least to a previous good set of Data and minimizes data loss.

Backup policy consists of capturing an initial full data onto disk and/or tape, followed by a series of intervening incremental or differential daily backups.

Q53. What is the recovery register used in restoration plan for IT environment?

Ans: The recovery registers are the log registers to be maintained and should have the following details at minimum: S.NO of backup media, application name, official name, date of testing, reason for recovery/restoration & recovery status.

This log must be monitored and reviewed by information security team as well.

Q54. Find out all the major components of CBS.

Ans:

Branch: Branches contribute to generation of non-critical data as most of their transactional data are be stored centrally and backed up.

Administrative Offices: These Offices do complete work on computer systems and generate a fairly good amount of data that is vital for their business operations.

Centralized Data Centre (CDC): Central EOD/Backup and Backup of all applications and Databases at Chennai.

Disaster Recovery (DR) Site: Disaster Recovery Site is located at Mumbai which is in a different seismic zone. Similar infrastructure like Power, A/C, Fire Prevention, Secured Environment, hardware, software & human resources are provided as available at Primary Site, Chennai.

Near DR (NDR) site: Located in Chennai, in 2nd floor of Head Office Building. The applications with their transactional data are always maintained as a replica of the CBS at Near DR Site.

Q55. What are the hot data Backup , cold backup and hybrid backup in Backup
Strategy?

Ans:

Hot Data Backup: Applications data are active and productive which is known as Hot Data Backup.

Cold Backup: Data files do not change and hence Database is in a consistent state when it returns to normal operation.

Hybrid Backup: Uses application-aware snapshots and application-aware data protection, creating a momentary pause and disruption to the application. The application continues to work, creating a virtual backup window.

Q56. What is the difference between temporary failures and disruptions?

Ans: Temporarily failures are Scheduled/unscheduled downtime which is normally shorter in duration and is being taken for the purpose of hardware breakdowns, application stoppages, memory / CPU overloading, testing, and application of patches and is normally under control of the infrastructure/application owners. While

Disruptions are failure that causes unscheduled downtimes over prolonged period. These are normally caused by systemic failure (more than one component failure), attacks, human error of the person in-charge or some catastrophic errors.

Q57. Which are example of critical data?

Ans:

The following banking services are identified as *critical systems* for data and are provided with adequate redundancies and back up mechanisms to ensure business continuity at times of disaster:

- Core Banking Systems (CBS)
- Automated Teller Machines (ATM)
- RTGS / NEFT / SFMS
- Internet Banking - India and Colombo
- HRMS
- Centralised Pension
- Treasury and Forex Applications
- Anti-Money Laundering (AML)
- Colombo Core Banking Solutions
- Biometric Authentication Solution (BAS)
- Financial Inclusion
- Mobile Banking and other apps using mobile devices
- IMPS
- UPI
- SWIFT
- TAB Banking Application (In-house)
- Integrated Treasury Management Solution (ITMS)
- Security Information and Event Management (SIEM)
- Loan Origination System (LOS)
- Management Information Systems (MIS)
- ATM Service Centre
- Risk Management Systems
- Centralised Payroll
- Centralised Clearing (In-house)
- XMM - SFMS Application
- Oracle GL
- Goods and Services Tax (Saral GST)
- Public Financial Management System (PFMS) for Govt Schemes (In-house)
- Middleware Solution
- APY, PMJJBY & PMSBY (In-house)
- Fee collection module for New Horizon Group of Institutions & Madras University (In-house)
- Online SB Account Opening (IB-Digi) (In-house)
- Bank's Website
- Helpdesk
- Digital Lending Platform (DLP)
- Omni Channel
- Customer Relationship Management

Q58. What is Mitigation?

Ans: Data can be destroyed by system malfunction or accidental or intentional means. Adequate backups will allow data to be readily recovered as necessary. In order to minimize any potential loss or corruption of this data, all users responsible for providing and operating applications need to ensure data is adequately backed up by establishing and following an appropriate system backup procedure. Each user responsible for providing and operating applications must perform a system backup on a periodic basis. The frequency of these backups, retention location, and the retention timeframes for each will dependent on the criticality and volatility of the data residing on each system and determine the time upto which the data can be restored in same/alternative location.

Q59. What are the various types of failure/disruptions and remedies available?

Ans: The various types of failure and remedies are mentioned below :

SN	Causes of Failure	Remedy
1	Systemic failures	Redundant site
2	System Software failure (On premise/cloud)	System Backup
3	Human Mistakes	Last known good backup
4	Internal and External exploits	Rotational Backup
5	Natural disasters like Fire, Flood/Tsunami, Earthquake	Backup stored in another site
6	System Malfunctions/accidental/intentional means	Last known good backup
7	Fraud verification from Old logs	Last known good backup
8	Cloud	Last known good backup /redundant site
9	Outsourced Applications	Last known good backup

Q60. What are the various types of application hosted at DC, DR and Near DR Site?

Ans:

- Applications which collect and/or update Bank's Critical data continuously (OLTP).
- Applications which update Bank's Data based on certain other events.
- Application which requires frequent changes / patching
- Applications which use Bank's data for "official" purposes outside of the location, but which do not collect and/or update Bank's data.
- Other applications which do not fall into any of these categories.

Q61. What are the Backup Storage media used for Enterprise backup Storage?

Ans: Hard Disk Drive and tape Storage

Q62. What are the backups prescribed for Data Center Chennai?

Ans: Central EOD/Backup - Backup of all applications and Databases

Q63. What is meant by archival and purging of data?

Ans: Data archiving is the process of moving data that is no longer actively used to *a separate storage device for long-term retention*. Archive data consists of older data that is still important to the organization and may be needed for future reference, as well as data that must be retained for regulatory compliance.

Purging of data means process *of freeing up space in the database or of deleting obsolete data* that is not required by the system.
The purge process should be based on the age of the data or the type of data.
Purging the data on a regular basis will result in optimization of the database by limiting the database growth as large tables in database can deteriorate the performance.

Q64. What are the time limit prescribed for archiving and purging of data?
Ans: For CBS and History database below mentioned guidelines are prescribed for archival and purging:

Database name	Data Archival	Purging
CBS DB	Data beyond 18 months from current date present in database should be archived in History database	Data beyond 18 months from current date should be purged after being archived to history database.
History DB	Data beyond 10 years from the present date to be archived in tapes or backup solution	Data beyond 10 years should be purged after moving the data to tapes

For other databases other than CBS and History below mentioned guidelines for archival and purging should be followed:
Archival: Data beyond 3 months from current date should be archived.
Purging: Data beyond 7 years from current date should be purged.

Q65. What is disk cloning and for what purpose it is used?
Ans: Disk cloning involves copying the contents of a computer's hard drive, saving it as an image file and transferring it to storage media .
Disk cloning can be used for system provisioning, system recovery, and rebooting or returning a system to its original configuration.
Q66. What is mirroring and find out the two types of mirroring?
Ans: Mirroring places data files on more than one computer server to ensure it remains accessible to users.

- Synchronous mirroring: Data is written to local and remote disk simultaneously. Writes from local storage are not acknowledged until a confirmation is sent from remote storage, thus ensuring the two sites have an identical data copy.
- Asynchronous mirroring: Local writes are considered to be complete before confirmation is sent from the remote server.

Q67. What is CDM in Backup policy of Bank?
Ans: CDM stands for Copy Data Management. It allows data custodian to efficiently manage data copies by identifying superfluous or underutilized copies, thus reducing backup storage capacity and backup windows.
Q68. Which are the Records that are to be permanently retained by Bank?
Ans:

- Board Notes on manpower planning and training statistics
- Compassionate Appointment - Office Notes
- Seniority List of the officers
- Files relating to Vigilance and non-vigilance cases relating to employees and Circulars issued

by CVC/Ministry/RBI/IBA etc.

- The customer data is proposed to be retained permanently.

Q69. What is restoration of Backup Data?

Ans: **The restoration of backup data is the procedure of retrieving copies of data from secondary storage and reinstating it to its original or an alternative location. Various scenarios like human errors, cyber attacks, power failures, natural disasters, hardware malfunctions, or firmware corruption can necessitate data restoration. This process aims to provide a functional copy of data to substitute lost or corrupted information, ensuring that the backup aligns with the data's state at a specific moment before the occurrence of any damage or loss. Ultimately, data restoration facilitates the recovery of information to maintain operational continuity and integrity after a data loss event.**

Q70. What are Offsite,Onsite and Hybrite Storage?

Ans: Offsite storage gives you protection from having something happening to local data. On the other hand, Onsite Storage is **restoring local onsite data should be faster and avoids the cost of accessing data over a network. A hybrid approach combines local onsite data storage with offsite to store backups for data protection, support disaster recovery and business continuity.**

Q71. What are Guidelines to be followed for Backup Media and Storage?

Ans: The guidelines for backup media and storage involve testing backups off-site, clear labeling for identification, selecting appropriate media based on data volume and software type, secure off-site storage for software backups, controlled movement with documented transfers, restricted access for authorized personnel, compliant media destruction with recorded logs, milestone backups before data purging, and rotation of off-site backups after a **90-**day retention period. These guidelines aim to ensure secure, organized, and accessible backup storage, maintaining data integrity and compliance standards.

Q72. What are the Guidelines to be followed for Data Retention?

Ans: The guidelines for data retention stem from regulatory directives and define specific periods for storing different types of information:

- Information custodians oversee backup, recovery, and record retention.
- RBI and IT Act guidelines emphasize regular backups, secure storage, and testing for disaster recovery.
- Specific data, like core banking and internet banking, is retained permanently.
- Other data, ranging from ATM transactions to HR and risk management systems, has retention periods varying from 1 to 21 years.
- Regulatory compliance mandates certain information to be retained for up to 20 years, while audit logs must be kept for at least 7 years.
- Customer data is proposed to be retained permanently.

These guidelines ensure compliance, data security, and preparedness for disaster recovery.

Section -D (Networking)

Q73. What are the different category of link provided in our Bank?

Ans: There are three categories of link which are as follows:

- **Backbone Links:**
  - All the Backhaul links at the Data Centre and DRS.
  - The links between the data centre, DRS & NDR Site.
- **External Links:**
- **Internet Links**
  - Links used between the DC/DR and ATM service providers
  - Links used between Bank's network and VSAT Hub
  - Links to RBI & NPCI
  - Other Critical Links:
  - The links connecting important/critical locations such as Head Office, Corporate Office, Service branch, Treasury, CTS hubs and etc.
  - Analysis of network traffic of links over & under-utilized to be documented and based on the reports the network team to review and provide recommendations for improvement of the Bandwidth Utilization.

Q74. What is an INFINET network ?

Ans:INFINET networkis network system established by RBI to connect all banks. Systemically important inter-bank payment system applications such as, Clearing Corporation of India (CCIL), Real Time Gross Settlement system (RTGS), National Electronic Funds Transfer (NEFT) are connected using INFINET Network.

Q75. What is the Threshold value provided in Service Level Agreement contract for maintenance of links and devices with the network Service Provider?

Ans: Threshold value for SLA as mentioned below:

DC / DR links uptime should not be less than 99.5% with MTTR(Mean Time to Repair) of 1 hour

Branch links uptime should not be less than 98% with MTTR of 4 hours.

Critical Network devices at Data centers should be replaced within 4 hours.

Network devices at branches and administrative offices should be replaced within 24 hrs.

Q76. What are the various reports provided by Bandwidth Monitoring Tool (for monitoring bandwidth utilization)?

Ans: The Bandwidth Monitoring Tool provides the following reports:

Bandwidth utilization report for each link with maximum, minimum and average values.

Application-wise bandwidth utilization report

Daily Application trend analysis report

Daily Top-Users (Users consuming maximum amount of bandwidth) report

Daily Top-Applications (applications consuming maximum amount of bandwidth) report

Q77. Describe the action plan for networking in Branches.

Ans: The various action plan for networking are detailed below as :

Bank's network will be based on BSNL's MPLS Backbone network.

All locations will have primary link from BSNL. If link is not feasible from BSNL, then a link from alternate service provider will be provided as primary link ,
If leased line is not feasible VSAT/ RF will be provided as primary connectivity.
Bank will establish backup MPLS network from alternate service provider(s) at business critical branches.
Branches and offices will be provided with redundant links to ensure availability.
Primary & secondary connectivity for the Branches below Scale 3 will be provided with wired and wireless connectivity links subject to feasibility.
Primary& secondary connectivity for the Branches above Scale 3 & CTS Hub branches will be provided with wired connectivity links from two different service providers subject to feasibility.
For central sites, Bank will prefer wired lines for both primary and redundant links.
Wherever feasible, Network links which have uptime of less than 50% may be terminated and new link from alternate service provider may be provided.

Q78. What is TACACS ?
Ans: Terminal Access Controller Access Control System (TACACS) is an authentication server used for Change Control Management. Any changes to IT facilities need to be controlled. When configurations are changed, for all critical devices, the changes should logged in Authentication server(TACACS). .The changes should be made after raising necessary change request in the change management portal and all changes should have the approval of head of network team.

Q79. What are the responsibilities of users of Network ?
Ans:

Users of bank network are responsible for the appropriate use of the IT Systems and for taking reasonable precautions to ensure the network is used only for official purposes.

Users are responsible for adhering to Banks policies and practices to ensure Bank network is used in accordance with the Banks policy guidelines, and reasonable measures are taken to prevent loss or damage of computer information and equipment.

- Network access will be provided to branches/offices/departments/persons concerned on need basis.
- Respective person/department will be responsible for the IT components provided to them.
- All users should login to the network using the user credential provided to them using the Active Directory (AD) services.
- **Based on the privileges available to the user, the access to network resources will be provisioned.**

Q80. What are the types of Internet connectivity available for Central Offices of the Bank?
Ans: Bank will have Dual internet connectivity from two service providers with own IP addresses for all Central locations like Corporate office, Head Office, Data Center and DR site.. The necessary IP addresses may be procured by the Bank from Indian Registry for Internet Names and Numbers (IRINN) a subsidiary of National Internet Exchange of India (NIXI) as and when necessary.

Q81. What is the purpose of Dual Internet connectivity using own IP addresses at central Location of Bank?

Ans: **The main purpose of Dual Internet connectivity using own IP addresses at central Location(DC and DR) of Bank as follows:**

Reduced dependency on Internet link service providers for activating DR site.

Link level redundancy.

Q82. What is the Internal Connectivity provided at ZO and Branch level?

Ans: All Zonal Offices will be provided with bandwidth of 10 Mbps of BSNL and backup connectivity from alternate service provider of same bandwidth.

All branches will be provided with 2 Mbps leased line connectivity of BSNL, and if BSNL leased line is not feasible, 2 Mbps leased line of alternate service provider will be provided.

If leased line is not feasible from the link service providers of the Bank, VSAT with 256 Kbps bandwidth will be provided as primary connectivity with 2G/3G/ 4G/VSAT connectivity as backup.

Q83, How to do monitoring of Network traffic?

Ans: Monitoring network traffic involves proactive oversight and immediate response mechanisms:

- Responsibilities lie with the IT Department to manage bandwidth for critical applications.
- Observing abnormal traffic and generating alerts are crucial.
- Actions include immediate alerts to the Emergency Response Team, meetings for incident analysis, isolation of sources, preventive measures, user guidance, and compliance with security policies.
- The process focuses on identifying, isolating, and resolving abnormal network behavior efficiently while ensuring compliance with security protocols and minimizing disruption to network users.

Q84, How **Strategies /Action Plan for Networking in Bank is prepared?**

Ans: The bank's networking strategy focuses on ensuring robust connectivity across locations:

- Varied Connectivity Modes: Deploying MPLS, GPRS, VSAT, etc., based on location needs and stability.
- Primary and Backup Links: Establishing primary links via BSNL or alternative providers, ensuring backup networks.
- Redundancy and Availability: Providing redundant links for continuous availability, prioritizing wired connections for critical sites.
- Connectivity Specifications: Offering 2 Mbps leased lines for branches, exploring VSAT or MPLS feasibility for site selection.
- Optimization and Bandwidth: Removing low-uptime links, upgrading bandwidth as per usage to maintain network efficiency.

This plan ensures reliable connections, uses stable technologies, offers redundancy, and optimizes bandwidth to support the bank's networking needs.

Q85. What is Rollback Plan?

Ans: Rollback plan, in case of failure in migration of one or more of the components based on the dependencies to ensure shall be recorded as a part of the migration process.

Section E -(IT Migration)

Q86. What is IT Migration?

Ans: The migration of systems/software/database which arises due to replacement/repair/upgrade of systems in a ordered manner to protect the Interest of the bank.

Q87. Which equipment are used in Network Infrastructure?

Ans: Network Infrastructure equipment are used as Router, Switch, Modem, Link, VPN, Internet Gateways etc.

Q88. What are the various Software components which consists of the IT migration activity?

Ans:

Software components are as under:

- System Software
- Operating System (Windows, AIX, HP-UX, Linux etc.)
- Drivers / Firmware (Device drivers, Firmware for peripheral/internal components/BIOS/Baseboard etc.)
- Virtualisation Layer (Hyper-V, VMware etc).
- Application Runtimes/Frameworks (Java, .net, COBOL, Perl, Python, jQuery etc.)
- Application/Web Servers, Application Platforms (Weblogic, Websphere, Apache, Tomcat, JBoss, IIS, SAP, SaS etc.)
- Application Software
- Software to support business operations (CBS, Trade Finance, Website, NetBanking, Mobile Banking etc.)
- Software to support monitoring and maintenance of IT infrastructure (Backup, Server/Storage/Network/Security Management, DR Automation etc.)
- Database Software (Oracle, MS SQL, MySQL, MongoDB etc.)

Q89. Find out the various phases in IT migration?

Ans:The various Phases of IT Migration are as mentioned below:

- Planning.
- Discovery.
- Analysis & Design.
- Execution.
- Verification.

Q90. What are the two migration strategies of Planning Phase ?

Ans:Big Bang migration and Trickle migration are the two migration Strategy of planning Phase.

Q91. Which step is the milestone in IT migration Project?

Ans: Planning phase is the milestone in migration project, because step by step actions, controls and precautions are taken during the time the migration process are dealt with and analysed in detail.

Q92. What are Big Bang and Trickle migration?

Ans: In a big bang data migration, the full transfer is completed within a limited window of time. Live systems experience downtime while data goes through ETL (End to Life) processing and transitions to the new database.

In a trickle migration, the migration process is completed in phases. During implementation, the old system and the new are run in parallel, which eliminates downtime or operational interruptions. Processes running in real-time can keep data continuously migrating.

Q93. When is the pre-migration Audit carried out in IT Migration Process?

Ans: Pre-Migration Audit is carried out in Analysis and Design Phase of migration activity.

Documents and methodology is to be checked by the audit team before test phase, if auditors are involved during development stage. This is to be followed for critical, high availability and core functional applications / data bases.

Q94. What is Immediate Verification and Post Live Verification in Migration process?

Ans: Immediate Verification is a part of the migration/rollback plan to ensure the integrity before providing the migrated environment for live operations.

In Post Live verification the migrated environment shall be kept under observation for a period, as approved in the plan for evaluating the efficacy and accuracy on completion of migration to ensure that the systems are working as per the requirement.. Any issues/inaccuracies observed during this period shall be recorded with its resolution/rectification thereof in the migration report

Q95. What is Migration Roadmap planning?

Ans: It is a planning technique prepared for migrations, arising due to the obsolescence / end of support / end of life of a software / hardware component, once in a year based on the available data from the respective OEMs based on their product roadmap (or) support lifecycle.

A migration plan with necessary action proposed will be placed to the IT Strategy Committee of the Board for approval.

Q96. What is Migration process – Test and UAT ?

Ans: Dummy migrations, as per the migration plan shall be conducted, once or more to ensure the efficacy of the plan and tests shall be conducted in the new environment to ensure the end result. Rollback plans also shall be validated during this phase.

During test / UAT phase, audit team has to check the test records, analyze the process flow to determine – existing controls and functionalities are not diluted and / or new vulnerabilities or errors are introduced. VAPT & VAS Scan has to be conducted on the live environment before migration in production to prevent attacks.

Interfaces handling – The change in environment/any of its components shall not affect the process flow across different interfaces, which are connected to the environment/components being migrated.

Q97. What do you mean by Standard Operating Procedure (SOP) ?

Ans: The standard operating procedure (SOP) defines the detailed process of migration for each of the components, the SOP document will be prepared and maintained by respective teams for each of the components and the review will be done by the experts in the specific area. In case of software/hardware, confirmation of the steps of migration will be obtained from the respective OEMs/expert support engaged by the bank.

- Review: The SOPs to be reviewed by the respective technical team heads (AGM or above) for IT related steps, associated business team(s) (AGM or above) for functional checks and balances and the IS Auditor of the bank.
- Approval: Approval of the SOPs shall be done by department head of ITD and the head of the associated business departments wherever applicable.

SOP for a component to be reviewed every year (or) whenever there is a change in the IT infrastructure / environment, whichever is earlier.

Section F: DataBase Administration

Q98. What is meant by data administration in an Organization?
Ans: It is a technical function that is responsible for physical database design and for dealing with technical issues such as security enforcement, database performance, and backup and recovery.

Q99. What are the roles and responsibilities of DBA(Data Base Administrator)?
Ans: A database administrator (DBA) directs or performs all activities related to maintaining a successful database environment.
Roles and responsibilities of a DBA:

- Installing and upgrading of the database software
- Creating primary database structures
- Managing data security and privacy.
- Monitoring of the database.
- Backup of the data and Database recovery
- Tuning database performance.
- Capacity planning of database
- Plan and execute DR Drills and provide end user support.

Q100. Who is a System Administrator?
Ans:A system administrator (SA) is responsible for upkeep, configuration, and reliable operation of computer system especially multi-user computers, such as servers.
He should ensure firewall restrictions for un-authorized access to database and ensure safety of the database in motion.

Q101. What is the role of an Application Owner ?
Ans: An application owner is the individual or group with the responsibility to ensure that the program or programs, which make up the application, accomplish the specified objective or set of user requirements established for that application, including following are the roles and responsibilities of Application Owner:

- Planning the database schema and objects
- Creating primary objects (tables, views, indexes)
- Managing data security and privacy and Integrity
- Roles for accessing the data should be defined i.e. who, when, where and how applications, data and databases can access the data.
- Purging of the database
- Indexing of the database

Q102. What is RACI Matrix in Database management ?
Ans: RACI matrix represents the roles and responsibility of different stakeholders who will be Responsible, Accountable, Consult, Inform for managing database.

- Responsible: Person working on activity
- Accountable: Person with decision authority

- Consult: A key stakeholder who should be included in a decision or work activity Inform: Someone who needs to know of a decision or action

Q103. What is meant by Database Planning?
Ans: The Database planning includes designing logical structure of the database, Overall database design and Backup strategy of the database.

Q104. What are the points to be considered for a design of Logical Structure of a database?
Ans: While planning the overall logical structure following points must be considered:

- Performance of the hardware on which database will be executed
- Performance of database during data access operations
- Efficiency of backup and recovery procedures for the database.

Q105. What are the things to be considered in design of a Database Structure?
Ans:
Schemas: Schemas should be created by the DBA based on Data Owner’s request .
Tables: Tables should be created by the “Application Owner” or “DBA”. The tables may be designed to achieve a minimum of Third Normal Form.
Query: Application Owner should prepare the query based on application requirement.
Views: DBA may verify the views created by the Data Owners.
Procedures : The DBA may verify and advice the use of stored procedures where ever possible as it increases the performance of database operations

Q106. Who are the Database Users and what kind of database access are they allowed?
Ans: Different users and their access level are defined as under:

User	Database Access
DBA	Access for installing, patching, Backup, Recovery Access to diagnostic table, performance tuning view. Access to describe table structure. Read only access to development database.
DA	Have read only access to database. Access to view all the table/index/constraint/data model.
Operations Team	Should have access to perform operations needed to avert critical alert for database operations.
Application Team	Read/Write access to table/view in Dev/UAT Read access to production.

Q107. What is the meaning of performance tuning of a Database ?
Ans: DBA (Data Base Administrator) has to fine tune the database periodically or based on the requirement to ensure maximum performance. DBA should recommend different fine tuning methods available based on the DBMS application. Indexing and Purging of Database can be done on regular basis to ensure the better performance.

Q108. What is Database Planning?

Ans: Database Planning: The Database planning includes designing logical structure of the database, Overall database design and Backup strategy of the database.

Q109. What is Database Administration?

Ans. **Database Administration:** Database administration refers to whole set of activities performed by a database administrator to ensure a database is always available as needed. Other major related tasks include database monitoring, database security, troubleshooting in case any issue pops up and planning for future growth. The primary aim of database administration is to ensure maximum uptime of the database which in turn includes proactive periodic monitoring.

Q99. What are the major categories of E-mail sent to bank's customer?

E-Mails sent to Bank's customers can be broadly classified into 5 distinct categories and policies and guidelines may be framed and adopted according to the category.

- One to one e-mail - Our response to customer's request
- Transactional e-mail - Our E-mail based on customer's transaction such as net banking, statement of account, etc.
- Affiliate e-mail - notifications to technology partners, vendors and business associates
- Bank's News letters
- Promotional/Marketing Mail

Q 110. What is Phishing?

Ans: Phishing is a cyber attack in which scammers/attackers make Internet users divulge with sensitive information about their bank accounts and personal details. The attackers are able to target Internet users due to some inherent weakness in web browsers and other technical aspects of the Internet. The tactics of using email to solicit sensitive information from users is called Phishing.

Q111. What are the stipulated guidelines of E-mail attachments in Bank domain?

Ans: User should exercise caution while sending or receiving attachments through e-mail/chat. Restrictions will be imposed on the file size and file type of the attachments which are sent or received via e-mail/chat.

The size of the e-mail and the attachments put together will be restricted to 35MB in case of internal mail communication and 20MB in case of external mail communication by default for all users. On special requests based on the user's requirement, the size of the e-mail and attachments which can be sent / received via e-mail will be increased on permanent basis or for a specific period.

The type of files which may have potential risks of carrying virus or other unwanted corrupt materials (eg. files with extensions like .exe, .dat, .com etc.) will be prohibited from being received or sent via e-mail or chat. E-mail messages with such types of attachments will be stripped of the attachment at server level itself.

1.)What are the Five R's of Procurement?

Ans: i)Right quality

ii) Right Quantity

iii) Right Price

iv)Right time and place

v)Right source

2.)What are the Fundamental Principles of Public Procurement?

Ans: i)Transparency principle

ii)Professionalism principle

iii)Broader obligations principle

iv)Extended legal principle

v)Public accountability principle

3.)What are the stages in planning, sanctioning and execution of work?

Ans: i)Perspective planning for works

ii)Preparation of Preliminary Project Report or Rough cost estimate

iii)Acceptance of necessaity and issue in –Principle Approval

iv)Preparation of Detailed Project Report(DPR) or Preliminary Estimate

v)Administrative approval and expenditure sanction/"Go ahead " approval

vi)Detailed design, estimate and technical sanction

vii)Appropriation/re-appropriation of funds

viii) Preparation of Bid documents , Publication, Receipt and opening of Bids

ix) Evaluation of bids and award of work

x)Execution and monitoring of works and quality assurance

4.) Formula for Available Bid Capacity?

Ans: Available Bid Capacity =A*M*N-B, where

A= Maximum value of engineering (Civil/Electrical/Mechanical as relevant to work being procured) works executed in any one year during the last five years (updated at the current price level), taking into accouint the completed as well as works in progress.

M= Multiple factor (usually 1.5)

N=Number of years prescribed for completion of the work in question.

B=Value(updated at the current price level) of the existing commitments and ongoing works to be completed in the next ‘N’ years.

5.) What are the various modes of procurement that can be used in public procurement of works?

Ans: i) Open tender Enquiry (OTE)

ii) Global Tender Enquiry (GTE)

iii) Limited Tender Enquiry LTE(upto Rs five lakhs)

iv) Single Tender Enquiry (STE)

v)Award of work through Quotations

6.) What are the contents of Bid Documents?

Ans: Volume 1

i) Notice Inviting Tenders (NIT)
ii) Section I Instructions to Bidders (ITB) and Appendix to ITB(AITB)
iii) Section II General Conditions of Contract (GCC)
iv) Section III Special Conditions of Contract (SCC)

Volume 2

i)Section IV Technical Specifications

Volume 3

i) Selection V Forms of Bid
ii) Section VI Bill of Quantities
iii) Section VII Standard Formats : Bid security, Performance Security, Advance Payment Security, Form of Agreement
iv) Section VIII Schedules for Supplementary Information

Volume 4

i) Section X Drawings

Volume 5

i) Section XI Documents to be furnished by the bidder

7.) What are the functions of Contractor Relationship Management?

Ans: i) Ensuring compliance of contractors to the Codes of Integrity for Public Procurement and Integrity Pact (CIPP) if stipulated in Bid documents

ii)Holiday listing: removal from the list of enlisted contractors and banning /debarment of firms; and

iii) Development of new sources and registration/enlistment of contractors

8.) What are the risks in Conduct of Public Servants in Public Procurement?

Ans: Hospitality, Gifts, Private Purchases from Official Suppliers and Sponsorship of events

9.) What is Electronic procurement (e –procurement)?

Ans: It is the use of information and communication technology(specially the internet) by the procuring entity in conducting procurement processes with the vendors/contractors for the acquisations of goods(supplies), works and services aimed at open , non- discretionary and efficient procurement through transparent procedures.

10.)What are the salient features of the Whistle Blower Protection Act 2011 and the Whistle Blowers Protection (Amendment act,2015)

Ans:i) The act seeks to protect whistle blowers, ie persons making a public interest disclosure related to an act of corruption, misuse of power, or criminal offence by a public servant

ii) Any public servant or any other person including a non-governmental organization may make such a disclosure to the designated agencies ie Central or State Vigilance commission . The time limit for making any complaint or disclosure to the Competant Authority is seven years from the date on which the action complained against ie alleged to have taken place

iii) The designated agency cannot entertain any disclosure relating to any inquiry ordered under the Public Servants(Inquiries) Act,1850 and Commissions of Inquiry Act,1952

1. **What is the purpose of API policy?**

Ans: This Policy makes use of APIs (Application Programming Interface) for communication between bank and or customer/external party servers, making data(non-bulk) transfer between these two systems. Indian Bank use of seamless, ensuring ***secured integration*** between the customer's and bank's systems.

2. **What is Banking as a Service (BaaS) ?**

Ans: BaaS is an end-to-end approach that facilitates fintech companies and other third-party organisations to connect with bank's applications which enable banks to provide digital services to customers or integrate with other digital services offered by external parties.

3. **What type of functional and non-functional requirements are expected from API?**

Ans:
- Security
- Usability
- Reliability
- Testability
- Scalability

4. **What are the direct and indirect benefits of API?**

Ans:

Direct benefits	Indirect benefits
♦ Agility ♦ User Experience ♦ Standardization ♦ Partnerships ♦ Community	♦ Ease of Integration ♦ Secure Integration ♦ Automating tasks ♦ Improved services

5. **What are the four different ways that web service APIs can work depending on the requirement and development?**

Ans:
- SOAP (Simple Object Access Protocol)
- XML-RPC (Remote Procedure Call)
- JSON (JavaScript Object Notation) -RPC
- REST (Representational State Transfer)

6. **What is the different category of API?**

Ans:
- Enterprise API
- Partner/ Corporate API
- Public or Open API

7. What are the Key Entities in API Ecosystem?

Ans :

- API Owner
- API Provider (Producer/Publisher/Creator)
- API Consumer

8. What is the full form of RACI, a matrix for API Management?

Ans: RACI (Responsible, Accountable, Consulted, Informed)

9. What are the various HTTP Error Response Code?

Ans: Below Table describes the HTTP Status Code and the reason for any Technical Exception in Integration Platform.

Scenario	HTTP Status
Request completed successfully	200 OK
Request has malformed, missing or non-compliant JSON body or URL parameters	400 Bad Request
Authentication Error	401 unauthorized
Authorization Error	403 Forbidden
The consumer tried to access the resource with a method that is not supported.	405 Method NOT Allowed
The request was well formed but was unable to be processed due to business logic specific to the request	422 Un Processable Entity
The operation was refused as too many requests have been made within a certain timeframe.	429 Too Many Requests
Internal Technical Error in API gateway or backend micro-service	500 Internal Server Error
Service is currently unavailable	503 Service unavailable

10. What is Core Banking API?

Ans: Core Banking API are set of APIs provided by bank, which allow customers to perform banking services as per below product as services.

These Core banking APIs can be integrated to banks internal systems such as Mobile Banking, Internet Banking, Digital Lending Platforms.etc and external partners like neobanks, fintechs and corporate partners.

11. What is the Compliance & Regulatory Issues related to APIs?

Ans: APIs are expected to help banks in meeting the new regulatory requirements around the world. The PSD2(Payment Services Directive 2) Directive introduced compliance requirements for banks and other financial institutions, including the enforcement of new security requirements and interoperability standards aimed at reducing barriers to entry for nonbank card and internet payment providers.

12. What is the function of WebPayment API?

Ans: Web Payments is an emerging web standard being developed by the W3C to simplify online payments and enable a broader set of players to participate easily in the payments ecosystem on the web.

13. What is Core Banking API?

Ans: Core Banking API are set of APIs provided by bank, which allow customers to perform banking services as per below product as services.

These Core banking APIs can be integrated to banks internal systems such as Mobile Banking, Internet Banking, Digital Lending Platforms.etc and external partners like neobanks, fintechs and corporate partners.

FAQs on Digital Banking

FAQ-1: Which aspects are covered by policy on digital banking products & services?

Answer: Following aspects of digital products and services:

1. Credit Cards
2. Merchant Acquisition and Digital Service
3. Internet Banking/Mobile Banking
4. Debit Cards
5. Prepaid Cards

FAQ-2: What is the objective of digital banking products & services policy?

Answer: To cope up with the changes in digital banking trends and financial technology landscape, and to provide best in class digital products and services, continuous efforts are being made to align the digital products and services on par with the latest innovations in digital banking as detailed in the "Report of the Working Group on FinTech and Digital Banking" released by Reserve Bank of India.

FAQ-3: What should be the minimum networth of the bank undertaking credit card business for which no prior approval of RBI is required?

Answer: Rs. 100 Crores

FAQ-4: Which variants of Visa Cards are issued in the personal credit card segment?

Answer: Following variants of Visa cards are offered in the Personal Card segment.

1. Global Gold Card
2. Global Platinum Card
3. Domestic Bharat Card
4. Secure Card

FAQ-5: Which variants of Rupay Cards are issued in the personal credit card segment?

Answer: Following variants of Rupay cards are offered in the Personal Card segment.

1. Classic Card
2. Platinum Card
3. Select Card
4. Secure Card

FAQ-6: Credit Card is basically a revolving credit facility. What does it mean?

Answer: it means credit card holders have the option of repaying either the -
(i) Full amount due: aggregate value of the transactions up to the billing date plus other financial and statutory charges

(or)

(ii) Minimum amount due: reckoned at a certain percentage of the total transactions: value up to the billing date, plus other financial and statutory charges.

FAQ-7: What is the present level of provisioning for various levels of NPA Card accounts?

Answer: The present level of Provisioning for various level of NPA Card accounts are briefly summarized below:

Asset Classification	Definition	Provision
Substandard	Past dues above 90 days corresponding to Del 04 and upto Del 15 (i.e. for 1 year in substandard category)	25%
Doubtful	Card accounts in Substandard category for 1 year & above (corresponding to Delinquency level 16 and above)	100%
Loss Assets	As per Bank's general guidelines and definition of loss assets	100%

FAQ-8: As per the annual information return u/s 285 BA of IT ACT details of payments to credit cards aggregating to Rs.1.00 lac or more in cash or Rs.10.00 lacs or more by any other mode in a FY should be submitted to RBI on annual basis. Return is submitted by which department?

Answer: Credit Card Centre will submit the returns to RBI through Corporate Office, Banking Operations Department.

FAQ-9: Question: How does the bank handle the provision of credit history/repayment record information to Credit Information Companies (CICs) in accordance with the CIC (Regulation) Act, 2005, and what mechanisms are in place to ensure customers are explicitly informed of this data-sharing, particularly when the CICs possess a Certificate of Registration from the RBI?

Answer: The bank adheres to the CIC (Regulation) Act, 2005, by furnishing credit history/repayment record details to CICs with an RBI-issued Certificate of Registration. To ensure transparency, customers are explicitly notified about this information sharing, emphasizing compliance with the CIC (Regulation) Act, 2005.

FAQ-10: What specific cyber security controls, as per RBI guidelines (RBI/2019-20/130 DoS.CO/CSITE/BC.4084/31.01.015/2019-20 dated 31.12.2019), are mandated for Third-party ATM Switch Application Service Providers, and how does the contract agreement between RBI Regulated Entities (RREs) and these third parties ensure ongoing compliance and provide access for RBI supervision?

Answer: The RBI guidelines require Third-party ATM Switch Application Service Providers to implement specified cyber security controls. The contract agreement between RREs and these third-party providers is designed to ensure continuous compliance with these controls. Additionally, the agreement grants access to the RBI for both on-site and off-site supervision, thereby facilitating effective oversight of cyber security measures.

FAQ-11: What are some digital modes that have evolved for receiving payments from customers in response to the advent of Digital Technology and the push for cashless payments, especially after demonetization in the country?

Answer: With the advancement of Digital Technology and the imperative for cashless transactions prompted by demonetization, various digital modes have emerged to facilitate payments from customers. These include Point of Sale (POS) systems, SoftPOS solutions, UPI QR codes, BHIM Aadhaar Pay, Digital Collection Services, and more. These technologies provide diverse options for businesses and individuals to transact seamlessly in the digital realm, contributing to the evolution of a cashless economy.

FAQ-12: What functionalities and features are typically associated with POS machines, making them a widely used digital payment acceptance channel globally?

Answer: POS machines, or Point of Sale machines, serve as popular digital payment acceptance channels worldwide. These devices facilitate payments from customers using various means, including Debit/Credit cards, Prepaid cards, and NFC cards. Apart from card acceptance, POS machines offer a range of additional features. These include UPI QR code scanning directly on the POS, acceptance of NCMC (National Common Mobility Card), Cash@POS services, EMI (Equated Monthly Installment) options for debit/credit cards, acceptance of digital wallet payments, and the incorporation of other value-added services. The adaptability to market requirements allows POS machines to provide a comprehensive and versatile solution for businesses seeking efficient and diverse payment acceptance methods.

FAQ-13: How is the POS merchant acquiring service extended by Indian Bank, and what entities can benefit from this service?

Answer: Indian Bank extends its POS (Point of Sale) merchant acquiring service to all branches of the bank and the sponsored RRBs (Regional Rural Banks). Moreover, the bank has the capability to offer POS services to other financial institutions, including PSU (Public Sector Undertakings), private entities, and NBFCs (Non-Banking Financial Companies) through an aggregator model. This approach allows Indian Bank to provide POS services not only to its own branches but also to a broader spectrum of financial institutions, fostering collaboration and expanding the reach of digital payment acceptance services.

FAQ-14: What is the SoftPOS solution offered by Indian Bank, and how does it enable merchants to accept various forms of transactions using their mobile phones?

Answer: SoftPOS is a mobile application-based solution provided by Indian Bank, allowing merchants to accept cash, card, QR, and UPI transactions directly on their mobile phones, eliminating the need for a physical POS (Point of Sale) terminal. Merchants can self-onboard by downloading the "Indian Bank SoftPoS" mobile application from the Google Play Store. The onboarding process involves providing identification and address details, bank account information, and uploading KYC (Know Your Customer) documents.Payment acceptance is facilitated through NFC (Near Field Communication) technology, enabling Tap-n-pay transactions. With SoftPOS, merchants can conveniently and securely accept a variety of payment methods using their smartphones, offering flexibility and ease of use in the digital payment landscape.

FAQ-15: What is the Merchant UPI QR facility, and how does it facilitate transactions between customers and merchants?

Answer: The Merchant UPI QR facility enables customers to perform Person to Merchant (P2M) and Person to Small Merchant (P2PM) transactions by transferring funds from their account to the merchant's account. This is done by scanning the QR code, and both the merchant and the customer receive notifications through SMS/UPI app.

FAQ-16: What platforms does the bank offer for onboarding UPI QR merchants?

Answer: The bank offers the following platforms for onboarding UPI QR merchants:

- IB Small Merchant Solution
- IB Small Merchant App
- IB Corporate Merchant Solution
- UPI Integrated Merchant billing system
- Prepaid Vouchers Redemption App

FAQ-17: How are Small Merchants (monthly inward credit less than Rs.1 lakh through UPI) provided with UPI QR facilities under the IB Small Merchant Solution?

Answer: Small merchants are provided with a Virtual Payment Address (VPA)/Static UPI QR by Branches/Zonal offices for payment acceptance under the P2PM category.

FAQ-18: What is Aadhaar Pay, and what are the prerequisites for a merchant to use this service?

Answer: Aadhaar Pay, also known as BHIM Aadhaar Pay, is developed in association with UIDAI and NPCI. Merchants intending to use this service must have their Aadhaar number linked with their Indian Bank account and possess a smart mobile device with the Aadhaar Pay mobile app installed, including a biometric fingerprint scanning facility.

FAQ-19: Can you explain the process of a transaction using Aadhaar Pay between a merchant and a customer?

Answer: When making a purchase, the merchant enters the sale details and the customer's Aadhaar number. Subsequently, the customer authorizes the transaction by impressing their fingerprint for biometric authentication. UIDAI authenticates the fingerprint, and the amount is debited from the customer's Aadhaar-linked bank account, mapped in Aadhaar Payment Bridge with NPCI. Simultaneously, the merchant's bank account is credited instantly. Both the merchant and the customer receive notifications through their mobile app and SMS, respectively.

FAQ-20: What are the different online and offline collection products available for merchants to collect funds, and what are their features?

Answer: Merchants can collect funds through various online and offline collection products, including Multi Utility Payments (MUP), IB V Collect / IB V Collect Plus, Generic Fee Collection, and IB Collect / IB Collect Services (Payment Gateway Services). These products provide diverse options for efficient and convenient fund collection.

FAQ-21: What is IB Collect/IB Collect Plus, and how does it facilitate online fund collection for merchants and institutions?
Answer: IB Collect/IB Collect Plus is a collection product that enables institutions, corporations, and merchants to collect funds online using payment gateway services. It allows remitters to make payments through various modes such as Credit/Debit cards, Internet banking, UPI, and wallets.

FAQ-22: How is the transaction process of IB Collect/IB Collect Plus similar to a POS terminal?
Answer: The transaction process of IB Collect/IB Collect Plus is similar to a POS terminal, where the transaction is considered a card-not-present transaction in case the payment is made through cards.

FAQ-23: What factors determine the requirements and rates for Payment Gateway Services for merchants?
Answer: Payment Gateway Services requirements vary from merchant to merchant, and the rates depend on the merchant category, government guidelines, and partner banks' policies. The engagement of established payment gateway aggregators is based on competitive quotations, with the cost passed on to the merchant.

FAQ-24: How does the bank decide on the service provider for each merchant in terms of Payment Gateway Services?
Answer: The bank identifies the service provider for each merchant based on the lowest quote/cost (L1) obtained through competitive quotations from service providers. However, the bank may engage other service providers on a case-by-case basis, considering institutional or government department preferences, along with branch and zonal office recommendations.

FAQ-25: What is the role of General Manager (DBD) in the empanelment of service providers for gateway services?
Answer: The General Manager (DBD) is empowered to approve the empanelment of service providers for gateway services. This involves considering expressions of interest (EOI) by service providers based on market requirements and ensuring a minimum of three service providers are empaneled to offer gateway services to merchants.

FAQ-26: What is FASTag, and why has the Government of India mandated its use at toll plazas?
Answer: FASTag is a reloadable tag utilizing Radio Frequency Identification (RFID) technology for electronic toll payments. The Government of India has mandated the use of FASTag at toll plazas to reduce traffic congestion. This initiative is part of the National

Electronic Toll Collection (NETC) program, implemented by the National Payments Corporation of India (NPCI) under the guidelines of the National Highways Authority of India (NHAI) and the Indian Highways Management Company Limited (IHMCL).

FAQ-27: Is there a limit on the number of beneficiaries that can be added in a day for Retail net banking and Corporate customers?
Answer: Yes, both Retail net banking and Corporate customers can add a maximum of ten (10) beneficiaries in a day.

FAQ-28: How does Indian Bank use customer information in connection with Internet Banking, Mobile Banking, and UPI services?
Answer: The bank or its contractors may hold and process customer's personal information for Indian Bank Internet Banking, Mobile Banking, and UPI services, as well as for statistical analysis and credit scoring.

FAQ-29: How does Indian Bank handle customer information in terms of security and confidentiality?
Answer: Indian Bank ensures that customer information shared with the bank is safeguarded securely and confidentially. The bank maintains a tradition of not sharing transaction information in customer accounts with anyone except when required by law or statutory agencies.

FAQ-30: What controls does Indian Bank put in place regarding the collection and use of customer information?
Answer: The bank limits the collection and use of customer information to the minimum necessary for delivering effective service, administering business, and advising customers about products, services, and other safeguards.

FAQ-31: Does Indian Bank share customer information with external organizations?
Answer: Indian Bank does not reveal customer information to any external organization unless the bank has previously informed the customer in disclosures or agreements, or as required by law and statutory authorities.

FAQ-32: How does Indian Bank handle customer data protection and privacy when working with other organizations for support services?
Answer: Whenever the bank hires other organizations to provide support services, these organizations are required to conform to Indian Bank's privacy policy standards.

FAQ-33: Who is eligible to be issued a Debit Card according to the bank's criteria?

Answer: Debit cards can be issued to individuals with savings bank, current accounts, and proprietorship accounts, including visually challenged and illiterate customers. It is also extended to minors above 12 years under the "IB Smart Kid" program, non-resident account holders, Kisan Credit Card customers, and Mudra account customers.

FAQ-34: Are there specific instructions regarding Know Your Customer (KYC), Anti-Money Laundering (AML), and Combating the Financing of Terrorism (CFT) for issuing Debit Cards?
Answer: Yes, the instructions and guidelines on KYC/AML/CFT issued by the Reserve Bank of India (RBI) must be adhered to for all cards issued, including co-branded debit cards.

FAQ-35: Should Debit Cards be issued to all Basic Savings Bank Deposit Account (BSBDA) holders, and what steps should be taken if a customer chooses not to have a Debit Card?
Answer: While opening BSBDA accounts, branches should educate customers about Debit Cards and associated risks. However, if a customer chooses not to have a Debit Card, branches should not force it on them. If the customer opts for a Debit Card, it should be provided through safe delivery channels.

FAQ-36: Which categories of customers are ineligible for Debit Card issuance according to the bank's policy?
Answer: Debit cards should not be issued to cash credit/loan account holders, joint account operators, accounts of entities like companies, partnership firms, associations, trusts, HUF, clubs, government departments, etc. It is also restricted for accounts in the name of minors (except "IB Smart Kid" accounts), accounts operated by mandate or power of attorney, accounts under litigation/dispute, and others mentioned in the eligibility criteria.

FAQ-37: Are there specific conditions under which Debit Card facilities may be withdrawn for an account?
Answer: Yes, Debit card facilities may be withdrawn for accounts with unsatisfactory conduct or if disciplinary action is initiated/pending against suspended employees.
FAQ-38: What are co-branded debit cards, and in what associations can they be issued?
Answer: Co-branded debit cards are issued in association with partner entities, such as educational institutions and corporates. These cards feature logos from our bank, the non-banking entity, and card networks like RuPay or MasterCard. Special features like RFID-based access control cards can be provided using these co-branded cards.

FAQ-39: What considerations does the bank take into account before issuing co-branded debit cards?

Answer: Before issuing co-branded debit cards, the bank evaluates various risks associated with the arrangement with the partner, including reputation risk. Due diligence is carried out in respect of the non-banking entity with which the bank intends to enter into a tie-up for issuing co-branded debit cards to protect against reputation risk.

FAQ-40: What role does the non-bank entity play in the co-branding arrangement for debit cards?

Answer: The role of the non-bank entity under the tie-up arrangement should be limited to marketing/distribution of the cards or providing access to the cardholder for the goods/services offered.

Q1. The Process-oriented approach to BCP involves ?
Ans:
a. Business Impact Analysis (BIA)
b. Risk Assessment
c. Risk Management
d. Risk Monitoring and Review

Q2. What are Disaster Recovery and Business Continuity Management?
Ans :
For Disaster recovery Management the following Infrastructure is put in place:
✓ Primary Data Centre is located at Chennai and Disaster Recovery site (DR site) at Mumbai.
✓ Live data replication is done between DC and DR Site.
✓ ATM Switch is housed in the Primary data centre.
✓ The Secondary ATM Tandem Switch is housed at DR site Mumbai.
For Business Continuity Management,
✓ Necessary infrastructure, policies and procedures have already been put in place.
✓ To ensure business continuity with the minimum possible downtime in the event of major disruptions and disasters to the following critical systems (Core Banking Solution, ATM Operations, Internet Banking and RTGS/NEFT Operations)
✓ Near onsite for CBS operations is made operational to ensure zero data loss.

Q3.What are the measures through Business Continuity plans to mitigate risk?
Ans:
Losses that might arise from business disruptions due to telecommunication or electrical failures are mitigated by establishing redundant backup facilities. Individual Units will develop contingency arrangements and Business Continuity Plans (BCP) as per the Business Continuity Policy of the Bank to ensure continuity of operations in the event of a disaster / disruption, so as to restrict direct and indirect loss that could be incurred in the event of severe business disruption.

Q4.What are the business impact analysis ?

Ans:

- Critical personnel are not available
- Critical buildings, facilities or geographic regions are not accessible
- Equipment malfunctions (Hardware, telecommunications, operational equipment)
- Software and data are not accessible or corrupted
- Vendors or service providers are not available
- Utilities are not available (power and telecommunication, and
- Critical documents and or records are not available

The BCP coordinator and BCP team will facilitate the identification of risk, assessment of quantifiable loss and development of mitigation measures on an enterprise wide basis.

Q5.What is the meaning of Maximum Tolerable Down time ?

Ans:

This is the maximum limit of time upto which bank can afford to tolerate without the specific function. Since all the branches are coming under CBS, the primary functions such as Cash Disbursal, funds transfer facility, NEFT/RTGS facilities can be attended from the nearby branch.

Q6. What is the meaning of Recovery Point Objective(RPO)?
Ans:
A disaster can result in loss of online data especially if an up-to-date backup copy of data is not available. The point in time to which data reverts after an outrage and recovery is called the recovery point. HA technologies can be chosen such that the recovery point will be as close to the instant of disaster which is the Recovery Point Objective (RPO) required by the enterprise application.
It may vary:-

- few seconds (for Synchronous Replication)
- Minutes (for Asynchronous Replication)
- Hours (for Periodic Replication)
- Days (Tape Backup)
- Never (No steps taken to protect data)

This is again dependent on criticality of the particular business segment and the relevant technology is used according to the criticality.

Q7. What are the Escalation of Disaster reporting?
Ans:
At Branches: Branch Manager Zonal Manager General Manager/DH (BOD)
At Currency Chests: Branch Manager of link branch Zonal Manager General Manager/DH (BOD)
At Processing Centers/ICs: Centre Head Zonal Manager General Manager/DH (BOD)
At Zonal Offices: Zonal Manager General Manager/DH of Banking Operations Department
At Corporate Office: General Manager/DH of Banking Operations Department Executive Director.
At Data Center: Chief Manager (DC/DR/NDR) Assistant General Manager Deputy
General Manager General Manager/DH of Information Technology Department General Manager/DH (BOD).

Q8.What are the Important elements of Business Continuity Planning & Disaster Recovery Plan ?
Ans:
The major elements of BCP and DR plan are given below:
1. Plan invocation authorit ies and procedures (Approach to BCP at Branch / Zonal office and Corporate Office level)
2. Notification of contact list
3. Backup site details (resource available)
4. Details of critical documents with offsite storage and retrieval arrangements
5. Details of the cont act numbers- (BCP Team at Corporate Office)
6. Details of process to be carried out with critical Recovery Time Objectives and methods of processing if applicable.

Q9. What are the Types of Disasters ?
Ans:

- Natural disasters like Fire, Flood/Tsunami, Earthquake, Pandemic Disease
- Power failures
- Communication/Connectivity failures
- Breakdown of servers, hardware peripherals, connectivity & communication

- equipments.
- Virus/Worm attacks

Q10. What is the meaning of Recovery Time Objective (RTO):?
Ans:
The time interval from the occurrence of the incident (Disaster) and system going down until the point in time when recovery is complete and the system resumes service. RTO is a function of the type of disaster and of the technologies used for recovery.
It may vary:-
few seconds (for extended clusters)
hours or days (for manual migration)
days or weeks (tape restore from recovery site)
infinite time (Where no backup exists)
It is dependent on criticality of the particular business segment and the relevant technology is used on the basis of the criticality.

Q11.What are Indicative scope of tests to be performed at the Bank ?
Ans:
A test plan should be created to cover any one or all of the following types of tests:
- Structured Walkthrough of the bank's BCP
- Critical Activity Tests
- Data recovery from the backup media.
- Connectivity restoration through alternate network link from the DR Site.
- Full Interruption Simulation Tests

Q12.What do you mean by Full Interruption Test ?
Ans:
The Full Interruption Simulation Testing is a complete test of the BCM arrangements that can be conducted at a component/ activity/ account/ building/ campus/zonal level. This test requires the simulated recovery of critical business application systems and communication components. It is the closest exercise to an actual disaster scenario.

Q13.What is the objective of BCM Exercising and Testing ?
Ans:
The purpose of this procedure is to help the bank to meet the requirements of Exercising and Testing of the BCM. Exercising and Testing are essential to developing teamwork, competence, confidence, capability and knowledge that is vital at the time of an incident.

Q14. What are the Parties to Disaster Recovery Policy ?
Ans:
All the persons, group of persons or organizational arrangements within the Bank who use any type of computer systems owned by the Bank or leased to the Bank
They are responsible for safety and reliability of the systems and to ensure that the IT infrastructure remains in a state of readiness at all times for providing business continuity at the earliest in the event of a disaster.

Q15. What are the Infrastructure Aspects of BCP ?
Ans:
Paying special attention for availability of basic amenities such as electricity, water and first -aid box in all offices.
Emergency procedures, manual fall back plans and resumption plans will be within the responsibility of the owners and for that the ownership for each area will be assigned.

As a preparatory measure all the in-house telecommunications systems and wireless transmitters will have back-up power and availability of extra batteries for mobile phones may prove essential in case of wide scale infrastructure failure.
Possible fall back arrangements and alternative services will be carried out in coordination with service providers, contractors, suppliers under written agreement or contract, setting out roles and responsibilities of each party for meeting emergencies. Imposition of penalties, including legal action against the parties in the event of non-compliance or noncooperation.
Established emergency procedures will be amended as appropriate, according to identification of new requirements.
The non-storing of critical papers, files, servers etc. at places which are prone to floods or water logging. Fire-proof and water- proof storage areas will be considered for critical documents.
Bank will open an emergency helpline or nationalized IVR message to resolve queries and ensure that panic situation is avoided. A similar service will also be considered for the benefit of employee related communication.

Q16. What are the Record of Agencies for Outsourcing the services ?
Ans:
Maintenance of a Record containing Phone numbers of the Outsourcing Agencies and Contact Address to seek their assistance in restoring the services to the customers.

Q17.What are routine activities are performed at the Data Centre ?
Ans:
Central Beginning of Day(BOD) activity

- Running batch jobs for application of interest / charges for all the branches
- Daily cash flow check and balancing
- Report generation
- Error reporting
- General help during business hours, after business hours EOD issues
- Central EOD/ Backup
- Wide Area Network Management:
- Facility Management of the Data Centre: AC/ UPS /DG / Server /Communication/ equipments/ Access control / housekeeping etc.
- Monitoring of operations.

Q18.What are the procedure for DR Incident Reporting and Compliance ?
Ans:
Whenever any disaster happens at the branch/office, it has to be reported in the format as given in guidelines and processes on Disaster Recovery Management with the details of recovery measures adopted to mitigate the effects of disaster and how quickly the business was restored. Branches/offices have to submit this without fail as this would help the corporate office to review whether the recovery measures put in place are adequate or requires revision and whether the staff are adequately trained to handle the disaster.
The details about conduct of disaster recovery drills are to be reported to Compliance department at the end of each half year.

Q19. What are the Functions of the BCP Team at Branch?
Ans:

- To notify the Zonal Office and functional departments at Corporate Office BCP team on the nature of disaster
- To initiate action as per the pre-prepared action points based on the Policy and Guidelines

- To submit periodical progress to the Zonal Office
- To arrange for meeting with Customers to disseminate information.
- Fire extinguisher should be kept in working condition with required firefighting material.
- Operational knowledge to all staff members should be ensured.
- Alternate work location for each branch should be identified and should form a part of BCP
- plan of the branch. Availability of sufficient infrastructure, provision of systems, space and
- networking support at the alternate location shall be ensured by Zona l Office BCP team
- accordingly. Every staff of the branch at the alternate location shall be aware of their roles
- and responsibility on such continuity plan.
- Periodical meeting among staff to discuss Branch BCP Plan should be ensured. Since the branch may face the first point of impact for any natural or manmade disaster, disruption, an updated and latest plan of action for BCP shall be discussed and shared with all members of staff.
- Branch BCP shall be shared with the respective ZO for extending their support in case of emergency.

Q20. While making the risk assessments, the study should cover the following aspects ?
Ans:

- Threat vs Vulnerability
- Impact and Likelihood
- Risk Score
- Mitigating controls
- Residual Risk
- Action Plan
- Risk Owner
- Due Date

FAQ on General Financial Rules 2017

Q-1. What are the General Financial Rules, 2017, and who do they apply to?

A-1 The General Financial Rules, 2017, are a set of rules applicable to all Central Government Ministries/Departments, attached and subordinate bodies. They also extend to Autonomous Bodies unless separate Financial Rules, approved by the Government, are outlined in their bye-laws.

Q-2. Who is the "Competent Authority" in relation to these rules?

A-2 The "Competent Authority," concerning the exercise of power under these rules, refers to the President or any other authority delegated the power under these rules or related orders issued by the Government of India.

Q-3 What does "Recurring expenditure" mean in the context of these rules?

A-3 "Recurring expenditure" refers to expenses incurred at regular intervals for the same purpose, distinguishing it from non-recurring expenditure.

Q-4 What are the responsibilities of the Department of the Central Government as per Rule 9?

A-4 Rule 9 outlines the duty of the concerned Central Government department to ensure accurate assessment, collection, and proper crediting of Government receipts and dues to the appropriate funds.

Q-5 How should information categorized as 'Secret' or 'Top Secret' be handled according to Rule 41?

A-5 If information in a file is classified as 'Secret' or 'Top Secret', it should be personally sent to the Head of the Audit Office, specifying the classification, who will handle it according to specific instructions for such classified documents.

Q-6 What is the primary rule regarding the handling of government money?

A-6 All money received by or on behalf of the Government, whether as dues or for deposit, remittance, or otherwise, must be promptly deposited into the Government Account without delay. This is in accordance with the rules issued under specific articles of the Constitution.

Q-7 How are losses investigated and managed?

A-7 After a suspicion of loss arises, an initial report should be made, followed by a final report after a complete investigation. Officers are personally responsible for losses due to fraud or negligence and face departmental proceedings. Cases of loss due to immovable property damage, fire, theft, etc., are handled with specific reporting protocols and investigations.

Q-8 What is the duration of the financial year for the Central Government's annual accounts?

A-8 The financial year for the Central Government's annual accounts runs from April 1st to March 31st.

Q-9 What does Rule 83 address regarding Government expenditure?

A-9 Rule 83 differentiates between Charged and Voted Expenditure, with the former being covered under Article 112(3) of the Constitution and not subject to legislative vote.

Q-10 What is the definition of "minor works" according to the regulations?

A-10 Minor works refer to those works that add capital value to existing assets but do not create new assets. They involve enhancements or improvements without resulting in entirely new constructions or assets.

Q-11 What conditions need to be met before commencing any work according to the regulations?

A-11 Before commencing any work, several conditions need to be fulfilled, including obtaining administrative approval, expenditure sanction, detailed design approval, ensuring the availability of funds to cover charges, tender processing, and issuing a Work Order, as specified under Rule 136(1).

Q-12 What procedures are outlined for the execution of works under a Ministry or Department's own arrangements?

A-12 The procedures include the preparation of detailed design and estimates preceding any sanction for works, calling for open or limited tenders based on the cost of works, and the execution of a Contract Agreement or Award of work before commencing the actual work, as specified under Rule 139.

Q-13 Is there a specific marketplace mandated for government procurement?

A-13 Yes, the Government e-Marketplace (GeM) is mandated for procuring common use goods and services. It ensures adequate publicity and certification of supplier credentials. Procurement through GeM is obligatory for certain value brackets and specific categories of goods and services.

Q-14 How are suppliers registered for procurement?

A-14 Suppliers undergo registration for a fixed period based on various criteria like manufacturing capability, past performance, and financial background. Their conduct is monitored, and they can be removed from the approved list for non-compliance or substandard supplies.

Q-15 What does Rule 167 entail?

A-15 Rule 167 covers the process of Electronic Reverse Auction, an online real-time purchasing technique used by procuring entities to select successful bids, involving successive bids presented during a scheduled time period and automatic bid evaluation.

Q-16 How does Rule 173 ensure transparency and fairness in government purchases?

A-16 Rule 173 emphasizes measures such as:

- Clarity in bidding documents without ambiguities.
- Public bid openings allowing authorized representatives of bidders to attend.
- Providing reasonable time for bid preparation.
- Allowing bidders to question bidding conditions and bid rejections.

Q-17 What are the prohibited actions for officials involved in the procurement process under Rule 175?

A-17 Rule 175 prohibits officials from actions such as soliciting or accepting bribes, engaging in collusion or bid rigging, making false declarations, improper use of information for personal gain, among other contraventions outlined in the code of integrity.

Q-18 Under what circumstances is the "Buy-Back Offer" rule applicable in procurement?

A-18 The "Buy-Back Offer" rule applies when there's a decision, approved by the competent authority, to replace an existing old item with a newer version. This allows the trading of the old item while purchasing the new one, with specific clauses incorporated in the bidding document.

Q-19 What methods are specified for the selection and evaluation of consultancy proposals?

A-19 The methods include Quality and Cost Based Selection (QCBS), Least Cost System (LCS), and Single Source Selection/Nomination. Each method has distinct criteria and applicability based on the nature and urgency of the assignment.

Q-20 When receiving materials from private suppliers, what steps are necessary according to Rule 208?

A-20 Rule 208 outlines the steps for receiving materials from private suppliers. These include referring to contract terms, following prescribed procedures, conducting thorough checks for quantity, quality, and ensuring visual & Technical inspection to detect any damage or deficiency.

Q-21 What steps are necessary when discrepancies are identified during verification of goods?

A-21 Discrepancies found during verification, including shortages, damages, or unserviceable goods, must be immediately recorded in the stock register. These should then be reported to the competent authority for appropriate action as per the defined provisions.

Q-22 What is the significance of the "Price Variation Clause" in contracts?

A-22 The Price Variation Clause is recommended for long-term contracts where the delivery period extends beyond 18 months. It allows adjustments in contract prices based on actual cost variations within specified parameters.

Q-23 What should be included in every contract to ensure quality control of supplied goods?

A-23 A "Warranty Clause" should be incorporated in every contract, mandating the supplier to repair or replace defective goods without additional charges to the buyer.

Q-24 What conditions are imposed on institutions regarding assets acquired through Government Grants?

A-24 Institutions receiving Grants-in-aid cannot dispose of assets acquired wholly or substantially from Government Grants without prior approval. Additionally, assets deemed obsolete must follow laid-down procedures before disposal.

Q-25 What information is mandatory for institutions seeking Grants-in-aid according to the regulations?

A-25 Institutions or organizations seeking Grants-in-aid must provide comprehensive information, including their Articles of Association, bye-laws, audited financial statements, sources and patterns of income and expenditure, to enable authorities to assess their suitability for the Grant.

Q-26 What are the prerequisites for sanctioning Grants-in-aid to agencies as per the mentioned rules?

A-26 The agency must employ more than twenty persons regularly and have at least fifty percent of its recurring expenditure met from Grants-in-aid from the Central Government.

Q-27 How are proposals for government guarantees examined and recommended?

A-27 The Administrative Ministry/Department or Credit Divisions of the Department of Economic Affairs review proposals for guarantees. They justify the proposal's public interest, assess the borrower's creditworthiness, and consider the terms of borrowing in line with government paper yields of similar maturity.

Q-28 How does the government ensure transparency in its fiscal operations concerning guarantees?

A-28 The government publishes a disclosure statement on guarantees at the time of presenting the annual financial statement and demands for grants. This statement includes details about the number and class of guarantees, amounts guaranteed, outstanding amounts, invoked guarantees, and guarantee fee details.

Q-29 What is the procedure followed for reporting the transfer of charge using Form GFR 16, specifying details and exceptions for dual signatures?

A-29 The procedure for reporting the transfer of charge using Form GFR 16, specifying details and exceptions for dual signatures, is outlined in Rule 286(1).

Rule286(1)Transfer of Charge. Are part of transfer of a Gazetted Government servant duly made in Form GFR 16 and signed both by the relieved and relieving Government servants, shall be sent on the same day to the Head of the Department or other Controlling Officers concerned except in the following types of cases in respect of which report of transfer of charge need not be signed both by the relieving and relieved Government servants simultaneously and may be sent independently:-

(i) Where a Gazetted Government servant assumes charge of a newly created or vacant post or relinquishes charge of a post which has been abolished.
(ii) Where a Gazetted government servant vacates a post for a short period and no formal appointment or officiating arrangement is made in his place.
(iii) Where due to administrative exigencies a government servant is required to move to another post relinquishing his post against local arrangement.

Q-30 Which rule outlines the sanctions and conditions for the grant of advances to a Government Pleader in connection with law suits?

A-30 The sanctions and conditions for the grant of advances to a Government Pleader in connection with law suits are outlined in Rule 324.

Rule324: The Ministry or Department may sanction the grant of an advance to a Government Pleader in connection with law suits, to which Government is a party, up to the maximum limit of Rupees twenty-five thousand at a time. The amount so advanced should be adjusted at the time of settlement of Counsel’s fee bills.

FAQs on Domestic Forex Business Policy

1. If importer is a PSU/ Department/Undertaking of the Government of India / State Government/s, then as per RBI, what is the limit above which SBLC/Guarantee is required for advance remittance?

Answer: USD 100,000 or its equivalent

2. If importer is a PSU/ Department/Undertaking of the Government of India / State Government/s, and wants to do an advance remittance of an amount exceeding USD 100,000.Is it mandatory to provide SBLC/Guarantee for the said transaction?

Answer: They have to either submit a SBLC/Guarantee or obtain a specific waiver for the Bank Guarantee from Ministry of Finance, Government of India, subject to RBI specified conditions.

3. If the importer falls in the category other than a Public Sector Company or a Department/Undertaking of the Government of India / State Government/s then what is RBI prescribed limit for which SBLC/Guarantee is not mandatory for advance remittance of imports of Goods?

Answer: Upto USD 200,000/- or its equivalent

4. If the importer falls in the category other than a Public Sector Company or a Department/Undertaking of the Government of India / State Government/s then what is the RBI prescribed limit for which SBLC/Guarantee is not mandatory for advance remittance of imports of Rough Diamonds?

Answer: Any amount can be remitted without any limit and without standby LC/guarantee, subject to adherence to the RBI specified conditions.

5. If the importer falls in the category other than a Public Sector Company or a Department/Undertaking of the Government of India / State Government/s then what is the RBI prescribed limit for which SBLC/Guarantee is not mandatory for advance remittance of Import of Aircrafts / Helicopters and other aviation related purchases?

Answer: Up to USD 50 Million or its equivalent can be remitted without standby LC/guarantee.

6. If the importer falls in the category other than a Public Sector Company or a Department/Undertaking of the Government of India / State Government/s then what is the RBI prescribed limit for which SBLC/Guarantee is not mandatory for advance remittance of Import of services?

Answer: Up to USD 500,000/- or its equivalent can be remitted without Standby LC/guarantee.

7. As per our Bank's Policy, who is the delegated authority for affecting advance remittances against Import of Goods Up to USD 200,000/-or its equivalent without SBLC/Guarantee?

Answer: All AD Category Branches and LCBs

8. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Goods above USD 200,000/-or its equivalent and up to USD 2 Mio or its equivalent without SBLC/Guarantee?

Answer: For AD Branches - ZLCC (DGM/AGM)

For LCBs Headed by DGM – DGM/Branch Manager

For LCBS headed by AGM – DGM (IBD)

9. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Goods above USD 2 Mio or its equivalent and up to USD3 Mio or its equivalent without SBLC/Guarantee?

Answer: GM (IBD)

10. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Goods above USD 3 Mio or its equivalent and up to USD 5 Mio or its equivalent without SBLC/Guarantee?

Answer: COLCC (GM)

11. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds upto USD 200,000/-or its equivalent without SBLC/Guarantee?

Answer: All AD Category Branches and LCBs

12. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 200,000/-or its equivalent and up to USD 3 Mio or its equivalent without SBLC/Guarantee?

Answer: For AD Branches - ZLCC (DGM/AGM)

For LCBs Headed by DGM – DGM/Branch Manager.

For LCBS headed by AGM – DGM (IBD)

13. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 3 Mio or its equivalent and up to USD 7 Mio or its equivalent without SBLC/Guarantee?

Answer: GM(IBD)

14. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 7 Mio or its equivalent and up to USD 10 Mio or its equivalent without SBLC/Guarantee?

Answer: COLCC(GM)

15. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 10 Mio upto 30 Mio without SBLC/Guarantee?

Answer: COLCC(ED)

16. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 30 Mio upto 75 Mio without SBLC/Guarantee?

Answer: Credit Approval Committee (In case of urgent requirement to seize business opportunity, MD & CEO (Executive Director in the absence of MD & CEO) can accord sanction / permit relaxation and subsequent ratifications can be obtained from CAC /MC.

17. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 75 without SBLC/Guarantee?

Answer: Management Committee (In case of urgent requirement to seize business opportunity, MD & CEO (Executive Director in the absence of MD & CEO) can accord sanction / permit relaxation and subsequent ratifications can be obtained from CAC /MC.

18. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Aircrafts / Helicopters and other aviation related purchases up to USD 200,000/-or its equivalent without SBLC/Guarantee?

Answer: All AD Category Branches and LCBs

19. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Aircrafts / Helicopters and other aviation related purchases above USD 200,000/-or its equivalent and up to USD 3 Mio or its equivalent without SBLC/Guarantee?

Answer: For AD Branches - ZLCC(GM/DGM/AGM)

For LCBs Headed by DGM – DGM/Branch Manager.

For LCBS headed by AGM – DGM (IBD)

20. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Aircrafts / Helicopters and other aviation related purchases above USD 3 Mio or its equivalent and up to USD 7 Mio or its equivalent without SBLC/Guarantee?

Answer: GM (IBD)

21. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 7 Mio or its equivalent and USD 8 Mio or its equivalent without SBLC/Guarantee?

Answer: COLCC(GM)

22. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 8 Mio up to 30 Mio without SBLC/Guarantee?

Answer: COLCC(ED)

23. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of Rough Diamonds above USD 30 Mio upto 50 Mio without SBLC/Guarantee?

Answer: CAC (In case of urgent requirement to seize business opportunity, MD & CEO (Executive Director in the absence of MD & CEO) can accord sanction / permit relaxation and subsequent ratifications can be obtained from CAC /MC.

24. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of services up to USD 200,000/-or its equivalent without SBLC/Guarantee?

Answer: All AD Category Branches

25. As per our Bank's Policy, Who is the delegated authority for affecting advance remittances against Import of services above USD 200,000/-or its equivalent and up to USD 500,000/-or its equivalent without SBLC/Guarantee?

Answer: For AD Branches - ZLCC

For LCBs Headed by DGM – DGM/Branch Manager.

For LCBS headed by AGM – DGM (IBD)

26. Which are the two major risks that a confirming bank may faced while adding confirmation to LCs or issuance of inland guarantees at the request of overseas correspondent Banks?

Answer: Credit Risk and Sovereign (Country) Risk

27. What are the different conditions which our bank has to follow before adding confirmation to an LC?

Answer:

i) Financial status including net worth of the LC issuing Bank is ascertained from Bankers "Almanac.

ii) LC opening Bank should be our correspondent Bank and should have requisite Bank rating as per the applicable Credit Policy.

iii) The world ranking of the LC opening Bank as per Bankers Almanac should be within 500 and the country ranking should be within 10.

iv) Request from branches of correspondent Bank is to be entertained based on the country classification as per ECGC guidelines. As per Our Bank Policy we have restricted our activities to the risk categories of Insignificant, Low and Moderately Low falling under Open Cover Category of ECGC.

v) In this regard Country ratings by top rating agencies like Fitch, Moody‟s and Standard and Poor's, etc may also be taken as guidance factors.

vi) Request from the subsidiaries of correspondent Banks are not entertained.

vii) No adverse media report should be found on the correspondent Bank on its capacity to meet the obligations.

viii) Letter of Credit (LC) should be irrevocable

28. Can Our Bank Issue Inland Guarantee at the request of Overseas Correspondent Banks?

Answer: Yes, Reserve Bank has granted general permission to Authorized Dealer Banks, to issue guarantees in favour of persons/ resident entities in India in respect of any debt or other obligation or liability of a person resident outside India, subject to terms and conditions Specified by RBI.

29. What are the different terms & conditions which our bank has to follow before Issuing Inland Guarantee at the request of Overseas Correspondent Banks?

Answer:

i) The bond / guarantee is covered by a counter-guarantee of the overseas Head Office / branch / correspondent or a Bank of international repute.

ii) Authorized Dealer Banks should ensure that counter-guarantees are properly evaluated and their own guarantees against such guarantees are not issued in a routine manner.

iii) Before issuing a guarantee against the counter-guarantee of an overseas Head Office / branch / correspondent / Bank of international repute, Authorized Dealer Banks should satisfy themselves that the obligations under the counter-guarantee, when invoked, would be honoured by the overseas Bank promptly.

iv) If the Authorized Dealer Bank desires to issue guarantee with the condition that payment will be made, only after receiving reimbursement from the overseas Bank which had issued the counter-guarantee, this fact should be made clearly known to the beneficiary in the guarantee document itself.

v) Authorized Dealer Banks may make rupee payments to the resident beneficiaries immediately when the guarantee is invoked and simultaneously, arranges to obtain the reimbursement from the overseas Bank concerned, which had issued the counter-guarantee

vi) Where payments are not received by the Authorized Dealer Banks when the guarantees of overseas Banks are invoked, should be reported to RBI indicating the steps being taken by the Bank to recover the amount due under the guarantee.

30. Whether Our Domestic Branches have to obtain prior approval before adding confirmation to LCs issued by our foreign branches?

Answer: Yes, domestic branches should get approval from CO: International Banking Department

31. Whether Our Domestic Branches have to obtain prior approval from CO:International Banking Department before issuance of guarantee against the counter guarantee of our foreign branches?

Answer: No, It is waived

32. What is the maximum Permissible exposure limits on Counter party for Confirmation of LC and Issuance of Bank Guarantee by Our Bank?

Answer:

A. International Banks with world rank up to 100 as per Banker's Almanac- USD 100 Mio OR Maximum permissible limit as per Credit Risk Management policy, whichever is less

B. International Banks with world rank from 101 to 500, as per Banker's Almanac - USD 50 Mio OR Maximum permissible limit as per Credit Risk Management policy, whichever is less

33. What is the maximum limit and who is the delegated authority for approving the transactions for adding confirmation on LC issued by our Correspondent bank and Issuance of guarantee against the counter guarantee of our Correspondent Bank?

Answer:

Limit	DELEGATED AUTHORITY
Upto USD 3 Mio or equivalent	ZLCC
Above USD 3 Mio up to USD 7 Mio	GM(IBD)
Above USD 7 Mio up to USD 10 Mio	COLCC(GM)
Above USD 10 Mio up to USD 30 Mio	COLCC(ED)
Above USD 30 Mio up to USD 50 Mio	**Credit Approval Committee
Above USD 50 Mio	**Management Committee

** In case of urgent requirement to seize business opportunity, MD & CEO can accord Sanction/ permit relaxation and subsequent ratifications can be obtained from CAC/ MC.

34. Can Our Bank Issue Letter of Comport (LoC) to Overseas Regulators?

Answer: Yes .Bank is issuing LoCs to meet the requirements of the Overseas Regulators while seeking their approval for establishing subsidiaries / opening branches in their countries and also to support existing branches.

35. What are the prudential norms for issuance of LOC in regard to overseas branches?

Answer:

i) Whenever any request is received from foreign branches / subsidiaries for issuance of any LoC to meet any specific requirement of Overseas Regulators, the same will be considered at Corporate Office.

ii.) Every issuance of an LoC should be subject to the prior approval by the Board.

iii). Legal opinion is to be obtained in regard to the legally binding nature of the LoC issued and kept on record.

iv). An assessment should be made at least once in a year of the likely financial impact that might arise from the LoCs issued and outstanding in case it is called upon to support the branch / subsidiary abroad as per the obligations assumed under the LoCs issued.

v). Such an assessment should be made qualitatively on judgmental basis and the amount so assessed should be reported to the Board at least once in a year.

vi). Any LoC that is assessed to be a contingent liability of the Bank by a rating agency / internal or external auditors / internal inspectors or the RBI inspection team, shall be treated, for all prudential regulatory purposes, on the same footing as financial guarantee issued by the Bank.

vii) Bank shall disclose full particulars of all the LoCs issued by them during the year, including their assessed financial impact, as also their assessed cumulative financial obligations under LoCs issued in the past and outstanding, in the published financial statements, as part of the “Notes to accounts”.

viii) In case the LoC or Letter of Responsibility is required to be issued for a specified amount, the same should not exceed the net worth of the Bank as on the last audited balance sheet available.

36. What is inlay of funds in case of early delivery/utilization of forward contract?

Answer:

i) For Purchase Transaction: Inlay of funds when the originally contracted rate is less than the current Spot rate. Amount will be paid to the customer.

ii) For Sale Transaction: Originally contracted rate is more than the current Spot rate. In this case, amount will be paid to the customer

37. What is outlay of funds in case of early delivery/utilization of forward contract?

Answer:

i) For Purchase Transaction: Outlay of Fund when originally contracted rate is more than the current Spot rate.Amount will be recovered from customer.

ii) For Sale Transaction: Outlay of Fund when originally contracted rate is less than the current Spot rate. In this case, amount will be recovered from customer.

38. What is the rate applied for Inlay and Outlay of funds?

Answer:

Inlay of Funds	Rate applicable for Domestic Term Deposit for the appropriate lower slab of the residual period (simple interest).
Outlay of Funds	MCLR for the appropriate higher slab of the residual period PLUS spread of 400 basis points.

39. What are the objectives of policy on Overseas Investment by Persons Resident in India?

Answer: The main objectives of the policy are

i. Provide the scenarios where valuation report has to be obtained from the customers while facilitating an Overseas Investment related transactions.
ii. The scenarios where valuation report can be exempted.
iii. Documents required or information to be obtained by the branches/offices in case of financial commitment/investment by the person resident in India in a foreign entity, write off of the Overseas investment, disinvestment of the foreign entity by way of transfer/liquidation.

40. What do you understand by the concept of arm's length pricing?

Answer: Arm's length pricing refers to a transaction where the buyer and seller act independently, and neither party influences the other. It is a fair market value that ensures transactions are conducted at a price that would be agreed upon by unrelated parties.

41. What role does the AD bank play in these transactions?

Answer: The Authorized Dealer (AD) bank, before facilitating a transaction under the specified conditions, ensures compliance with arm's length pricing. This involves considering valuations according to internationally accepted methodologies for pricing.

42. What are the scenarios where AD Bank, before facilitating an overseas investment related transaction should obtain valuation report?

Answer:

i. Purchase of shares by way of acquisition (secondary market transactions)
ii. Allotment of shares on Preferred placement/Private allotment (additional subscription)
iii. Allotment of shares on rights issue subject to conditions
iv. Allotment of shares pursuant to capitalisation of exports/receivables/pre-incorporation expenses
v. Allotment of shares pursuant to conversion of loan into equity
vi. Allotment of shares pursuant to Swap of Securities
vii. Sale/transfer of equity capital to another person resident in India/foreign partner or individual
viii. Buy-back of shares by the foreign entity
ix. Voluntary closure of the foreign entity
x. Reduction of Capital by the foreign entity
xi. Acquisition or transfer by way of deferred payment
xii. Subsequent Capital investment in Partnership firms/LLC/LLP

43. What are the scenarios where AD Bank can exempt valuation report, before facilitating an overseas investment related transaction?

Answer:

i. Transfer on account of merger, amalgamation or demerger or liquidation, where the price has been approved by the competent Court/Tribunal as per the laws in India and/or the host jurisdiction or
ii. Price is readily available on a recognized stock exchange.

44. As per RBI guidelines, what are the different international valuation methodologies acceptable for Overseas Investment?

Answer: Few of the valuation approaches and methods which are internationally accepted, which are given as per International Valuation Standards Council (IVSC) and ICAI valuation standards 2018, detailed as under:

1. Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

2. Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

3. Cost/Asset Approach: The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

45: What is the Market Approach in business valuation, and what are its commonly used methods?

Answer: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business. The three commonly used methods are:

a. Market Price Method: Considers the traded price observed over a reasonable period, with attention to the market with the highest trading volume and average price of the asset over a reasonable period.

b. Comparable Companies Multiple Method (CCM): Involves valuing an asset based on market multiples derived from prices of comparable companies traded on an active market.

c. Comparable Transaction Multiple Method (CTM): Values an asset based on transaction multiples derived from prices paid in comparable transactions.

46: What is the Income Approach in business valuation, and which method is widely used under this approach?

Answer: The Income Approach converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts

The most widely used method under this approach is the Discounted Cash Flow (DCF) Method, which values an asset by discounting expected cash flows for a forecast period and perpetuity value in the case of assets with indefinite life.

47: What is the Cost/Asset Approach, and what are its common methods?

Answer: The Cost/Asset Approach values assets based on the economic principle that a buyer will pay no more than the cost to obtain an asset of equal utility. The common methods are:

a. Replacement Cost Method: Values an asset based on the cost to recreate it with substantially the same utility, adjusted for obsolescence.

b. Reproduction Cost Method: Values an asset based on the cost to recreate a replica, adjusted for obsolescence and deductions for deterioration and obsolescence.

c. Net Assets Value Method/Book Value Method: Measures by taking the net value of a company's assets, subtracting therefrom the amount of the liabilities and preferred share-holders' claims and dividing the remainder among the equity shareholders according to their individual rights

48: What is the Discounted Cash Flow (DCF) Method, and how does it contribute to business valuation?

Answer: The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and the perpetuity value (or terminal value) in case of assets with indefinite life. It provides optimum value scenario based on future cash earning capacity of any business.

49: Why is the Discounted Cash Flow (DCF) method proposed as the first priority in ODI valuation?

Answer: The DCF method is considered the first priority due to its ability to provide an optimum value scenario based on the future cash earning capacity of the business. This method is accepted by the Reserve Bank of India (RBI), as outlined in Circular No.49 dated 04.05.2010.

50: In what scenarios would the Net Assets/Book Value Approach be used in ODI valuation?

Answer: The Net Assets/Book Value Approach is recommended in cases involving liquidation, providing appropriate asset valuation under such circumstances.

51: Are there specific internationally adopted valuation methodologies that can be followed based on the nature of investment/disinvestment?

Answer: Yes, depending on the nature of investment/disinvestment (e.g., Buy Back, Transfer, Sale, Rights Issue, Liquidation), specific internationally adopted valuation methodologies can be followed, provided the price is approved by the certifying authority.

52: Who can certify the valuation report for ODI cases, and what are the criteria for certification based on the investment amount?

Answer: The valuation report shall be certified by:

- For investment below USD 5 million or equivalent - Chartered Accountant or a Certified Public Accountant.
- For investment equivalent to USD 5 million and above - Category I Merchant Banker registered with SEBI or an Investment Banker/Merchant Banker outside India registered with the appropriate regulatory authority in the host country.

53: What is the certification requirement for swap of shares in ODI cases?

Answer: In case of investment by way of swap of shares, the valuation of shares of both the Indian entity and the foreign entity must be certified by a SEBI Registered (Cat-1) Merchant Banker or an Investment Banker/Merchant Banker outside India registered with the appropriate regulatory authority in the host country, irrespective of the amount.

54: Is there a time limit for the validity of the valuation certificate in ODI transactions?

Answer: Yes, the valuation certificate should be dated not more than six months before the date of the transaction, ensuring the relevance and accuracy of the valuation in ODI cases.

55: What is the Tolerance Limit in the context of overseas investment valuation, as advised by the Reserve Bank of India (RBI)?

Answer: The Tolerance Limit refers to the acceptable variation between the fair/market value and the transaction value per share in overseas investment. The RBI advises specifying this limit to the satisfaction of the Board, allowing a flexibility of up to +/- 10% under certain circumstances.

56: Who can issue the valuation certificate for overseas investments, and what authority is required for approval within the tolerance limit?

Answer: The valuation certificate for overseas investments can be issued by a Chartered Accountant/Merchant banker registered with SEBI, or an Investment Banker/Merchant Banker outside India registered with the appropriate regulatory authority.

Within the tolerance limit approval is granted as follows:

- If within +/- 10% tolerance: Approval by discretionary authority of financial commitment approval authority (AD Bank*).
- If more/less than +/- 10% tolerance: Approval by the next approval authority in the policy (AD Bank*).

Financial Commitment/ Write-off/ Disinvestment by way of transfer/liquidation	Approving Authority
Up to USD 75 Mio or equivalent	DGM(IBD)
>USD 75 Mio or equivalent and up to USD 100 Mio or equivalent	GM/DH(IBD)
>USD 100 Mio or equivalent and up to USD 500 Mio or equivalent	COLCC(GM)
>USD 500 Mio or equivalent and up to USD 1 Billion or equivalent (within AD power)	COLCC(ED)

*AD Bank - As per our bank policy, above mentioned are the approving Authority

57: What conditions need to be adhered to when requesting approval within the tolerance limit for overseas investment?

Answer: The following conditions must be adhered to:

- The Indian entity must justify the reason for the variation between the transaction value and the fair value per share.
- The justification must be provided by the Chartered Accountant/ Certified Public Accountant (CA/CPA) or Category I Merchant Banker registered with SEBI or an Investment Banker/Merchant Banker outside India registered with the appropriate regulatory authority in the host country.

- The valuation certificate must be vetted by an independent audit firm approved by RBI/ICAI in India.

58: Is there a requirement for the valuation certificate to be vetted by an independent audit firm in the case of variations within the tolerance limit?

Answer: Yes, regardless of the variation within the tolerance limit, the valuation certificate must be vetted by an independent audit firm approved by RBI/ICAI in India.

59: How recent should the valuation certificate be for overseas investment approval within the tolerance limit?

Answer: The valuation certificate should be dated not more than six months before the date of the transaction, ensuring the information is current and reflective of the market conditions at that time.

60: In which scenarios is the valuation certificate not required for the acquisition or transfer of foreign securities by a person resident in India?

Answer: The valuation certificate may not be insisted upon in the following scenarios:

- Merger, Amalgamation, Demerger, or Liquidation: If the transfer of equity capital is due to merger, amalgamation, demerger, or liquidation, and the price have been approved by the competent Court/Tribunal as per the laws in India and/or the host jurisdiction.
- Establishment/Incorporation: In the case of the establishment or incorporation of a foreign entity by a person resident in India.
- Readily Available Price: If the price is readily available on a recognized stock exchange, etc.
- Special Cases: Any other special case not falling into the above criteria with the permission of GM(IBD)/DH, subject to submission of the certificate from the Company Secretary/practicing Company Secretary of the Indian entity with the specific recommendation from the concerned Zonal office.

61: What is considered a "special case" where the valuation certificate is not insisted upon, and who grants permission for such cases?

Answer: A "special case" refers to situations not covered by the criteria mentioned (above in Q60), and permission for not insisting on the valuation certificate is granted by GM(IBD)/DH. The concerned Zonal office provides specific recommendations, and the submission must include a certificate from the Company Secretary/practicing Company Secretary of the Indian entity.

62: Who is required to obtain the NOC for overseas investment according to OI Rules 10 and RBI AP Dir Circular No.12 para no.6 dated 22nd August 2022?

Answer: The NOC is required for any person resident in India who:

1. Has an account appearing as a Non-performing asset,
2. Is classified as a wilful defaulter by any bank, or
3. Is under investigation by a financial service regulator or investigative agencies in India (e.g., Central Bureau of Investigation, Directorate of Enforcement, Serious Frauds Investigation Office). This ensures compliance with regulatory requirements before making any financial commitment or undertaking disinvestment.

64: Who is the concerned authority to issue NOC, if the customer (an Indian Entity) is making overseas investment through Authorized Dealer (AD) bank?

Answer:

Classification of the Indian entity	NOC to be obtained from**
Account is NPA	Concerned credit sanctioning authority
Wilful defaulter	Concerned department handling such cases at Corporate Office
Under Investigation	By the concerned Investigative agency in addition to the concerned credit sanctioning authority
Under any financial service regulator	Regulatory body in addition to the concerned credit sanctioning authority

**If our customer is making an Overseas Investment through any other AD bank, then the NOC may be issued by the concerned authority

** The concerned authority has to furnish the certificate to the AD bank of the Indian entity within 60 days from the receipt of such application from the Indian entity. If not furnished, it may be presumed that there was no objection to the proposed transaction.

FAQ on Staff Accountability Policy-2022-25

1. Why is Staff Accountability Policy required?
A: Staff accountability policy looks for the reasons for failure of a borrowal /deposit account and the factors that resulted in loss/likely loss, if any.It is a fact finding exercise rather than a fault finding exercise and initiation of staff action will only be a corollary, if needed.

2. What is the objective of SAP (Staff Accountability Policy)?

A: The objective of SAP is to enhance the morale of the employees who are working in the interest of the organization and within the framework of Bank's guidelines. It is also to create an environment in which officers/employees are encouraged to be decisive and where no officer is harassed for bonafide mistake and errors of judgement . At the same time, it would be unfair to ignore the actions/inactions.

3. What is the approach of the exercise while considering staff action, if any?

A: All such factors which are beyond the control of the officials concerned shall be given due consideration. SAS (staff accountability study) undertaken with reference to the circumstances prevalent at the time when the relevant decision was taken, without the benefit of hindsight gained due to subsequent developments in the account/market conditions. Secondly, suitable action essentially would have been taken by the concerned officials to avoid the mishap. Each and every loss in the borrowal account need not necessarily mean the existence of a staff lapse is the underlying principle of SA Study.

4, What is abuse of official position/ misuse of delegated power?

A: This is a decision or performing an act that gives an advantage to the decision-maker, to a person close to him or her, or to a third person. Misuse of official position can take many forms, such as using public resources, abusing trust etc.

5. What is Gross/willful negligence?

A: It is the extreme indifference to or reckless disregard for the safety of others. Gross negligence is more than simple carelessness or failure to act.

It is willful behavior done with extreme disregard for the health and safety of others.

6. When Discretionary power changes to Abuse of power?

FAQ on Staff Accountability Policy-2022-25

A: When discretionary power is conferred on an administrative authority, it must Be exercised according to law. When the mode of exercising a valid power is improper or unreasonable /in excess, there is an abuse of the power.

7. What is Bonafide mistake and Errors of judgement?

A: Bonafide mistake is an unintentional mistake or oversight that may be corrected promptly to avoid exposure to legal action.
Errors of judgement mean mistake in the way that you examine a situation and decide what to do.

8. What is Deviation ? what is Violation?

A: Deviation means the action of departing from an established course or accepted standard; something that is different from what people consider to be normal or acceptable.

Violation means the action of violating someone or something, a breach, infringement, or ransgression, as of a law, rule, promise etc.

9. What are the stages of credit administration?

A: The stages of credit administration are pre-sanction appraisal, sanction, documentation, disbursement, post-disbursement, monitoring, follow up, review/renewal etc.

10. How accountability is fixed?

A: Normally, first it is analyzed whether the loss was caused or is likely to be caused by the factors beyond the control of the officials concerned or by any other internal human failure. That is, it would be assessed as to whether the loss was caused or is likely to be caused by and only by the lapse of the officials concerned. Then, at what stage of credit administration lapse, if any, occurred. Irregularities/Lapses at different levels of control and systems analyzed and accountability fixed as per the guidelines/responsibilities assigned.

11. Whether internal auditors are coming under SA Study(SAS)?

A: Any serious irregularities which are otherwise detectable but not brought out by internal auditors are under the ambit of staff accountability.

12. Whether SAS is conducted if a forged /fraudulent cheque is passed and paid at the counter?

A: Forged/ fraudulent cheques where signature appearing on cheque apparently with the naked eye tallies with specimen signature lodged with us and is otherwise in order and payable in normal course of business; the staff accountability is examined taking into consideration the circumstances of the
case, negligence, involvement of officials concerned.

13. Whether SAS conducted if fraud perpetrated through fake documents?

A: If, in case of fake documents, fraud perpetrated and where involvement of staff is apparently not found, then generally no staff accountability is fixed if ordinary precautions undertaken, including:
a) LSR obtained and accordingly documents obtained.
b) EVR obtained
c) Property visited, and existence on firmed
d) Mortgagers identified, their presence confirmed while executing
mortgage papers.
e) Other guidelines for charge creation of securities; adhered to

14. What is the timeline of conducting SAS and initiating staff action?

A: The timeline is 180 days of identification/classification of any advance related account as non-performing asset; and 90 days from the date of reporting of incidence in all other cases.

15. In case of quick mortality borrower accounts, staff accountability is to be examined carefully, from various angles. What is a quick mortality account?

A: All accounts becoming NPA within a period of one year from the date of first disbursement, in respect of limits sanctioned to borrowers for the first time are to be treated as quick mortality cases.

16. Is there any time limitation or restriction period for conducting SAS?

A: Staff accountability Reports aremostly based on irregularities pointed out in Inspection/Audit Reports for preceding 4 years from date of NPA.

However, where malafide intention or fraud is observed, staff accountability may be looked into beyond this period. Such cases may be exceptional and the Zonal Managers/FGMs should be discreet and judicious in taking up such cases.

17. Who is/are the authority to determine staff accountability?

Exposure in the account	Competent Authority
<Rs10 Lakhs	No study required(except fraudulent accounts)
Rs. 10 Lakhs and Above, <Rs. 100 Lakhs	Study by Zonal Level Committee
Rs. 100 Lakhs and bove, <Rs. 500Lakhs	Study by FGM Level Committee
Rs 500 Lakhs and above	Study by Staff accountability Committee at Corporate office(COSAC)

18. Can a Disciplinary authority differ with CVO on classification of a case?

A: Yes, the DA shall take an independent view on the classification of a case. If the same is in divergence to the advice of CVO, it should be referred to MD and CEO for resolution. In case MD & CEO himself/herself is the DA, such divergence shall be referred to CVC for resolution.

19. What is the responsibility of the appraising/processing officials?

A: In respect of advance related accounts, primary responsibility of verification of basic documents such as KYC details, CIBIL data, RBI defaulters' List, etc. of borrower(s)/co-borrower(s)/guarantor(s) and financial statements of the borrowing entities, etc. for their connecters/genuineness lies with the loan processing official wherever loan officer/CRM is available in the branch. Notation for the same is to be incorporated in all the appraising notes. If loan officer/CRM is not available in the branch, branch manager is responsible for the same.

20. What is Scale of Officers to be assigned for the study ?

A. The scale of officer and quantum of loan is mapped as follows :
AccountsuptoRs10.00lakhs-Scalell/III
AccountsaboveRs10.00lakhsanduptoRs1.00crore-Scalelll/IV
AccountsaboveRs1.00croreanduptoRs5.00crores—-ScalelV/V
Above Rs 5.00 crores-Scale V/VI

21, What_is the Tier Structure is found in Staff Accountability Policy.

A.The Staff Accountability Policy is having four tiered structure.

i. Tier I: Accounts with exposure uptoRs.10.00lakhs-Nostudy

il.Tier II : A/c.s with exposure above Rs10.00lakhs and uptoRs1.00Crore-StudybyZonal level Committee.

ili. Tier III : A/c.s with exposure above Rsl1.00 crore and upto Rs5.00crores-StudybyFGM level Committee.

iv. Tier IV : A/c.s with exposure above Rs5.00crores-Study by Corporate Office SA Committee.

22. Staff Accountability Study need not be conducted in any account with exposure up to what amount .

A- Staff Accountability Study need not be conducted in any account with exposure upto Rs
10.00 lakhs on date of NPA excluding accounts where fraud/malafide intentions are observed

23. For all NPAs above Rs 10.00 lakhs and uptoRs 50.00 crores the SA study is done in how many stages?

A. For all NPAs above Rs 10.00 lakhs and upto Rs 50.00 crores the study is done in **two** stages

FAQ on Staff Accountability Policy-2022-25

i. Preliminary examination by a committee to assess whether a case for examination of Staff Accountability exists.

ii. Staff Accountability examination by Staff accountability Committee only for accounts where Preliminary Committee perceives staff lapses

24. what is the approach for conducting, Staff Accountability examination for all accounts amounting to Rs 50.00 Crore and above .

A. For accounts above Rs 50.00 crores, Staff Accountability examination is done for all accounts without Preliminary screening.

25. What is the the Scale of Officers to be assigned as IO for the study are defined in SA Policy .

A. The scale of officer to be assigned the task of IO is mapped as below :
AccountsuptoRs10.00lakhs-Scalell/III
AccountsaboveRs10.00lakhsanduptoRs1.00crore-Scalelll/IV
AccountsaboveRs1.00croreanduptoRs5.00crores—ScaleIV/V
Above Rs 5.00 crores-Scale V/VI

26. For accounts up to Rs1.00crore, what are criteria to include in Preliminary/Staff accountability study reports?
A . The following criterion is considered while conducting such study:

i Summary profile of the account and Reasons for the account turning NPA.

ii. Observations in previous Inspection/Audit Reports for a period of four years preceding date of NPA including compliances thereof.

ii.Chart of compliance of Terms of sanction and Number of accounts slipped into NPA in the branch.

iv. Any Special/Flash report pending in the A/c and Examination of NPA status reports and reply to Internal audit reports submitted by the branch.

27. What are the criteria to cover for accounts with exposure above Rs1.00crore, in addition to the criteria of accounts upto Rs.1.00 Core, for Staff accountability study report?

A:The following criterion to be covered in above scenario:
I. Disbursement/ monitoring reviews, Possibility of recovery/upgrade.
II. Deficiencies in sanction, documentation, monitoring.
III. Concurrent Audit Reports, Stock/Legal/Credit Audit Reports and Special Reports.
IV. Monitoring Control Returns, Conduct of the account, RBI Audit, if any and LFAR observations or Any other relevant reports.
V. All the above

FAQ on Deposit Policy 2023-24

1Q: What is the main purpose of the policy on deposits?
A: The policy aims to regulate the acceptance of deposits by banks, emphasizing the importance of depositors as major stakeholders. It allows banks to formulate deposit products within RBI guidelines, especially concerning interest rates. The objective is to provide transparency, protect depositors' rights, and ensure they receive entitled services.

2Q: What does the policy cover in terms of deposit products and customer rights?
A: The policy outlines principles for formulating deposit products, terms for account conduct, and rights of depositors. It covers various aspects, including interest payment, account closure, handling deceased depositors' accounts, product approval, customer awareness, and satisfaction surveys. The ultimate goal is to enhance transparency and ensure customers receive their entitled services.

3Q: How is the policy aligned with regulatory guidelines?
A: The policy automatically incorporates guidelines issued by RBI/Government. The Managing Director & CEO has the authority to make necessary amendments in line with regulatory changes, with Board approval. It ensures compliance with evolving regulations, and the implementation of changes in interest rate structures is subject to regulatory permission.

AQ: Who is responsible for overseeing and managing the policy on deposits?
A: The General Manager (R&GR) is designated as the custodian of the Policy on Deposits. They hold the responsibility for ensuring adherence to the policy, and any additions, deletions, or modifications deemed necessary can be made with the information provided to the Board.

5Q: What are the major categories of deposit accounts offered by the Bank?
A: The Bank offers various deposit products, broadly categorized into demand deposits, savings deposits, current accounts, term deposits, domestic rupee deposits, notice deposits, daily products, and bulk deposits. Each category serves different needs and comes with specific features to cater to diverse customer requirements.

6Q: How does the Bank introduce new deposit products, and what factors are considered?
A: New deposit products undergo a thorough study, considering market comparisons, customer expectations, and regulatory guidelines. Customer feedback from Zonal Offices/branches is taken into account. The introduction or modification of products aligns with guidelines from the Reserve Bank of India (RBI) and the Indian Banks' Association (IBA).

7Q: What is the process for opening a deposit account, and what information is required?

A: Before opening an account, the Bank conducts due diligence, complying with "Know Your Customer" (KYC) and Anti Money Laundering requirements. The process includes verifying identity, address, occupation, and income sources. Customers are required to provide necessary documents, and the bank ensures transparency by explaining procedural formalities and providing essential information, including Most Important Terms & Conditions (MITC) on the product.

8Q: How is digital banking incorporated by the Bank, and what are DBUs?
A: The Bank embraces digital banking by establishing Digital Banking Units (DBUs) in key locations. Digital banking encompasses electronic services executed through various channels

like online banking, mobile banking, and ATMs. Customers are offered choices for conducting transactions through electronic channels. The Bank obtains digital consent and adheres to regulatory guidelines for these services.

9Q: How often does the Bank update customer identification data, and what is the process?
A: The Bank conducts periodic updates of customer identification data, including photographs, at least once every two years for high-risk customers, once every eight years for medium-risk customers, and once every ten years for low-risk customers. This ongoing process ensures the accuracy of customer information and complies with regulatory requirements.

10Q: Who can open current accounts, and what recent guideline is the Bank following?
A: Current accounts can be opened by individuals, partnership firms, private and public limited companies, HUFs, specified associates, societies, trusts, and government departments. The Bank follows RBI guidelines, specifically adhering to directions issued in the circular on Opening of Current Accounts and CC/OD Accounts .

11 Q: Can a borrower with aggregate exposure (CC/OD) less than ₹5 crores availed from banking system , can open a current account ?
A: Yes, borrowers with exposure less than ₹5 crores can open current accounts, but they must inform the bank if their credit facilities exceed ₹5 crores. For exposures of ₹5 crores or more, they can choose any bank with at least 10% exposure or the highest exposure bank may open the account.

12 Q: What if multiple banks have exposure to a borrower?
A: In such cases, other lending banks can open collection accounts, and funds will be remitted to the main CC/OD account within two working days. Balances in collection accounts cannot be used for repayment or collateral.

13 Q: Can borrowers with ₹50 crores or more aggregate exposure without CC/OD Facilities choose any bank for their current account?
A: Borrowers with ₹50 crores or more aggregate exposure must establish an escrow mechanism. The escrow managing bank will open and maintain the current account, while other lending banks can open collection accounts.

14 Q: Are there specific accounts exempt from these guidelines?

A: Yes, accounts stipulated under various statutes and regulations, such as real estate project accounts, IPO/NFO/FPO accounts, and FEMA-mandated accounts, are exempt. Also, certain accounts like White Label ATM Operators' and Cash-in-Transit Companies' accounts have exemptions.

15 Q: Can term loan disbursements be routed through CC/OD accounts?

A: No, term loan disbursements should not be routed through CC/OD accounts. Instead, funds should be remitted directly to the supplier of goods and services.

16 Q: How often should branches monitor accounts?

A: Branches should monitor accounts at least semi-annually for compliance with exposure limits. Any necessary changes should be implemented within three months of monitoring.

17 Q: Can I nominate someone in my deposit account?
A: Yes, nomination facilities are available for all deposit accounts. Depositors, including illiterates, can nominate an individual. Nomination can be canceled or changed by the account holder at any time.

18 Q: Is it advisable to make a nomination?
A: Yes, the bank recommends all depositors avail of the nomination facility. It provides clear guidelines on the distribution of the balance in the account in the event of the depositor's death.

19 Q: How are interest rates on term deposits determined?
A: Interest rates on term deposits are influenced by factors like market conditions, fund mobilization needs, and the cost of funds. Rates may vary based on the tenor and size of deposits.

20Q: Are there special interest rates for certain groups?
A: Yes, special interest rates may apply to specific groups, such as bank staff, senior citizens, and retired bank staff. Additional interest is offered based on predetermined conditions.

21 Q: Can bank staff and their associations receive additional interest on deposits?
A: Yes, bank staff and their associations may receive additional interest of one percent per annum over the scheduled rate on savings or term deposits. Certain conditions and eligibility criteria apply.

22Q: Is additional interest applicable to resident Indian senior citizens?
A: Yes, banks can offer additional interest to resident Indian senior citizens on term deposit schemes formulated specifically for them.

23 Q: What is the purpose of the CKYCR?
A: The CKYCR (Central KYC Records Registry) is established to store, safeguard, and retrieve KYC records in digital form. It helps streamline the KYC process and ensures compliance with regulatory requirements.

24 Q: When should banks upload KYC data to CKYCR?
A: Banks should upload KYC data to CKYCR within three days after the commencement of an account-based relationship with a client. Existing records are also uploaded in a phased manner.

25 Q: Can I change my current or savings account if I'm not satisfied?
A: Yes, customers can change their current or savings account OR Bank within 14 days of the first payment. The bank will assist in switching to another account or provide a refund with any accrued interest.

25 Q: Is there a notice period or extra charges for changing the account?
A: No, the bank will ignore any notice period and extra charges if the customer decides to change the account within the specified timeframe.

26 Q: Can a nomination be made in favor of a minor?
A: Yes, a nomination can be made in favor of a minor. The depositor needs to provide the name of a major person (appointee) who will receive the deposit amount on behalf of the nominee in case of the depositor's death during the nominee's minority.

27 Q: Is it mandatory to make a nomination?
A: No, making a nomination is not mandatory. However, the bank recommends that all depositors avail of the nomination facility.

28 Q: Are there any conditions for payment of additional interest on domestic deposits?
A: Yes, additional interest on domestic deposits is subject to conditions such as eligibility criteria for bank staff, their associations, and specific deposit schemes for senior citizens.

29Q: What is the role of CERSAI in CKYCR?
A: CERSAI (Central Registry of Securitisation Asset Reconstruction and Security Interest of India) is authorized to perform the functions of the CKYCR. It receives, stores, safeguards, and retrieves KYC records in digital form.

30 Q: When was the CKYCR extended to legal entities?
A: The CKYCR was extended to legal entities, and banks were required to upload KYC data for accounts of legal entities opened on or after April 1, 2021.

31 Q: What are the regulatory guidelines for interest rates on deposits?
A: Regulatory guidelines mandate that interest rates offered by banks be reasonable, consistent, transparent, and subject to supervisory review/scrutiny. Rates must be uniform across branches and customers, with no negotiation between depositors and banks.

32 Q: Can banks offer differential interest rates based on deposit size?
A: Yes, banks can offer differential interest rates on bulk deposits. However, such differentials do not apply to specific deposit schemes framed on the basis of the Bank Term Deposit Scheme, 2006, or deposits under the Capital Gains Accounts Scheme, 1988.

33 Q: Who is eligible for additional interest on domestic deposits?
A: Additional interest (1% per annum) may be allowed for bank staff, their exclusive associations, and certain executives. This benefit is subject to conditions related to tenure, deputation, and eligibility criteria.

34 Q: Can associations or funds, of which bank employees are not direct members, avail additional interest?
A: No, Bank Employees' Federations, in which bank employees are not direct members, are not eligible for additional interest.

35 Q: How are interest rates on term deposits calculated?
A: Interest rates on term deposits, including recurring deposits, are calculated by the bank in accordance with the formulae and conventions advised by the Indian Banks’ Association. Rates are subject to periodic revision based on market conditions and funding needs.

36 Q: Will interest be paid on deposits held in current accounts?

A: No, interest is not paid on deposits held in current accounts. However, balances in the current account of a deceased individual depositor or sole proprietorship concern attract interest from the date of death until repayment to the claimant/s at the applicable savings deposit rate.

37 Q: Do all term deposits come with the option of premature withdrawal?
A: No, banks have the discretion to offer differential interest rates based on whether the term deposits have premature withdrawal options. Deposits of individuals up to Rs. 15 lakhs will necessarily have premature withdrawal facility.
38 Q: Can banks offer term deposits without the option of premature withdrawal?

A: Yes, for term deposits exceeding Rs. 15 lakhs, banks can offer deposits without premature withdrawal. However, customers must be given the option to choose between deposits with or without premature withdrawal facility.
39 Q: Is premature withdrawal allowed in case of the depositor's death or bankruptcy?

A: Yes, in case of the depositor's death, bankruptcy, court directions, or regulatory actions, premature withdrawal is allowed, and interest is paid as per the card rate for normal deposit for the period the deposit remained with the bank.

40 Q: How is interest calculated on premature withdrawal of term deposits?
A: Interest on premature withdrawal is paid at the rate applicable to the amount and period for which the deposit remained with the bank, not at the contracted rate. No interest is paid for premature withdrawals within the minimum specified period, typically 7 days.

41 Q: Can term deposits be renewed prematurely?
A: Yes, the bank may allow the renewal of a term deposit before completion of the agreed-upon period. The renewal will be at the applicable rate for the renewal period on the date of renewal, and penalties may apply for premature closure or renewal.

42 Q: How is interest calculated on term deposits less than 3 months or incomplete quarters?
A: For term deposits repayable in less than 3 months or with incomplete terminal quarters, interest is paid proportionately for the actual number of days, considering the year as 365 days.

43 Q: How does the bank handle interest payment on term deposits maturing on holidays or non-business working days?
A: If a term deposit matures on a holiday or non-business working day, the bank pays interest at the originally contracted rate for that day. The payment is made on the succeeding working day.

44Q: What is the rounding-off policy for transactions related to term deposits?
A: All transactions, including interest payments and advances, are rounded off to the nearest rupee. Fractions of 50 paise and above are rounded up, and fractions less than 50 paise are ignored.

45Q: How often is interest credited to savings deposits?
A: Interest on savings deposits is credited at quarterly or shorter intervals, as decided by the bank. The bank must prominently display the interest rates in the branch premises.

46Q: What are the rules regarding tax deduction on term deposits?
A: The bank has a statutory obligation to deduct tax at source if the total interest exceeds the specified limit. The bank issues a TDS certificate, and customers can submit a declaration for exemption. PAN is mandatory for such declarations.

47Q: Are there penalties for premature withdrawal of term deposits above Rs. 5.00 lakhs or closed before 181 days?
A: Yes, for deposits closed before 181 days or above Rs. 5.00 lakhs, a penalty for foreclosure is levied. The eligible interest rate is the applicable card rate for the actual period, less 1.00% p.a. as foreclosure charges.

48Q: How does the bank handle premature withdrawal in specific cases like staff deposits or deposits of deceased account holders?
A: Premature withdrawal without penalties is allowed for staff, deceased depositors' claims, or specific cases like splitting the amount of term deposits for claimants, with the eligible interest rate based on the applicable card rate.

49Q: Can the bank renew a term deposit prematurely, and what are the considerations for renewal?
A: Yes, the bank may permit premature renewal of a term deposit. The renewal is done at the applicable rate for the renewal period, with interest paid at the rate applicable for the period it has remained with the bank. Penalties for premature closure/renewal apply.

50Q: How does the bank calculate interest on term deposits for less than 3 months, and what is the periodicity of payment?
A: Interest on term deposits repayable in less than 3 months is calculated proportionately. The bank follows the periodicity advised by the Indian Banks' Association, with interest calculated quarterly for term deposits.

51Q: What benchmarks are used for determining interest rates on savings deposits over Rs. 1 lakh?
A: Banks are free to determine savings bank interest rates, and for deposits over Rs. 1 lakh, they may link rates to approved benchmarks like RBI Policy Repo Rate, Government Treasury Bill yields, or other market interest rates.

52 Q: How does the bank handle interest payments on accounts frozen by enforcement authorities?
A: The bank continues to credit interest to savings accounts frozen by enforcement authorities. However, withdrawals/debits are allowed only when the accounts are released by the enforcement authorities.

53 Q: Is there a specific method for calculating interest on domestic term deposits?
A: Yes, for domestic term deposits, interest is calculated proportionately for the actual number of days, with the year reckoned at 365 days. This method applies to deposits repayable in less than 3 months or with incomplete terminal quarters.

54 Q: What is the bank's obligation regarding tax deduction at source (TDS) on term deposits?
A: The bank has a statutory obligation to deduct TDS if the total interest paid on term deposits exceeds the specified amount under the Income Tax Act. Customers entitled to exemption must submit a declaration, and the bank issues a TDS certificate (Form 16A).

55Q: Can customers submit Form 15G/15H online through net banking for TDS exemption?
A: Yes, customers can submit Form 15G/15H online through net banking for TDS exemption. The bank has enabled online submission, and an acknowledgment of the form is issued.

56Q: Are there exceptions to quoting PAN or furnishing Form 60 for specific transactions?
A: Yes, for agriculture produce sale transactions by cultivators of Rs. 2.00 lakhs or less, the provisions of quoting PAN or furnishing Form 60 do not apply. However, in other transactions, these requirements must be met.

57 Q: What is the process for renewing a term deposit, and how is the renewal communicated to the depositor?
A: Customers must provide a request letter for renewal equal to the original term on maturity. No new receipt is issued, but a note regarding renewal is made on the deposit receipt. The renewal is communicated to the depositor via registered letter/speed post/courier.

58Q: How does the bank handle overdue periods for renewed term deposits?
A: If the overdue period does not exceed 14 days upon receiving the request letter, renewal may be done from the maturity date. If it exceeds 14 days, eligible interest for the overdue period is kept in a separate interest-free sub-account.

59Q: Can the bank accept Form 60 for individuals with total income exceeding the exempted limit?
A: The bank cannot accept Form 60 if the total income declared by an individual exceeds the maximum exempted limit. However, if the person provides PAN application details, Form 60 can be accepted.

60 Q: What is the bank's approach to interest rates on Non-Resident (External) Accounts Scheme and Ordinary Non-Resident deposits under savings accounts?
A: Interest rates on these accounts have been deregulated and are at the applicable savings bank rate as revised from time to time.

61Q: What is the periodicity of interest payment on savings deposits, and who decides it?
A: Interest on savings deposits will be credited at quarterly or shorter intervals. The GM (R&GR) is the competent authority to decide on the periodicity of interest payment on a case-by-case basis.

62 Q: What are the approved benchmarks for determining differential interest rates on savings bank deposits over Rs.1 lakh?
A: The bank may link savings bank deposits over Rs.1 lakh to approved benchmarks, including the Reserve Bank of India Policy Repo Rate, Government of India Treasury Bill yields, or any other benchmark published by the Financial Benchmarks India Private Ltd (FBIL).
63 Q: Can the bank discriminate in interest rates on savings deposits based on deposit amounts within the Rs.1 lakh limit?

A: No, the bank cannot discriminate in the matter of interest paid on savings deposits within the Rs.1 lakh limit. The interest rate should be uniform, irrespective of the amount in the account within this limit.

64 Q: Under what circumstances can a bank consider an account as undesirable, leading to its closure?
A: An account may be deemed undesirable if there is frequent non-maintenance of the minimum balance, excessive transactions not in proportion to the balance, issuance of cheques without sufficient funds, or involvement in illegal or undesirable activities.

65 Q: How does the bank inform depositors about changes in deposit account policies and charges?
A: The bank informs depositors about account opening terms, charges, and policy revisions through the account opening form, prominently displaying changes in branches, press releases, advertisements, and the bank's website with a 30-day notice, unless changes are due to regulatory requirements.

66Q: What is a Sweep Account, and how does the bank inform customers about it?
A: A Sweep Account is a facility where excess funds from a savings account are automatically transferred to a fixed deposit. The bank informs customers about liquid deposit facilities, sweep accounts, and similar products during the account opening, explaining their implications and procedures.

67Q: What is the Basic Savings Bank Deposit Account, and what are its features?
A: The Basic Savings Bank Deposit Account is a no-frills account with no minimum balance requirement. It aims at financial inclusion for those who lacked banking access. The account has restrictions on transactions, and charges are applied as per a separate Tariff Schedule.

68Q: What are Small Accounts, and how are they treated differently from regular accounts?
A: Small Accounts are opened based on simplified KYC norms, with specific conditions like limited transactions, aggregate credits not exceeding Rs.1.00 lakh annually, and balance not exceeding Rs.50,000. These accounts are converted into regular accounts after fulfilling full KYC requirements.

69Q: Can Minors independently operate savings accounts, and what are the restrictions?
A: Minors above 10 years can operate savings accounts independently with restrictions on transaction amounts. Additional banking services are offered, subject to the account remaining in credit. On turning 18, the account must be made inoperative until converted to a major account.

70Q: How does the bank handle accounts of illiterate individuals, and what facilities are provided?
A: Illiterate persons can open deposit accounts, and thumb impressions suffice for transactions. No cheque book is typically provided. However , Visually impaired persons can open and operate accounts, including cheque book facilities, with the bank facilitating their needs.

71Q: What facilities are available for accounts of persons with autism, cerebral palsy, mental retardation, and multiple disabilities?

A: Savings and term deposit accounts can be opened for such persons by the legal guardian. The guardian must provide necessary documentation, and the bank aims to introduce technology banking facilities progressively for their convenience.

72Q: How does the bank cater to senior citizens, and what additional benefits do they receive?
A: Super Senior Citizens (80 years or above) receive additional interest over card rates for amounts up to Rs.10 crores. Automatic conversion to 'Senior Citizen' or 'Super Senior Citizen' accounts occurs based on date of birth. The maturity value is subject to additional ROI and TDS provisions.

73 Q: Can accounts of migratory workers or transferred employees be opened with simplified proof of address?
A: Yes, such customers can submit a single documentary proof of address for account opening or periodic updation. In case of an address change, an intimation within two weeks is required. The bank may take a declaration for correspondence/local address without further proof.

74Q: How does the bank handle the addition or deletion of joint account holders?
A: The bank allows the addition or deletion of names of joint account holders at the request of all joint account holders. However, the original deposit's amount or duration does not change in the case of term deposits.

75Q: What is the procedure for the renewal of overdue term deposits?
A: Overdue term deposits are renewed for a minimum of 15 days. For periods up to the date of presentation, interest is applied at the prevailing rate on the maturity date. From the date of presentation to the future maturity date, interest is applied at the rate prevailing on the renewal date.

76Q: Is there an automatic renewal process for term deposits, and how does it work?
A: Yes, all domestic term deposits are auto-rolled under the same scheme for up to 10 years at the prevailing rate on the maturity date. Automatic renewal continues unless the bank receives a contrary instruction from the customer. Renewed amounts are net of applicable TDS.

77Q: What procedural reforms are in place for accepting bulk deposits?
A: For retail rate benefits, total deposits in a single day under a single CIF must be below Rs 2.00 crore. Bulk deposit rates may change as per the bank's decision, communicated through updates on the website or circulars. Existing deposits of Rs 2.00 crore and above are examined for KYC compliance.

78Q: Can customers get advances against their deposits, and what are the considerations?
A: Customers can request loans or overdraft facilities against the bank's term deposits, subject to necessary security documentation. Loans against minor or third-party deposits follow the bank's credit policy. No advance is granted to a mother against a deposit opened in the name of a minor, except under Hindu Law.

79Q: How does the bank handle accounts of illiterate persons, and what facilities are provided?

A: The bank may open deposit accounts for illiterate persons, and joint accounts of two illiterate persons can be opened. However, no cheque book facility is normally provided. The account holder can withdraw/repay amounts by affixing a thumb impression in the presence of an authorized officer.

80Q: How are accounts of visually impaired (blind) persons facilitated, and what services are provided?

A: Savings bank and term deposit accounts for visually impaired persons are facilitated, allowing them to operate the accounts personally. Cheque book facilities are provided, and technology banking services such as ATM and internet banking are progressively introduced to enable visually challenged individuals to operate their accounts.

81Q: What facilities are available for minors' accounts, and what are the restrictions?
A: Savings and term deposit accounts can be opened for minors. Minors above 10 years can operate savings accounts independently, subject to transaction restrictions. On attaining majority, the account should be made inoperative until the customer converts it to a major account with required KYC documents.

82 Q: What additional interest benefits are provided to senior citizens and super senior citizens?
A: Super Senior Citizens, individuals aged 80 or above, receive additional interest benefits on deposits up to Rs. 10 crores. The additional rate is offered on deposits of 7 days to 10 years for various deposit schemes. Automatic conversion to a 'Senior Citizen Account' or 'Super Senior Citizen Account' occurs based on the date of birth available in the bank's records.

83 Q: How are accounts of minors managed, and what restrictions apply to their transactions?
A: Savings bank and term deposit accounts, including recurring deposits, can be opened in the name of minors. Minors above the age of 10 are allowed to open and operate savings bank accounts independently, subject to restrictions on transaction amounts. The account becomes inoperative upon the minor attaining majority.

84Q: Will customer information be used for cross-selling without consent?
A: No, the bank will not use customer information for cross-selling services or products without the explicit consent of the account holder.

85 Q: How does the bank settle claims in the case of deceased account holders?
A: Settlement depends on the account type. For accounts with a survivor/nominee clause, payment is made to the survivor/nominee. For accounts without such a clause, a simplified procedure is followed, and a threshold limit is set for settlements without legal representation.

86 Q: What happens in the case of missing persons, and how are claims settled?
A: Settlement for missing persons follows the Indian Evidence Act, 1872. After seven years of being reported missing, a presumption of death can be raised. Banks have a policy for settling claims based on legal opinions, considering facts and circumstances.

87 Q: What formalities are required for settling claims in deceased depositors' accounts?
A: Claimants need to submit a claim form with necessary enclosures to the respective branch. The claim form includes documents like vouchers, consent letter, and a format for affixing claimant's photo.

88 Q: Is there a time limit for settling claims in deceased depositors' accounts?
A: The bank aims to settle claims and release payments to survivors/nominees within 15 days from the date of claim receipt, subject to proof of the depositor's death and suitable identification of claimants.

89 Q: How is interest handled on term deposits in deceased accounts?
A: If a depositor dies before maturity, the bank pays interest at the contracted rate until maturity. If claimed after maturity, the unclaimed amount attracts the savings account interest rate or the contracted rate, whichever is lower.

90Q: Are bank deposits insured, and what are the limits and conditions?
A: Yes, all bank deposits are covered under the insurance scheme offered by DICGC, subject to certain limits and conditions. Details of the insurance cover are made available to depositors.

91Q: Does the bank provide a stop payment facility for cheques?
A: Yes, the bank accepts stop payment instructions from depositors for uncleared cheques. Charges apply, and if a cheque is paid after stop instructions, reimbursement is provided as per the bank's compensation policy.

92 Q: How can depositors redress complaints, and what if they are unsatisfied?
A: Depositors can approach designated authorities within the bank for complaint resolution. If unsatisfied, they have the right to approach the Banking Ombudsman appointed by the RBI.

93Q: Does the bank conduct surveys on customer satisfaction?
A: Yes, the bank conducts periodic surveys to understand customer expectations and address procedural or behavioral issues. Survey findings are presented to the Customer Service Committee for guidance.

94Q: How is information about products and services communicated to customers?
A: Information about products and services, including terms, conditions, minimum balances, and charges, is transparently provided through SMS, emails, electronic/print media, the bank's website, and branch notice boards.

95 Q: Can the bank disclose customer account details to third parties?
A: No, the bank will not disclose customer account details to third parties without the expressed or implied consent of the customer, except in specific cases required by law, public duty, or the bank's interests.

96 Q: How does the bank handle settlement of claims for deceased account holders without a survivor/nominee clause?
A: For accounts without a survivor/nominee clause, the bank follows a simplified procedure for repayment to the legal heirs, setting a minimum threshold limit for settlements without requiring legal representation.
97 Q: How is interest handled on term deposits in the case of a deceased depositor after maturity?
A: If a depositor dies after maturity, the unclaimed amount left with the bank will attract the interest rate applicable to savings accounts or the contracted rate of interest on the matured term deposit, whichever is lower.

98Q: What are the objectives of the Unclaimed Deposits Policy?

A: The objectives include segregating inoperative/dormant accounts, transferring unclaimed deposits to the Deposit Education and Awareness Fund (DEAF), periodic reviews, and fulfilling KYC due diligence. The policy ensures customer information is displayed on the website to identify account owners.

99Q: How does the policy define inoperative/dormant and unclaimed deposits?
A: Inoperative/dormant accounts are those with no transactions for two years, considering customer-induced transactions. Unclaimed deposits involve savings and current accounts inactive for 10 years or more. Term deposits become unclaimed if not withdrawn after 10 years from the original maturity date specified by the customer.

100Q: What are the regulatory references for the Unclaimed Deposits Policy?
A: Section 26 of the Banking Regulation Act, 1949 mandates banks to submit returns to the Reserve Bank of India (RBI) annually for all accounts not operated upon for 10 years. The policy aligns with RBI guidelines to address the increase in unclaimed deposits and associated risks.

101 Q: How does the bank review accounts not operated for over a year?
A: The bank conducts an annual review of accounts with no operations for over a year. Customers are notified through written communication or SMS, seeking reasons for inactivity. If the whereabouts are unknown, the bank contacts introducers, employers, or other available sources. Accounts unresponsive to these efforts for two years are classified as inoperative/dormant.

102Q: Is there a charge for activating inoperative/dormant accounts?
A: No, there is no charge for activating inoperative/dormant accounts. The bank ensures that customers are not inconvenienced due to the classification, and the activation process involves due diligence as per the risk category of the customer.

103Q: What happens to the amounts in inoperative/dormant accounts?
A: The amounts in inoperative/dormant accounts are audited by internal or statutory auditors. Accounts opened for government-sponsored schemes and receiving Direct Benefit Transfers are exempt from being classified as dormant/inoperative.

104Q: How does the bank handle interest on savings accounts in operative or dormant status?
A: Interest on savings accounts is credited regularly, regardless of whether the account is in operative or dormant status. For matured Fixed Deposits with unpaid proceeds after ten years, the amount is classified as an unclaimed deposit, attracting interest as per the bank's deposit policy.
105 Q: What is the process for settling unclaimed deposits?
A: The bank periodically transfers unclaimed deposits to the Deposit Education and Awareness Fund (DEAF). The settlement of refund claims and complaint redressal is managed through a defined procedure outlined in the policy.

106 Q: How does the bank ensure KYC due diligence for unclaimed deposits?
A: Identifying the owners of unclaimed deposits is closely linked to KYC due diligence. The bank displays a list of such deposits on its website, containing only the account holder's names and addresses. This helps in finding account holders and updating their KYC details.

107Q: What happens to Fixed Deposits after maturity in unclaimed status?

A: If a Fixed Deposit matures, and the proceeds are unpaid or unclaimed for more than ten years from the original maturity date, it is classified as an unclaimed deposit. The amount left unclaimed with the bank attracts interest as per the bank's deposit policy.

108 Q: How does the bank handle accounts opened for government-sponsored schemes?
A: Accounts opened for credit of Direct Benefit Transfer under various government-sponsored schemes are not classified as dormant or inoperative due to non-operation for over two years. This exemption is made considering the nature of these accounts.

109 Q: How does the bank address the classification of accounts as inoperative/dormant?
A: Classification as inoperative/dormant serves to bring attention to the increased risk in the account without inconveniencing the customer. After due diligence, operations may be allowed, and no charges are imposed for activating inoperative/dormant accounts.

110Q: Is there a specific timeframe for classifying an account as inoperative/dormant?
A: An account is treated as inoperative/dormant if there are no transactions for over two years. The bank's classification serves risk management purposes and is not intended to inconvenience customers.

111 Q: How does the bank handle communication with account holders during the review process?
A: The bank communicates with account holders through written letters or SMS, seeking reasons for inactivity. Even in case of a reply, the bank may continue classifying the account as operative for an extended period, ensuring a customer-friendly approach.

112 Q: What is the process for settling unclaimed deposits?

A: The bank periodically transfers unclaimed deposits to the Deposit Education and Awareness Fund (DEAF). The settlement of refund claims and complaint redressal is managed through a defined procedure outlined in the policy.

113 Q: What happens to unclaimed deposits transferred to the "Depositors Education and Awareness Fund" (DEAF)?
A: Unclaimed deposits inactive for 10 years are transferred to DEAF, as per RBI guidelines. The bank follows systematic procedures, marking such accounts and crediting amounts to DEAF monthly.

114 Q: Can customers still claim their deposit after it's transferred to the DEAF?
A: Yes, customers can claim their deposit even after it's transferred to DEAF. The bank facilitates such claims, and interest accrued will be paid from the date of transfer to the date of payment

115 Q: What interest rates apply to different types of accounts transferred to the DEAF?
A: For Savings Bank accounts, the interest rate is as per the applicable Savings Bank rate. For Term Deposits, interest is applicable based on the prevailing rate. Current Accounts attract no interest.

116 Q: What role does internal audit and compliance play in managing unclaimed deposits?

A: Internal audit and compliance ensure proper record-keeping of unclaimed deposits. Records are preserved until liabilities are settled. The Managing Director & CEO can modify the policy as needed, and the bank follows RBI guidelines on information preservation.

117 Q: How does the bank deal with inoperative/dormant accounts with minimum balance non-maintenance?
A: While there is no charge for activation, inoperative/dormant accounts with non-maintenance of the minimum balance may incur a quarterly account maintenance fee.

118 Q: Can customers claim their deposit after it's transferred to DEAF, and what interest applies?
A: Customers can claim their deposits from DEAF, and interest is paid from the date of transfer to the date of payment. Interest rates vary for Savings Bank, Current Accounts, and Term Deposits.

119 Q: Who is considered a 'Non-Resident Indian (NRI)'?
A: An NRI is an individual residing outside India but holding Indian citizenship. The term also includes Persons of Indian Origin (PIOs), as defined by FEMA (Deposit) Regulations, 2016.

120 Q: How does the Union Budget 2020 impact the NRI status?
A: According to the Union Budget 2020, an NRI visiting India is considered a resident if they spent 182 days or more in the previous year and a cumulative 365 days or more in the preceding four years.

121 Q: What defines a 'Person resident outside India'?
A: This refers to an individual who has left India for employment, business, or any other purpose, indicating an intention to stay outside India for an uncertain period. Indian students studying abroad also fall under this category.
122 Q: Who qualifies as a 'Person of Indian Origin (PIO)'?

A: A PIO is an individual residing outside India, a citizen of any country except Bangladesh or Pakistan, meeting specific conditions. This includes individuals who were Indian citizens by birth, belonged to territories that became part of India after August 15, 1947, or have familial ties to Indian citizens.

123 Q: Are there exemptions to restrictions on foreign currency accounts?
A: Yes, certain exemptions apply. For instance, foreign currency accounts maintained by foreign diplomatic missions and personnel are exempt. Similarly, deposits with authorized dealers by persons resident in Nepal and Bhutan, and deposits with authorized dealers by multilateral organizations in which India is a member, are exempt from restrictions.

124 Q: Can foreign diplomatic missions and personnel maintain special rupee accounts?
A: Yes, foreign diplomatic missions and personnel can maintain special rupee accounts. However, credits to these accounts are limited to inward remittances from outside India through banking channels, and funds in these accounts, once converted into rupees, cannot be converted back into foreign currency.

125 Q: What is the treatment of interest rates on savings or term deposits for diplomatic personnel?

A: The rate of interest on savings or term deposits for diplomatic personnel is determined by the authorized dealer maintaining the account. It may be held in the form of a current or term deposit account, and the funds can be repatriated outside India without Reserve Bank approval.

126 Q: Are there specific conditions for foreign currency accounts maintained by diplomatic missions?
A: Yes, foreign currency accounts maintained by diplomatic missions are subject to conditions, including permissible credits limited to inward remittances and funds collected in India as visa fees. Additionally, these accounts can be held in the form of current or term deposit accounts.

127 Q: Can funds held in diplomatic missions' accounts be repatriated outside India without Reserve Bank approval?
A: Yes, funds held in foreign currency accounts by diplomatic missions can be repatriated outside India without the need for Reserve Bank approval.

128 Q: What are the exemptions regarding deposits maintained by multilateral organizations in India?
A: Deposits maintained by any multilateral organization and its subsidiary/affiliate bodies and officials in India, of which India is a member nation, are exempt from certain restrictions.

129 Q: Can persons resident in Nepal and Bhutan maintain deposits in rupees with authorized dealers?
A: Yes, persons resident in Nepal and Bhutan can maintain deposits in rupees with authorized dealers.
130 Q: Is there any impact on deposits for Overseas Citizens of India (OCI) cardholders?
A: PIO includes Overseas Citizen of India (OCI) cardholders within the meaning of Section 7(A) of the Citizenship Act, 1955.

131 Q: What is a Non-Resident (External) Rupee (NRE) Account, and who is eligible to open it?
A: NRE Accounts can be opened by Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs). These accounts can be in the form of current, savings, recurring, or fixed deposit accounts, maintained in Indian Rupees. Joint accounts are permitted among non-resident individuals of Indian nationality or origin.

132 Q: What are the features of Non-Resident (External) Rupee (NRE) Accounts?
A: NRE accounts offer various features, including the ability to open different types of accounts, such as current, savings, recurring, or fixed deposit accounts. Loan and nomination facilities are available, and joint accounts can be opened with non-resident individuals.

133 Q: Can a resident individual operate an NRE account on behalf of a non-resident account holder?
A: Yes, a resident individual categorized as a close relative can operate an NRE account on a former (non-resident) or survivor (resident) basis. This is subject to certain conditions, and the resident close relative can operate the account as a power of attorney holder during the NRI/PIO account holder's lifetime.

134 Q: What are the permitted credits to a Non-Resident (External) Rupee (NRE) Account?
A: Permitted credits include proceeds of remittances from abroad in any permitted currency, personal cheques drawn on the account holder's foreign currency account, travelers' cheques,

and more. Current income like rent, dividend, pension, and interest are also considered permissible credits.

135 Q: What are the permitted debits from a Non-Resident (External) Rupee (NRE) Account?
A: Permitted debits include local disbursements, remittance outside India, transfer to NRE/FCNR accounts, investment in shares/securities/commercial paper of an Indian company, and more. Certain restrictions apply to ensure compliance with regulations.

136 Q: Can a resident Power of Attorney holder operate an NRE account?
A: Yes, banks may allow operations on an NRE account through a Power of Attorney granted in favor of a resident by the non-resident account holder. However, operations are generally restricted to withdrawals for local payments, and remittances under power of attorney are permitted only to the non-resident account holder.

137 Q: What are the interest rates for NRO/NRE deposits?
A: Interest rates for NRO and NRE deposits are deregulated by RBI, allowing banks to fix their own rates. However, rates offered on NRE deposits cannot exceed those on comparable domestic rupee deposits. Special benefits like additional interest for bank staff or senior citizens are not applicable to NRE and NRO deposits.

138 Q: Are there penalties for premature closure of NRE deposits?
A: For deposits up to Rs. 5 lakhs, no penalty is levied for premature closure. For deposits above Rs. 5 lakhs, the eligible rate will be the applicable card rate for the actual period run, prevailing on the deposit date, less 1.00% p.a. as foreclosure charges. Specific conditions apply, and penalties may vary.

139 Q: Can NRE deposits be converted into FCNR (B) deposits and vice versa?
A: Penalties for premature withdrawal apply when converting NRE deposits into FCNR (B) deposits and vice versa. However, no foreclosure charges are levied for deposits in the name of staff/ex-staff/ex-staff cum senior citizen.

140 Q: What happens if an NRE deposit is closed before maturity?
A: If an NRE deposit is closed before maturity, no interest will be payable for closures within the first 12 months. For closures after 12 months, a penalty will be applicable, and the eligible rate will be the card rate prevailing on the deposit date, less 1%.

141 Q: Can a resident Indian become a joint account holder in an NRE account?
A: Yes, a resident Indian can be a joint account holder in an NRE account, provided the resident is a close relative of the non-resident account holder, as defined in Section 2(77) of the Companies Act, 2013. The account can be held on a former (non-resident) or survivor (resident) basis.

142 Q: Can an NRE account be opened during a temporary visit to India?
A: Yes, an NRE account can be opened in the name of an eligible NRI or PIO during their temporary visit to India, against the tender of foreign currency travelers' cheques or foreign currency notes and coins. The bank needs to be satisfied that the person has not ceased to be a non-resident.

143 Q: Are there restrictions on the repatriation of funds from NRE accounts?

A: NRE account holders are allowed to repatriate funds outside India for all bona fide purposes, subject to the satisfaction of the authorized dealer bank. The overall ceiling for repatriation is set by extant RBI guidelines, presently limited to USD one million per financial year.

144Q: Can an NRI transfer funds from an NRO account to an NRE account?
A: Yes, NRIs are permitted to transfer funds from an NRO account to an NRE account within the overall ceiling of USD 1 million per financial year, as per the existing RBI guidelines. This transfer is subject to the payment of applicable taxes, similar to funds remitted abroad.

145 Q: What are the operations allowed through Power of Attorney for an NRE account?
A: Banks may allow operations on an NRE account through Power of Attorney (POA) for local payments and withdrawals. However, the resident POA holder is not permitted to open or close an NRE account, repatriate funds outside India (except to the account holder), make payments on behalf of the account holder, or transfer funds to another NRE account.

146 Q: Can a resident Indian be the Power of Attorney holder for an NRE account?
A: Yes, a resident Indian can be the Power of Attorney holder for an NRE account, but operations are restricted to local payments and withdrawals for the account holder. The resident POA holder is subject to certain limitations defined by the Reserve Bank of India.

147 Q: What are the permitted credits to an NRO account?
A: Permitted credits to an NRO account include transfers from another NRO account, remittances received in any permitted currency from outside India, legitimate dues in India of the account holder, foreign currency brought during a temporary visit to India, and more.

148 Q: Can an NRI receive a gift from a resident individual in India to their NRO account?
A: Yes, a resident individual is permitted to make a rupee gift to an NRI/PIO who is a relative. The gift amount will be credited to the Non-Resident (Ordinary) Rupee Account (NRO) of the NRI/PIO and is subject to the overall limit prescribed under the Liberalized Remittance Scheme (LRS) for a resident individual.

149 Q: Are there any restrictions on loans and overdrafts for NRO account holders?
A: Loans can be granted to non-resident NRO account holders in rupees in India for personal purposes or business activities, but foreign currency loans are not permitted. Overdrafts may be permitted subject to commercial judgment. The funds held in NRO accounts are considered the account holder's own funds and cannot be repatriated outside India.

150 Q: Can an NRI/PIO transfer funds from NRO to NRE account?
A: Yes, NRIs are permitted to transfer funds from the NRO account to the NRE account within the overall ceiling of USD 1 million per financial year, as per the existing RBI guidelines. The transfer is subject to payment of applicable taxes and compliance with the guidelines.

151 Q: Are there penalties for premature closure of NRE and NRO deposits?
A: For NRE deposits up to Rs. 5 lakhs, no penalty is levied for premature closure. For deposits above Rs. 5 lakhs, the applicable card rate for the actual period run, prevailing on the date of deposit, minus 1.00% p.a., is considered as the eligible rate for foreclosure charges.

152 Q: Can an NRE deposit be closed before maturity without any charges?

A: Yes, for NRE deposits to be closed before maturity, and before completion of 12 months from the date of deposit, no interest will be payable on such premature closure. However, if closed after 12 months, penalties for premature closure will apply.

153 Q: Can a resident individual open a joint NRE account with an NRI/PIO?
A: Yes, a joint NRE account can be opened in the names of two or more non-resident individuals, provided all account holders are persons of Indian nationality or Indian origin. Opening such accounts jointly with a resident is permissible if the resident is a close relative as defined in Section 2(77) of the Companies Act 2013.

154 Q: Are foreign currency loans permitted in NRO and NRE accounts in India?
A: Foreign currency loans are not permitted in both NRO and NRE accounts in India and abroad. Loans can be granted in rupees in India against the security of fixed deposits for personal purposes or business activities. Overdrafts are also permitted subject to commercial judgment and compliance with interest rate directives.

155 Q: Can an NRO account be designated as a resident rupee account?
A: Yes, when the account holder returns to India for any purpose indicating an intention to stay in India for an uncertain period, the NRO account can be re-designated as a resident rupee account. Temporary visits to India will not change the non-resident status of the account during such visits.

156 Q: Can a non-resident nominee receive funds from the account of a deceased account holder?
A: Yes, the amount due to a non-resident nominee from the account of a deceased account holder will be credited to the nominee's NRO account with an authorized dealer or authorized bank in India.

157 Q: Is there a penalty for premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) account?
A: No, as per RBI guidelines, there is no penalty for premature withdrawal of NRE term deposits for conversion into Resident Foreign Currency (RFC) Account.

158 Q: What is the interest payout for immediate conversion of NRE term deposit into RFC account on return to India?
A: If the NRE deposit has not run for a minimum period of one year, interest will be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts. In all other cases, interest will be paid at the contracted rate.

159 Q: Are there penalties for premature withdrawal of NRE term deposits for conversion into FCNR (B) deposit or vice versa?
A: Yes, penalties apply for premature withdrawal of NRE term deposits for conversion into FCNR (B) deposit and vice versa.

160 Q: Can loans be granted against funds held in NRE accounts?
A: Yes, authorized dealers and banks can grant loans in India to NRE account holders for personal purposes, business activities, or making direct investments in India, subject to compliance with relevant regulations. The loan amount cannot be repatriated outside India.

161 Q: What happens to NRE accounts in case of a change in the resident status of the account holder?
A: NRE accounts will be re-designated as resident accounts, or the funds may be transferred to RFC accounts (if eligible) upon the return of the account holder to India for employment or change in residential status.

162 Q: Can funds in NRE accounts be repatriated to non-resident nominees?

A: Yes, banks can allow the remittance of funds from NRE accounts to the non-resident nominee of the deceased account holder. Resident nominees' requests for remittance will be forwarded to the Reserve Bank for consideration.

163 Q: What is the tax treatment for interest on NRE account balances?
A: Income from interest on balances in NRE accounts is exempt from income tax, and balances held in such accounts are exempt from wealth tax.

164 Q: Can an NRE account holder open and maintain a Non-Resident Ordinary (NRO) account?
A: Yes, an NRE account holder can open and maintain a Non-Resident Ordinary (NRO) account for conducting bonafide transactions denominated in Indian Rupees.

165 Q: What are the features of Non-Resident Ordinary (NRO) accounts?

A: NRO accounts can be in the form of current, savings, recurring, or fixed deposit accounts. They are maintained in Indian Rupees, and loan and nomination facilities are available.

166 Q: Can an NRE account holder request premature withdrawal of NRE term deposits for conversion into a Resident Foreign Currency (RFC) account?
A: Yes, an NRE account holder can request premature withdrawal of NRE term deposits for conversion into a Resident Foreign Currency (RFC) account. No penalty is levied as per RBI guidelines.

167 Q: What loans can be granted against security of funds held in NRE accounts?
A: Authorized dealers and banks can grant loans in India for personal purposes or business activities against the collateral of fixed deposits held in NRE accounts. Rupee loans and foreign currency loans are permitted.

168 Q: Can an NRE account holder make direct investments in India?

A: Yes, NRE account holders can make direct investments in India, subject to compliance with the Foreign Exchange Management Regulations. They can also acquire residential property in India for personal use.

169 Q: How is the interest payable on the NRE term deposit account of a deceased depositor handled?
A: If the claimants of an NRE term deposit account are residents, the deposit, on maturity, is treated as a domestic rupee term deposit, and interest is paid at a rate applicable to a domestic term deposit of similar maturity.

170 Q: Are there tax exemptions for NRE accounts?
A: Yes, income from interest on balances in NRE accounts is exempt from income tax, and the balances themselves are exempt from wealth tax.

171 Q: Who is eligible to open and maintain FCNR (B) accounts?
A: NRIs/PIOs are eligible to open and maintain FCNR (B) accounts with an authorized dealer. Approval from the Reserve Bank is required for accounts in the names of NRIs of Bangladesh/Pakistan nationality/ownership.

172 Q: In what currencies can deposits be made in FCNR (B) accounts?
A: Deposits can be made in any permitted currency, and in our bank, FCNR (B) accounts can be opened in USD, CAD, GBP, EUR, AUD, JPY, CHF, SGD.

173 Q: What are the maturity periods for FCNR (B) accounts?
A: FCNR (B) accounts are opened only in the form of term deposits with maturity periods ranging from 1 year to 5 years.

174 Q: How is the interest rate on FCNR deposits determined?
A: The interest rate on FCNR deposits is determined in accordance with RBI directives and based on ARR/SWAP rates. Interest can be paid half-yearly or annually, as per the depositor's choice.

175 Q: What happens if an FCNR (B) deposit matures on a non-business day?
A: In such cases, interest will be paid at the originally contracted rate for the intervening non-business day, and for reinvestment deposits, interest will be paid on the maturity value.

176 Q: Can overdue FCNR (B) deposits be renewed?
A: Banks may, at their discretion, renew overdue deposits within 14 days from the date of maturity. The interest rate for the renewed period will be determined based on prevailing rates.

177 Q: How are FCNR (B) deposits treated when NRIs return to India?
A: Banks may allow FCNR (B) deposits of NRIs returning to India to continue till maturity at the contracted rate. After maturity, the deposits can be converted into Resident Rupee Deposit Account or RFC Account.

178 Q: Is there a penalty for premature closure of FCNR (B) deposits?
A: No penalty is levied for premature closure after 12 months from the effective date of deposit. The applicable interest rate for the period run without penalty is payable.

179 Q: How is interest calculated on the renewal of FCNR (B) deposits after the due date?
A: If the period from maturity to renewal does not exceed 14 days, the interest rate will be the lower of the prevailing rate or the rate at maturity. For other cases, renewed deposits are treated as fresh term deposits with interest rates determined accordingly. If withdrawn before completion of the minimum stipulated period, interest for the overdue period is recovered.

180 Q: Can FCNR (B) accounts be opened with funds from existing NRE/FCNR accounts?
A: Yes, FCNR (B) accounts can be opened by transferring funds from existing NRE/FCNR accounts of the same account holder.
181 Q: Are there restrictions on the type of loans granted against FCNR (B) deposits?

A: Authorized dealers may grant fund-based or non-fund-based facilities to residents against the collateral of fixed deposits held in FCNR accounts, subject to certain conditions.

182 Q: Can FCNR (B) deposits be prematurely withdrawn for conversion into another foreign currency account?
A: Penalties for premature withdrawal are levied for the conversion of FCNR deposits into FCNR (B) deposits or vice versa, but not for the conversion into an RFC account.

183 Q: How is interest handled on NRE term deposits for conversion into RFC accounts?
A: If the NRE deposit has not run for a minimum of one year, interest will be paid at a rate not exceeding that on savings deposits in RFC accounts. Otherwise, interest will be paid at the contracted rate.

184 Q: What happens to FCNR (B) accounts in the event of the death of the account holder?
A: The authorized dealer may remit funds to a non-resident nominee. Resident nominees seeking remittance for meeting liabilities abroad must apply to the RBI.

185 Q: Is it possible to open FCNR (B) accounts for NRIs of Bangladesh/Pakistan nationality/ownership?
A: Opening FCNR (B) accounts for NRIs of Bangladesh/Pakistan nationality/ownership requires approval from the Reserve Bank.
186 Q: Can interest on FCNR deposits be paid half-yearly or annually?

A: Yes, interest on FCNR deposits can be paid half-yearly or annually, as desired by the depositor.

187 Q: How is interest calculated on FCNR (B) deposits of a deceased account holder?

A: Interest on FCNR (B) deposits of a deceased account holder is paid based on various scenarios:
If claimed on maturity, interest is paid at the contracted rate.
If claimed before maturity, interest is paid at the applicable rate for the period deposited without pre-payment penalty.
In case of the depositor's death before maturity, interest is paid at the contracted rate till maturity and simple interest beyond maturity.

188 Q: How are FCNR (B) deposits treated on the return of NRIs to India?
A: FCNR (B) deposits continue at the contracted rate until maturity for NRIs returning to India for permanent settlement. After maturity, they can be converted into resident rupee deposit accounts or RFC accounts.

189 Q: What happens to FCNR (B) deposits on the death of the account holder?
A: In the event of the depositor's death, the bank may remit funds to a nominee resident outside India. For residents, the maturity proceeds will be converted to Indian Rupees, and interest will be paid as applicable to a domestic term deposit of similar maturity.
190 Q: Can FCNR (B) accounts be opened with funds transferred from existing NRE/FCNR accounts?
A: Yes, FCNR (B) accounts can be opened by transferring funds from existing NRE/FCNR accounts of the same account holder.

191 Q: What is the Special Non-Resident Rupee Account (SNRR) and who can open it?
A: The SNRR account is for a person resident outside India with business interests in India. It facilitates genuine transactions in rupees without violating regulations, including investments, imports, exports, trade credit, and business-related transactions.

192 Q: Can residents open RFC (Domestic) accounts, and what transactions are permitted?
A: Residents can open RFC (Domestic) accounts using foreign exchange acquired from specified sources. The balances can be used for current or capital account transactions. Balances can be credited to NRE/FCNR (B) accounts upon a change in residential status.

193 Q: How is interest calculated on deposits of a deceased FCNR (B) depositor?
A: Interest on a deceased FCNR (B) depositor's term deposits is paid based on the maturity status. If paid on maturity, it's at the contracted rate. If claimed before maturity, interest is at the applicable rate without pre-payment penalty.

194 Q: Can FCNR (B) deposits be renewed after maturity, and how is interest calculated?
A: Banks may renew overdue FCNR (B) deposits within 14 days from maturity without penalty. If renewed beyond 14 days, interest rates are determined by treating it as a fresh term deposit.

Q: What is the rate of interest on FCNR deposits, and how is it paid?
A: The rate of interest on FCNR deposits is in accordance with RBI directives and ARR/SWAP rates. Interest can be paid half-yearly or annually, and it's based on 360 days a year.

195 Q: What is the eligibility for opening a Foreign Currency (Non-Resident) Banks Scheme (FCNRB) account?
A: NRIs/PIOs are eligible to open and maintain FCNRB accounts with an authorized dealer. Opening accounts in the names of NRIs of Bangladesh/Pakistan nationality/ownership requires RBI approval. Funds must be remitted from outside India through normal banking channels or be repatriable.

196 Q: Can FCNR (B) accounts be held jointly, and what are the rules for repatriation?
A: Rules for joint accounts, repatriation of funds, and other regulations applicable to NRE accounts also apply mutatis mutandis to FCNR (B) accounts.

197 Q: What are the features and limitations of a Special Non-Resident Rupee (SNRR) account?
A: SNRR accounts are named based on the specific business and do not earn interest. Debits/credits must align with business operations, adhere to legal provisions, and the account tenure coincides with the business contract, not exceeding seven years.

198 Q: Can balances in an SNRR account be repatriated, and what are the tax implications?
A: Balances in SNRR accounts are eligible for repatriation. However, transfers from any NRO account to SNRR are prohibited. All transactions in the SNRR account are subject to applicable taxes in India.

199 Q: How is the EEFC account different from other foreign currency accounts?
A: A person resident in India can open an Exchange Earner's Foreign Currency (EEFC) account. It allows credits from various sources like foreign exchange earnings, professional earnings, and disinvestment proceeds. Debits include payments outside India for approved transactions.

200 Q: What are the permissible credits for an EEFC account?
A: EEFC accounts can be credited with foreign exchange earnings, payments for countertrade, advance remittances, professional earnings, interest on funds, re-credit of unutilized foreign currency, and more, as specified in Schedule I to FEMA 10(R).

201 Q: What are the permissible debits for an EEFC account?
A: EEFC accounts can be debited for payments outside India for capital or current account transactions, purchase of goods from specific units, payment of customs duty, trade-related loans, payments to residents for goods/services, and more, adhering to FEMA regulations.

202 Q: Can funds be withdrawn in rupees from an EEFC account?
A: Yes, withdrawal in rupees is allowed from an EEFC account, but the amount withdrawn cannot be re-credited to the account.

Q: Are fund-based/non-fund-based credit facilities granted against EEFC account balances?
A: No, fund-based/non-fund-based credit facilities are not provided against balances held in EEFC accounts.

203 Q: How are claims settled in rupees by ECGC/insurance companies treated in the EEFC account?
A: Claims settled in rupees by ECGC/insurance companies are not considered export realization in foreign exchange, and the claim amount is not credited to the EEFC account.

204 Q: Can exporters repay packing credit advances from their EEFC accounts?
A: Yes, exporters can repay packing credit advances from balances in their EEFC accounts to the extent that actual exports have taken place.

205 Q: Can balances in EEFC accounts be credited to NRE/FCNR(B) accounts?
A: Yes, balances held in EEFC accounts may be credited to NRE/FCNR(B) accounts at the account holder's option/request following a change in residential status from resident to non-resident.

206 Q: What is the eligibility criterion for opening a Foreign Currency (Non-Resident) Banks Scheme (FCNRB) account?
A: NRIs/PIOs are eligible to open and maintain FCNRB accounts with an authorized dealer. Approval from the Reserve Bank is required for NRIs of Bangladesh/Pakistan nationality/ownership.

207 Q: How can FCNR (B) accounts be funded?
A: FCNR (B) accounts can be funded through funds remitted from outside India, funds received in rupees by debiting a non-resident bank's account in India, or transfer from existing NRE/FCNR accounts of the same account holder

FAQs on Digital Payment Security Policy

Q. What is the primary focus of Digital Payment Security Policy?

A: The policy is committed to providing an inclusive and reliable digital payments ecosystem aligned with the bank's overall strategy.

Q: Why is the Digital Payment Security Policy considered important?

A: It plays a crucial role in the overall governance of the digital payment ecosystem, ensuring security, functionality, and high performance.

Q: To whom does the policy applicable to?

A: The policy applies to all employees, contractors, sub-contractors, and third-party vendors accessing the bank's systems related to digital payment products.

Q: Name a few digital payment products covered by the policy.

A: Credit Cards, Merchant Acquisition, Internet Banking, Debit Cards, Pre-paid Cards, and more.

Q: What is the main objective of the Digital Payment Security Policy?

A: The policy aims to implement a robust, scalable digital payment ecosystem while aligning with the bank's business strategy and ensuring security.

Q: What are the key elements the policy seeks to protect regarding digital payment products?

A: Confidentiality of customer data, integrity of data and processes, and high availability of systems.

Q: Which department is responsible for implementing the Digital Payment Security Policy?

A: The CO: **Information System Security Department (ISSD)** is responsible.

Q: What is the first step in initiating a digital payment product or service?

A: A prototype is prepared and presented to the Board or Information Systems Security Department for review and approval.

Q: What is the frequency of presenting operational performance reports to the Information Security Steering Committee?

A: Reports are presented quarterly to the **Information Security Steering Committee**.

Q: What benchmarks are used to evaluate the success of security in digital payment products?

A: Both quantitative and qualitative benchmarks are documented and compared with projections annually.

Q: What approach should the bank follow during application development for digital payment products?

A: The bank should follow a threat modeling approach during the application development lifecycle.

Q: What security measure should be implemented to avoid compromise in the integrity of data during digital payment transactions?

A: Web applications should not store sensitive information in HTML hidden fields, cookies, or client-side storage.

Q: What factors should be considered in introducing authentication methods for digital payment products/services?

A: Customer acceptance, ease of use, reliable performance, scalability, and interoperability with other systems.

Q: When should access to a digital payment product/service be blocked?

A: Access should be blocked after a defined number of failed log-in or authentication attempts, with secure reactivation procedures.

Q: How often should the bank update the architecture design and data flow diagrams for digital payment products/services?

A: At least annually, as per Information Systems Security Policy and Cyber Security Policy.

Q: What practices should the bank implement for Technology operations?

A: Asset management, incident management, system security management, network management, and other practices outlined in its policies.

Q: What does the bank's risk assessment include for digital payment products and services?

A: It includes technology stack, vulnerabilities, dependence on third parties, customer experience, data security, and more.

Q: How often should the bank review risk scenarios and security measures?

A: The bank should undertake a review before any major change to infrastructure and at least once a year.

Q: When should the outsourcing policy be followed for digital payment products/services?

A: When outsourcing development of any processes related to the bank's digital payment products/services involved.

Q: How often should the bank conduct fraud analysis on digital payment products and services?

A: The bank should analyze frauds on a quarterly basis.

Q: What measures should be taken for better detection and prevention of suspicious transactions?

A: Implement checks for identifying suspicious transactional behavior and periodic review of fraud risk management rules.

Q: Under which guideline/framework, this policy has been framed?

A: The policy is framed in line with Master Directions on Digital Payment Security Controls provided by RBI on 18th February, 2021.

RBI's Master Direction on Digital Payment Security Controls RBI/2020-21/74 DoS.CO.CSITE.SEC.No.1852/31.01.015/2020-21 dated 18th February,2021

Q: What guidelines should be provided to end-users during on-boarding for secure usage?

A: End users should go through secure usage guidelines, and guidelines should be reviewed and updated periodically.

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Questions 1: What is Cyber security policy?

Answer. Cyber security policy is a written document, detailing structure, benchmarks and role & responsibilities of various functionaries to prepare its defences against cyber-attacks. It highlights the risks from cyber threats and the measures to address/ mitigate the risks

Questions 2: What are the objectives of the Cyber security policy?

Answer. It is to provide guidance and direction to Indian Bank in combating cyber threats and to detect, respond, recover and contain the number, frequency and impact of cyber incidents/attacks on continuous basis.

Questions 3. What is the scope of the Cyber security policy?

Answer. It applies to every person (Bank employees, System Administrator, Users, auditors, Contractors and other third parties), who access information using the bank information system. It provides the framework to ensure cyber safe environment and to protect the organization and its stake holders by containing the cyber incidents/attacks. Depending on the level of inherent risks, the risk can be classified as low, moderate, high and very high.

Question 4. What are the regulatory guidelines for Cyber security policy?

Answer. RBI vide their circular RBI/DBS/2015-16/418 DBS.CO/CSITE/BC.11/33.01.001/2015-16 dated 2nd June 2016,

mandated that banks should immediately put in place a Cyber Security Policy elucidating the strategy containing an approach to combat cyber threats. Further, IDRBT has issued a Cyber Security Checklist which could help on Risk Management and information security in monitoring the cyber defense preparedness of the Banks.

Question 5. How Cyber security policy is different from IS security policy?

Answer. Cyber Security policy is distinct and separate from the broader IS security policy. It specifically focuses on the risks from cyber threats and the measures to address/ mitigate those risks, whereas information security policy covers data, software, hardware and networks used by Bank's offices. It also provides protection against accidental or deliberate damage or destruction.

Question 6. Who is responsible for formulation of Cyber security policy

& CCMP?

Answer. Information System Security Department

Question 7. What is Cyber Crisis Management Plan (CCMP)?

Answer. Cyber Crisis Management Plan (CCMP) will address the following four aspects

1) Detection of Cyber Attack
2) Response to Cyber Attack
3) Recovery from Cyber Attack
4) Containment of Cyber Attack The CCMP is
5) Formulated by Information System Security Department
6) Implemented by ITD
7) Audited by Inspection Department

Questions 8. Who are responsible for testing effectiveness & efficiency of controls?

Answer. The audit of testing effectiveness and efficiency of controls put in place in order to combat cyber threats will be the responsibility of auditors/inspectors from the Inspection & Audit Department reporting to their respective audit cell/inspection centers.

Question 9. What is the periodicity of different types of cyber security audits?

Answer. The Security Operations Centers (SOC) also must be put to periodical audits through Internal I S Auditors on a monthly basis and External Auditors on a yearly basis to ensure its effectiveness and efficiency in Cyber Security Preparedness.

Question 10.What is responsibility for cyber security?

Answer. All employees, external contractors, and other third parties, who require access to the Bank's information systems, are responsible for ensuring that cyber security policies are adhered to and they operate systems in such a manner as to ensure its security. Management at all levels is responsible for ensuring that staff are aware of, and adhere to, the cyber security policy.

Question 11.Who is responsible for Cyber Security?

Answer. All employees, external contractors, and other third parties, who require access to the Bank's information systems, are responsible for ensuring that cyber security policies are adhered to and they operate systems in such a manner as to ensure its security. Management at all levels is responsible for ensuring that staff are aware of, and adhere to, the cyber security policy.

Question 12.Who is responsible for information security implementation?

Answer. The Information Technology Department (ITD) is responsible for facilitating and driving the overall information security implementation at all locations including Corporate Office/Zonal Offices and Branches.

Question 13.Who will review and audit of overall information security implementation?

Answer. Information Systems Audit Cell will review and audit of overall information security implementation at all locations including Corporate Office/Zonal Offices and Branches.

Questions 14.Who are Data information owners?

Answer. The Data/Information Owner is a business unit head (e.g. Departmental / Zonal / Branch InCharge) responsible for protection of the data.

Question 15.Who is Application owners?

Answer. Application owner is responsible for developing and/ or maintaining the application. Typically the application owner is the head of the IT department.

Questions 16.What are the responsibilities of Application owners?

Answer. If the application fetches the data and transmits the data, it is application owner's responsibility to ensure the application behaves as per the protection mechanism mentioned for each category of classification of the data.

Question 17.Who is System owners?

Answer. System Owner is typically an official at Top Management level who heads people and process at Technology Department. General Manager/Deputy General Manager/Department Head of IT Department may be designated as System Owner.

Questions 18.What are the responsibilities of System owners?

Answer. The System Owner is an official responsible for the actual computers that house the data. This includes the hardware and software configuration, including updates, patching, and installation of AntiVirus etc.

Question 19.Who is/are Custodians?

Answer. Custodians may be officials from the IT Department in the rank of AGM/CM qualified officials or officials with technical background who reports to System Owner.

Answer. Custodians are responsible for hands-on protection of business applications, web applications, databases, operating systems etc. running in a computer. Custodians perform all the activities required for switching over the applications to DR Site in case of emergency or during the Disaster Recovery testing of applications after the same is approved by the Data Owner and after obtaining the permission of the System Owner.

Question 21.What is the cloud?

Answer. "The cloud" refers to servers that are accessed over the Internet and the software and databases that run on those servers. Cloud servers are located in data centers all over the world. By using cloud computing, users and banks don't have to manage physical servers themselves or run software applications on their own machines.

Question 22.What is cloud security?

Answer. Cloud security is the protection of data stored online via cloud computing platforms from theft, leakage, and deletion. Methods of providing cloud security include firewalls, penetration testing, obfuscation, tokenization, virtual private networks (VPN), and avoiding public internet connections. Cloud security is a form of cyber security.

Question 23. What is Cyber Security?

Answer. Cyber Security is the technique of protecting systems, networks and programs from cyber attacks

Question 24. What is Cyber Attack?

Answer. Cyber attack is a deliberate exploitation of computer systems, technology-dependent enterprises and networks with intention to obtain undue gains.

Questions 25.What are the different types of cyber attacks?

Answer. Various cyber-attacks are like Denial of Service, Distributed Denial of Service, ransom ware/crypto ware, destructive malware, business email frauds like spam, email phishing, spear phishing whaling, vishing frauds, drive-by downloads, browser gateway fraud, ghost administrator exploits, identity frauds, memory update frauds, password related frauds etc

Question 26.What happen in Denial of Service cyber attack?

Answer. It is a cyber-attack in which the perpetrator seeks to make a machine or network resource unavailable to its intended users by temporarily or indefinitely disrupting services of a host connected to the Internet.

Question 27. What happen in Distributed Denial of Service cyber attack?

Answer. It occurs when multiple systems flood the bandwidth or resources of a targeted system, usually one or more web servers. A DDoS attack uses more than one unique IP address or machines, often from thousands of hosts infected with malware.

Question 28. What is spam?

Answer. Irrelevant or unsolicited messages sent over the internet, typically to a large number of users, for the purposes of advertising, phishing, spreading malware, etc.

Question 29. What is Phishing?

Answer. Phishing is a type of online scam where criminals impersonate legitimate organizations via email, text message, advertisement or other means in order to steal sensitive information. This is usually done by including a link that will appear to take you to the company's website to fill in your information - but the website is a clever fake and the information you provide goes straight to the crooks behind the scam.

Question 30. What is Vishing?

Answer. The fraudulent practice of making phone calls or leaving voice messages purporting to be from reputable companies in order to induce individuals to reveal personal information, such as bank details and credit card numbers.

Question 31.What is Ransom ware?

Answer. Ransom ware is malicious software that infects your computer and displays messages demanding a fee to be paid in order for your system to work again. This class of malware is a criminal moneymaking scheme that can be installed through deceptive links in an email message, instant message or website.

Question 32.What is Crypto ware?

Answer. Crypto ware is a type of ransom ware that once it infects your device it restricts access to your device and files to extort money from you or its other victims. It will display an alert or window on your screen telling you that your device has been locked and that your files have been encrypted.

Question 33.What is Destructive malware?

Answer. Destructive malware is malicious software with the capability to render affected systems inoperable and challenge reconstitution. Most destructive malware variants cause destruction through the deletion, or wiping, of files those are critical to the operating system's ability to run.

Question 34. What is the Purpose and objectives of CSOC ?

CSOC is Cyber Security Operation Centre, which takes the responsibilities for proactive monitoring and management capabilities with sophisticated tools for detection, quick response and backed by data and tools for sound analytics. The Key Responsibilities of C-SOC would include:

1. Monitor, analyse and escalate security incidents

2. Develop Response - protect, detect, respond, recover

3. Conduct Incident Management and Forensic Analysis

4. Co-ordination with contact groups within the bank/external agencies

Question 35. Why is the User/Employee/Management Awareness necessary?

All employees must be aware of the Bank's Information & Cyber security policies and standards. To facilitate this awareness there will be an ongoing security awareness program that explains the need for information security and provides the user community with adequate security training.

A lack of information systems security awareness may also result in sub-standard procedures and practices, thereby compromising security across the Bank. Therefore, all personnel must ensure that they are aware of their requirements and obligations to the Bank's Personnel and Information Systems Security Policies and Practices. They must also be informed of the importance of information systems security through information security awareness programs.

Board members may be sensitised on various technological developments and cyber security related developments periodically, and they also imparted training programmes on IT Risk / Cyber security Risk and evolving best practices in this regard so as to cover all the Board members at least once a year.

Question 36. What do you mean by Deception Technology ?

Answer: Bank shall implement Deception technology with an aim to prevent cyber criminals that have managed to infiltrate the network from doing any damage. Bank shall set up honey traps / decoys within the organizational network to identify, monitor, record the behaviour of cyber criminals attempting to infiltrate network and benefit from the pattern of attack to make the Bank's environment more secure. Alerts generated by the Monitoring tool shall be followed up by the ISSD team to identify and isolate the threat.

Question 37. What is Anti Phishing ?

Answer: Bank shall Subscribe to Anti-phishing/anti-rogue app services from external service providers for identifying and taking down phishing websites/rogue applications. Bank shall take steps to create awareness on social engineering techniques periodically through ATMs/ Net Banking site, Bank's Website, SMS, etc among all the stake holders to minimize the loss from such happenings. Bank shall subscribe to a service from external experts for anti-phishing which includes brand protection.

Question 38. What is the Patch/vulnerability & change Management ?

Answer: A documented risk-based strategy must be followed for inventorying IT components that need to be patched, identification of patches and applying patches so as to minimize the number of vulnerable systems and the time window of vulnerability/exposure. Any changes made to IT assets shall following appropriate change control procedure.

Question 39. What is the Guidance on social media usage ?

Answer: Bank shall have a policy on usage of social media for communication by its employees, departments, offices, vendors, partners and third party having access to Bank's internal information. The purpose of this policy guidelines is to detail the use of social media, including blogs, wikis, microblogs, message boards, chat rooms, electronic newsletters, online forums, social networking sites, and other sites and services that permit users to share information with others in a contemporaneous manner. There must be a uniform code of practice to share information with the public in a controlled manner.

Question 40.What is Information Security Steering Committee ?

Answer: The Committee handling the role of Cyber Security Committee chaired by the Executive Director (Information Security). Executive Directors, CRO, GM (I & C), COO, GM (CTO), GM (DBD), GM (Legal) and CCO are the members of the Committee. The Sectoral Coordinator from NCIIPC is also a member of the committee. CISO is the convenor.

FAQ ON MIS POLICY

Q1: What is the primary purpose of Core Banking Solution (CBS)?

Answer: The primary purpose of implementing Core Banking Solution is to address the transaction-oriented nature of banking operations, with a focus on response time and data integrity.

Q2: What is the purpose of designing MIS Policy?

Answer: The primary purpose of Management Information System (MIS) is to meet the dynamic information needs of management. Specifically:

- Meeting Dynamic Information Needs: MIS is designed to address the dynamic information needs of management arising from the transaction-oriented nature of Core Banking Solution.
- Aiding Decision Support Systems: An ideal MIS should provide information that aids in the creation of Decision Support Systems. It plays a crucial role in facilitating the availability of relevant and timely information to support management in making informed decisions.
- Facilitating Research and Analysis: MIS is expected to facilitate critical research and analysis of the available information. This function is vital for extracting meaningful insights from data, which, in turn, contributes to the decision-making process.
- Fulfilling Reporting Requirements: MIS has the responsibility of fulfilling regular and routine reporting requirements of management for statutory, statistical, and control needs. This includes generating reports essential for regulatory compliance and internal control purposes.
- Adapting to Technological Changes: Given the increasing dependence on Information Technology in the banking industry, MIS plays a crucial role in adapting to technological changes.

Q3: What are the objectives of MIS Policy?

Answer:

- Generation of returns.
- Rationalization of existing formats wherever necessary.
- Help the appropriate departments to mitigate the risk element by providing the required data.
- To make information available for Business Planning, Income and expenditure analysis in the context of various growth opportunities.
- Providing reports which can be used as tools in the inspection and audit functions of any branch
- To provide information to functional departments to introduce new products.

- To automate data flow from bank to RBI as per RBI"s "Automatic Data Flow" process.

Q4: What are the key activities involved in the automated process of returns submission to RBI, as per RBI guidelines?

Answer: The automated process involves four layers of activity, namely:

- Data acquisition
- Data integration & storage
- Data conversion & validation
- Data submission

Q5: Why is it essential for the data to be stored in a way that facilitates generating reports for a back date?

Answer: Storing data in a way that facilitates generating reports for a back date is essential to ensure data integrity and consistency. This practice allows the generation of reports in the future that are similar, maintaining the integrity of historical data.

Q6: What is the purpose of putting systems and processes in place for automation?

Answer: The purpose of putting systems and processes in place for automation is to streamline and enhance the efficiency of the returns submission process. This ensures compliance with RBI guidelines and facilitates a seamless and systematic approach to data reporting.

Q7: What platform does our bank use for submitting returns, and how has software been developed to generate reports under this platform?

Answer: Our bank submits returns through the ADF (Automated Data Flow) platform. Software has been developed specifically for all applicable returns to generate reports within the ADF platform, aligning with RBI guidelines.

Q8: Why has RBI suggested framing a data governance policy at the bank level?

Answer: RBI suggests framing a data governance policy at the bank level to clearly define data owners and establish their roles and responsibilities. This ensures proper management, integrity, and security of data.

Q9: Who would be the members of the Data Governance Group for the Returns Submission Process?

Answer: The Data Governance Group for the Returns Submission Process at the bank's end would consist of members from each business group owning data within the bank. This includes representatives from Accounts, Banking Operations, International Division, Large Corporate, MSME/Mid-Corporate, Ind Retail Vertical, Rural Banking/FI, Recovery, Risk Management, Treasury, etc. Additionally, members from the IT function and the compliance department would also be part of this group.

Q10: What is the primary responsibility of Data Owners/User Departments in the Returns Submission Process?

Answer: The primary responsibilities of Data Owners/User Departments in the Returns Submission Process include providing returns specifications, data sources, and logic, ensuring correctness and consistency of returns, and coordinating with MIS & IT Department for data extraction.

Q11: How do Data Owners/User Departments handle situations where data is not available in the source systems?

Answer: In situations where data is not available in the source systems, Data Owners/User Departments take steps to capture the required data in the source systems to eliminate manual intervention.

Q12: How do Data Owners/User Departments coordinate with MIS & IT Department for data extraction?

Answer: Data Owners/User Departments coordinate with MIS & IT Department to build interfaces between MIS and source systems. This facilitates the extraction of data directly from the source systems into the MIS Repository, avoiding time delays and manual efforts.

Q13: What steps do Data Owners/User Departments take to maintain an active and correct flow of data/information at the Zonal Offices?

Answer: Data Owners/User Departments undertake steps to sensitize Zonal Offices about the need for maintaining an active and correct flow of data/information. They coordinate with branches/offices for cleaning data errors in their respective areas.

Q14: How do Data Owners/User Departments ensure accuracy and prevent duplication in the data during the process of administrating MIS?

Answer: Data Owners/User Departments undertake a periodic review of the logic incorporated to extract, consolidate, and present statements/returns. They take appropriate steps to ensure the accuracy of data flowing from the bank and prevent overlapping/duplication in the data during the process of administrating MIS.

Q15: What is the primary responsibility of the MIS Department in the Returns Submission Process according to the provided information?

Answer: The primary responsibilities of the MIS Department in the Returns Submission Process include extracting data from source systems, building logic for data validation, facilitating software development/modification for automated returns generation, maintaining data repositories, and providing error reports for data cleaning.

Q16: How does the MIS Department ensure accuracy and consistency of data in the returns?

Answer: The MIS Department builds logic for the validation of data to ensure accuracy and consistency. Inputs for this validation are suggested by user/owner departments.

Q17: How does the MIS Department support data cleaning efforts?

Answer: The MIS Department facilitates cleaning of data errors by providing necessary error reports to the user/owner departments. This collaborative effort ensures effective utilization of accurate data.

Q18: How does the MIS Department contribute to providing data to user departments?

Answer: The MIS Department is responsible for providing data to user departments. This involves maintaining centralized data repositories and facilitating the generation of reports/data through the MIS Portal.

Q19: How are reports/data, including those under ADF, generated and submitted to regulatory authorities?

Answer: All reports/data, including those under ADF, are generated/ automated through the MIS Portal. User departments download these reports from the portal, verify the accuracy/consistency of data, and submit them to regulatory authorities.

Q20: What is the primary responsibility of the Information Technology Department (ITD) in the Returns Submission Process?

Answer: The primary responsibility of the ITD is to provide necessary systems and support for the Returns Submission Process.

Q21: How does the ITD contribute to data management in the Returns Submission Process?

Answer: The ITD facilitates the creation of interfaces between source systems and the MIS Data Repository. This ensures seamless data flow and integration between different systems.

Q22: What role does the ITD play in eliminating manual inputs in source systems?

Answer: The ITD is involved in creating necessary fields/columns in source systems/data to eliminate manual inputs. This contributes to automation and efficiency in the data submission process.

Q23: What is the primary responsibility of the Compliance Department in the Returns Submission Process?

Answer: The primary responsibility of the Compliance Department is to ensure prompt submission of returns. This involves follow-up with Data Owners, MIS, and the Technology Department.

Q24: How does the Compliance Department facilitate coordination between different departments for automated data flow?

Answer: The Compliance Department facilitates coordination among Data Owners, MIS, and the Technology Department to achieve the objective of automated data flow. This involves ensuring timely submission of returns through effective follow-up.

Q25: What is the primary responsibility of Zonal Offices in the Returns Submission Process?

Answer: Zonal Offices are responsible for monitoring the attendance of statements/returns on the website, ensuring prompt submission of returns, advising branches on data cleaning, and taking corrective steps for observed errors. They also make records/data available to Competent Authorities.

Q26: How do Zonal Offices contribute to data quality assurance?

Answer: Zonal Offices closely follow up with branches to clean data and address errors pointed out by the Corporate Office. They play a crucial role in ensuring the flow of quality data through Management Information Systems.

Q27: What is the primary responsibility of Branches in maintaining data accuracy?

Answer: The primary responsibility of maintaining data accuracy lies with Branches, particularly the Loans Department & ABM of the Branch. They need to enter correct data at the entry/account opening level and avoid mistakes.

Q28: What steps should the Loans Section/Branch champion take to ensure data accuracy?

Answer: The Loans Section/Branch champion should ensure that all particulars related to an account are filled with proper codes, either immediately on opening the account or before the end of the business day.

Q29: How should Branches handle data error reports in the Returns Submission Process?

Answer: Branches should ensure ongoing Data Cleaning and attend to data error reports promptly. Corrections and updates should be made in response to these reports.

Q30: What should Branches do in cases where CBS does not fully meet the data requirements of a statement/report?

Answer: In cases where CBS does not fully meet the data requirements of a statement/report, branches should enter the required information in the template provided on the BBMIS site.

Q31: What are the intranet websites maintained by MIS department?

Answer: MIS department maintains the intranet web sites viz. BBMIS (Bank Business Management Information System), MIS Portal, MIS Dashboards and Executive Dashboard.

Q32: How access to MIS portal/dashboard and BBMIS are restricted?

Answer: Access to MIS portal/dashboard and BBMIS will be restricted to branch IP address.

Q33: What are the technologies used by MIS Application Service Provider for building four layers of activity?

Answer: Oracle, PL/SQL and Java Technology

Q34: What is XBRL?

Answer: XBRL (Extensible Business Reporting Language) is a format specified by RBI for data submission.

Q35: What is Returns Governance Group (RGG)?

Answer: A Returns Governance Group has been formed in our Bank with the officials from key user departments to coordinate for achieving the automated data flow.

Q36: Who will provide infrastructure for MIS portal/dashboard?

Answer: For MIS portal/dashboard, BBMIS and Executive dashboard, IT Department will provide infrastructure with scalability and disaster recovery setup.

Q37: Error data reports and Validation rules are made available in which website?

Answer: Error data reports and Validation rules are made available in BBMIS website for the use of branches to assist in their data cleaning efforts

Q38: What is the purpose of MIS Portal?

Answer: A web based MIS Portal has been developed in-house for automation of reports of repetitive nature and provided access to all branches, Zones and CO: Departments.

Q39: All commercial banks have to follow which accounting standards?

Answer: As directed by RBI, all commercial banks in India have to change over to IND-AS accounting standards in order to align our financial reporting standards with the International Financial Reporting Standards (IFRS).

Q40: What is ADEPT as per MIS Policy?

Answer: RBI had initiated Automatic Data Extraction Project (ADEPT) from CBS / MIS Systems of Banks to ensure consistency, integrity & timeliness of data-flow from Banks to RBI on various regulatory matters. ADEPT has been implemented in our Bank as part of BBMIS based on regulatory requirement

Q41: For whom Executive Dashboard is accessible?

Answer: The Executive dashboard access is provided to Top management, General Managers, Field General Managers, Department Heads and Zonal Managers with Active Directory user authentication.

Q42: What is E-PARTH Application?

Answer: PARTH Version-2 is an online module developed by MIS in collaboration with the CO, Legal Department, for monitoring & following- up the Nonperforming Assets at various levels i.e. Branch/Zone/FGM/Head Office level.

Q43: Name some Exception Transaction Reports?

Answer: Anomalous transactions carried out in CBS viz. Over Draw of account, capability level breach, login/ logout etc.

Q.1) What is a Crisis?

Ans: Any unwanted event or sequence of events, usually encountered on a short notice, that can threaten the reputation of an organisation and its core business is defined as a Crisis.

Q.2) What are different types of Crisis?

Ans: Different types of Crisis include:

i) Operational (e.g. burglary, fraud)

ii)Technological (e.g. cybercrime, data breaches)

iii)Humanitarian (e.g. fire, flood)

iv)Financial (e.g. liquidity)

v)Reputational (e.g. viral social media stories, government investigations)

Q.3) What is a Crisis Communication Plan(CCP)?

Ans: A Crisis Communication Plan (CCP) is a set of guidelines and procedures used to communicate with key stakeholders in the event of an emergency or unexpected event. The idea is to respond promptly, accurately and confidently in the event of a crisis.

Q.4) What is Crisis Management Plan (CMP)?

Ans: Crisis Management Plan (CMP)primarily caters to the resolution of the crisis. For crisis management, various policies of the Bank like Business Continuity Planning (BCP) & Disaster Recovery Management (DRM), Integrated Risk Management Policy, Cyber Security Policy, Contingency Funding Plan (CFP), etc. are in place which have to be referred and acted upon depending on the type and nature of the crisis.

Q.5) What are crisis communications and why is it required?

Ans: Crisis communication is the information that is exchanged by the organization with its stakeholders like Customers, Government, Regulators, Key Investors, Employees, etc. during and after a crisis.

Crisis communication is an initiative which aims at protecting the organisation’s reputation, identity and image. Communication affects the development of events, and shapes the Crisis response. Crisis communications must, therefore, be considered as a core function and an integral part of emergency management.

Q.6) What are different key principles on which Crisis communication is based on?

Ans:

1.) Inclusivity: The communication should cover not just internal stakeholders (like Management and Employees) but also external stakeholders (like Customers, Key Investors and Media)
2.) Clarity: The communication should be clear and unambiguous to not only augment the organization’s stand but also to cut through the adverse noise generated by other entities in the environment.
3.) Transparency: Effective communication should be encouraged at the workplace during emergency situations and superiors should facilitate discussions on critical issues
4.) Accuracy: Communication should be accurate and be reported to all involved stakeholders
5.) Timeliness: Communication should be timely with quick response time, keeping alternate plans too, in place, to re-establish normalcy.

Q.7) Who is the competent authority for recognition of an event as a “crisis” and issuance of directions to release related communication to stakeholders?

Ans:

At the Field level	At the Corporate Office level
Field General Manager (FGM) or any other authority permitted by him/ her.	MD & CEO or the Executive Directors or any other authority permitted by them.

Note:a) In absence of FGM, the Zonal Manager in whose jurisdiction the crisis has occurred shall be the competent authority.

b) Press Release, if any, is to be issued only after getting due approval from CO: Corporate Communication Department.

Q.8) What type of crisis event normally comes under the purview of FGM at the field level?

Ans: Crisis event related to operational matters at the local level like burglary, robbery, cybercrime,

tech outages, ethical misconduct, police investigation, fire, flood, etc.

Q.9) What type of crisis event normally comes under the purview of MD & CEO or ED at the Corporate level?

Ans: Communication related to crisis events having wider implications like liquidity risk, data breaches, high value loan frauds, Government investigations, social media, etc.

Q.10) What is the role of Media Management Plan during crisis?

Ans: During a Crisis, one of the most potent tools to diffuse tension and abate negative sentiments is by releasing the communication via the right communication channel at the right time.

It is essential to determine the most effective communication channels to reach out to different stakeholders during a crisis. This may include press releases, social media platforms, email newsletters, website updates, dedicated helplines, etc.

It is advisable to always seek suggestions of empanelled media/ PR agency of the Bank, through CO: Corporate Communication Department, before finalizing the suitable media management plan.

Q.11) Who is the designated authority for any modification/ amendment in the SOP of Crisis Communication policy?

Ans: Any modification / amendment may be done with the prior approval of MD&CEO. In his/ her absence, it may be done by the prior approval of the Executive Director overseeing the Corporate Communication department of the Bank.

Q.12) List various media release types and their owners within bank?

Ans:

Type of Media/ Release	Owner Department/ Office
Press Release (in physical newspapers and digital news sites)	At CO – CO: Corporate Communication At FGMO/ ZO – Respective FGMO/ ZO
Press Meet	CO: Corporate Communication
TV Interviews	CO: Corporate Communication
Social Media Post (Facebook, Twitter, Instagram, LinkedIn, YouTube*)	CO: Marketing
Email	CO: ITD
SMS	CO: ITD
Whatsapp	CO: ITD
Bank’s Mobile App	CO: ITD
Bank’s Website	CO: Marketing / Concerned Functional Departments
Radio	At CO – CO: Marketing/ CO: Corporate Communication At FGMO/ZO - Respective FGMO
Internal Communication Channels for Employee	CO: HRM
Customer Meet	CO Departments / Concerned FGMOs/ Zos
Investor Meet	CO: Investor Services Cell
Official Letters	As decided by the respective authority

Question 1 : What is the minimum score criteria for existing customer/new to bank customers for pre approved credit card customers?

Answer: The minimum CIBIL score for customers is 700, and for new-to-bank customers is 725 and corresponding scoring for other CICs.

Question 2: For what type of customers CIBIL score of -1 (no credit history) may be considered in case of pre-approved Credit Card?

Answer: for Following customers CIBIL score of -1 may be considered

1. For salaried customers, employed with Central Govt/ State Govt/ PSU/Govt. aided institutions
2. For other customers having net annual income of 15 lacs and above

Question 3 : Who is the owner of Credit Card Policy?

Answer: CO: RAD is the owner of Credit Card Policy.

Question 4 : What are the powers and authorities vested in GM (RAD) regarding credit card limits?

Answer: GM (RAD) is authorized to approve, add, or modify scoring models for determining eligible credit limits as per the business requirement.

Question 5 : What is the role of CO: RAD and CO: DBD in the functionalities of credit cards?

Answer: CO: RAD is the owner of Credit Card Policy, responsible for business-related decisions.
CO: DBD handles technology-related functionalities, including card issuance, hardware/software support, billing, transactions, and customer complaint resolution.

Question 6 : What is the delegation of powers for sanctioning credit card limits?

Answer:

Sanctioning Authority	Limit upto and inclusive of (in Rs.)
CM in-charge of Credit at Zonal Offices & CM in-charge of Credit card at CO	5,00,000
AGM In-charge of Credit at Zonal Offices/ AGM in-charge of Credit Card at CO/Deputy Zonal Manager(AGM)/ Zonal Manager(AGM)/ LCB/MCB (AGM)	20,00,000
Deputy Zonal Manager(DGM)/ Zonal	30,00,000

Manager(DGM)/LCB (DGM)	
Field General Manager(FGM)	50,00,000

Question 7 : How are credit card applications rejected, and what communication is provided to the applicants?

Answer: In compliance with RBI guidelines, Zonal Offices inform applicants of credit card rejections through written communication via branches, stating the reasons of rejections. Non-customers are informed directly by mail/email.

Question 8 : What is the process for limit enhancement on existing credit cards, and who has the sanctioning authority?

Answer: Limit enhancement requires a request after a minimum of 6 months' usage of existing card limit. Branch has to send the request of the Card Holder with the latest income details to Zonal Office and non-customers has to send directly to Zonal Office. The minimum increase in the eligible amount should be at least Rs 10,000/- in any individual case.Branch Manager recommends deviations/enhancements, and FGM is empowered for authorizing them beyond the sanctioning powers of ZMs/DZMs/BMs.

Question 9: What is the billing period and interest rate structure for credit card holders?

Answer: Cardholders have a minimum of 15 days and a maximum of 45 days for interest-free credit period depending upon the date of usage of card . Cash withdrawals attract interest from the transaction date and Purchase transactions are interest free credit period of a minimum of 15 days and a maximum of 45 days depending on the date of usage of the card

Question 10: What are the eligibility criteria for credit card limits based on different customer category?

Answer: Eligibility criteria include existing deposit customer, existing salaried customer, existing standard home loan customer, new home loan customer, existing business loan customer, existing current account customer, existing business correspondent, and customers eligible for preapproved personal loan.

Question 11: What is the predetermined statement date for the different categories of cards?

Answer: 20th of every month

Question 12 :What are the features and eligibility criteria for card types Visa-Global Gold, Platinum Cards, Rupay-Select, Platinum & Classic Cards?

Answer :The features and eligibility criteria for Visa-Global Gold, Platinum Cards, Rupay-Select, Platinum & Classic Cards card types are as follows:

• Customers of Indian Bank and Indian Bank sponsored RRBs (Regional Rural Banks) having satisfactorily conducted accounts and with KYC Compliance.
• Indian Nationals of Age between 18 to 80 years with Minimum Gross Income of Rs.12,500/- per month (applicable prospectively).
• PAN Card is mandatory
• Mobile Number and email id are mandatory.
• For NRIs & PIOs on a case-to-case basis on their agreeing for our marking lien on their deposits.

Question 13: What is the eligibility criteria for issuance of credit card for the Non customers segments?

Answer :
▪ Satisfactorily conducted SB/Current account with any scheduled Bank in India.
▪ Mobile number, email ID, PAN number and AADHAR card Mandatory.
▪ Minimum CIBIL score of 725 and corresponding scores for other CICs.
▪ Age from 20 years to 70 years
▪ Income Rs.3 lakhs and above p.a. as per latest 2 years IT returns with Income proof.

Question 14 : How are the Write-Off proposal in the Credit Card considered?

Answer : Write-Off proposal in the Credit Card operations shall be considered by the ZLCC based on the recommendations of the Branch Managers based on delinquency level.

Question 15: What is the Computation of Minimum Compromise Amount in all Credit Card accounts including Suit Filed accounts (other than those where credit card holders have facilities with securities charged to the Bank with the realizable value is adequate to cover primary loan and card dues also)?

Answer :

Particulars	Sanctioning authority
The Minimum Compromise Amount under One Time Settlement is as follows: ▪ Del 4: Outstanding Amount ▪ Del 5 to 16 : Book Balance as on Del 4 + 45% of financial	• OTS for the real balance of credit card accounts less than Rs. 10.00 lakhs and where the credit card holder has no other facilities with the Bank will be considered by the Branch Manager as per the powers delegated in the Recovery Policy of our bank for the —Real Balance

charges ▪ Del 17 to 51 : 80% of the (Book Balance as on Del 4 + 45% of financial charges) ▪ Del 52 and above: 60% of the (Book Balance as on Del 4 + 45% of financial charges) The proposed sacrifice on OTS is well within the proposed quantum of Sacrifice as mentioned in Bank's Recovery Policy	upto Rs.10.00 lakhs categoryll where Real balance is Book Balance+MLE+MOX • OTS proposals for credit card NPA accounts (irrespective of balance) for which the credit card holder has any other facilities (with/without securities charged to the Bank), Zonal Office Level Credit Committee (ZLCC) is empowered to consider under their powers on the recommendation of the Branch Manager. • OTS proposals for credit card NPA accounts not having any other facility, but having deposit accounts will be considered by as per recovery policy and other applicable policies in force.

Question 16 : What is the minimum and maximum interest free credit period for Cash withdrawals ?

Answer : Cash withdrawals through credit cards will attract interest from the date of transaction

Question 17: What is meant by Minimum amount due in credit card operations?

Answer : It is reckoned at a certain percentage of the total transactions: value up to the billing date, plus other financial and statutory charges.

Question 18 : What is credit card limit for officer/staff under probation period?

Answer: Limit on Credit Card for staff on Probation (i) Officers – Rs.50,000 and (ii) Clerks – Rs.25000.

Question 19 :What are the features and eligibility criteria for Business Category Credit cards?

Answer :

- Corporate & SMEs Loan Accounts – (Limited Companies, Partnerships, Sole Proprietary Concerns, Trusts & Association) having aggregate secured limits of Rs 25.00 lakhs & above.
- Reputed corporate current accounts with satisfactory track record of operations and financials in the past two years on a case to case basis only by the Zonal

Manager or with Zonal Manager's recommendation for limits beyond the sanctioning powers of Zonal Manager.

- Up to a maximum of 5 cards to the individual executives / employees nominated by the company and within the overall limit to the Company. Apart from the name of the individual, card will also carry the name of the Business Entity.

Question 20 : In case of lost /fraudulent transaction ,how does a customer may block his/her credit card?

Answer: Card can be blocked by Sending SMS to 56767 –**BLOCKCC or blockcc** from their Registered Mobile Number.

Question 21: What is Merchant acquisition ?

Answer : Merchant acquisition is primarily referred to as the mechanism of providing necessary infrastructure for facilitating payment of goods and services purchased. Payments to Utility Companies, Educational Institutions, and Public Distribution System outlets, Government Departments / Institutions etc. are also included in Merchant payments apart from regular purchase of goods from traders.

Question 22: What Are features provided by our Bank for FASTag?

Answer:

- FASTag has a onetime Fee of ₹100/- inclusive of all taxes.The Security Deposit, Wallet Minimum Balance and Tag Cost for different vehicle class will be applicable.
- Convenience fee will be applicable for online recharge.
- FASTag Replacement cost is Rs.100 (inclusive of all taxes).
- Threshold amount is the minimum recharge amount to be done at the time of tag activation.
- The deposit rates would be applicable as per the vehicle class. Balance amount will be refunded at the time of closure of FASTag account.
- Toll amount will be deducted as per the applicable amount, depending on the vehicle class and the plaza used.

Question 23 : What does BBPOU stands for?

Answer : Bharat Bill Payment Operating Unit

Question 24 : What are the types of Net banking provided by our Bank to customers?

Answer :

a) Retail Net Banking (RNB)

b) Corporate Net Banking (CNB)

Question 25 : After how many unsuccessful login attempt in IB and MB , ID gets locked?

Answer: Locking of User ID occurs in case of 3 unsuccessful login attempts.

Question 26 : What are the discretionary powers for the sanction of Concession/ Waiver for POS, Payment Gateway Services, UPI QR Sound Box, Fastag and any merchant acquisition product up to the expenditure limit ?
Answer

Net Out Go * (per year)	**Sanctioning authority**
Up to Rs. 3 Lakh	ZLEAC (AGM)
Upto Rs. 5 Lakh	ZLEAC (DGM)
Upto Rs. 10 Lakh	ZLEAC (GM) / FGMEAC(GM)

*Net Out Go is the total expenditure incurred/to be incurred on providing the services at Nil / reduced charges.

Question 27 : What is the review period to ensure compliance to sanction terms for waivers/concessions for POS?

Ans. Waivers / Concessions should be Reviewed Once in six months to ensure compliance to sanction terms. However, the charges can be reviewed before completion of six months, considering changes in the market, regulatory guidelines, government guidelines, any special campaigns launched by the Bank etc.

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FAQ on Policy on Cheque Collection/ Frequent Dis-honour of cheques/ECS/NACH Mandate and Customer grievances

1.What is RBI directions and what is our Bank policy with regard to Positive Pay System?

Ans:RBI has mandated for all cheques amounting Rs. 5 lacs and above while our Bank has mandated for all cheques amounting Rs. 2 Lacs and above for obtaining PPS details.

2.What are guidelines about dishonor of cheques valuing Rs. 1 cr and above due to insufficient funds?

Ans:If a cheque for Rs.1 Cr and above is dishonoured for a third time due to reason of insufficient funds during a financial year ,Bank will issue a cautionary advice for consequential stoppage of cheque facility and if it is dishonoured on fourth occasion no fresh cheque book will be issued.

In respect of advances in case of above described circumstances the need for continuance of facility and cheque facility will be reviewed by appropriate authority higher than the sanctioning authority.

3.What are guidelines about dishonor of cheques/NACH/ECS valuing less than Rs. 1 cr due to insufficient funds?

Ans: If a cheque/NACH/ECS for Rs.1 Cr and above is dishonoured for a fifth time due to reason of insufficient funds during a financial year ,Bank will issue a cautionary advice for consequential stoppage of cheque/accepting ECS mandate facility and if it is dishonoured on sixth occasion no fresh cheque book will be issued/ECS accepting will not be accepted.

In respect of advances in case of above described circumstances the need for continuance of facility and cheque facility/accepting ECS mandate will be reviewed by appropriate authority higher than the sanctioning authority.

4.What are the objective of policy on collection of cheques and other instruments ?

Ans:The policy sets out clear guidelines for collection of instruments and time norms for collection.It also provides payment of interest where bank fails to meet the time norms.

5.What is Bank Policy with regard to issue of “Payable at par” cheques?

Ans:Bank issues “Payable at par” cheques to all the eligible customers irrespective of the risk categorization done vide”KYC/AML/CFT policy” of the Bank.Csh withdrawals to a third party will not be entertained from branches other than home branch.

6.What is Cheque Truncation System(CTS) ?

Ans:Truncation is the process of stopping the flow of the physical cheques issued by a drawer to the drawee branch.The physical instrument will be truncated at some point enroute to the drawee branch and an electronic image of the cheque would be sent to the drawee branch along with the relevant information like the MICR fields,date of presentation,presenting bank etc.

7.What is Paper to follow (P2F) in CTS?

Ans:The Drawee Bank can request for the physical instrument in case of any doubt or suspicion about the nature of instrument.In case Images received for the processing is not clear,branch would request the presenting bank for the physical instrument.This operational convenience is called P2F.

With reference to state government cheques,P2F is mandatory only till such time RBI implements the revised procedure.

8.Where is northern grid of CTS located ?

Ans: Delhi

9. Where is southern grid of CTS located ?

Ans: Chennai

10. Where is western grid of CTS located ?

Ans: Mumbai

11.What is satisfactorily conduct of account for the purpose of immediate credit of Local/Outstation cheques/instruments ?

Ans: Account which is opened at least 6 months earlier and complying KYC Norms and,

i)Branch has not noticed any irregular dealings

ii)no cheque/instrument for which immediate credit afforded earlier was returned unpaid for financial reasons

iii)Branch has experienced any difficulty in recovery of any amount advanced in the past including cheques returned,after giving immediate credit.

12.What is time schedule for out station cheques and other instruments sent for collection to centres with in the country for state capitals?

Ans:Maximum period 7 days

13.What is time schedule for out station cheques and other instruments sent for collection to centres with in the country for major cities (other than those of north eastern states and Sikkim)?

Ans:Maximum period 10 days

14.What is time schedule for out station cheques and other instruments sent for collection to centres with in the country for other centres than state capitals and major cities (other than those of north eastern states and Sikkim)?

Ans:Maximum period 14 days

15.What are guidelines for payment of interest for delayed credit beyond the time frame in case of local clearing cheque collection ?

Ans:Such interest will be paid without any demand from the customer and,Interest rate will be paid at saving bank interest for corresponding period of delay beyond the time frame stipulated.

16.What are guidelines for payment of interest for delayed credit beyond the time frame in case of outstation clearing cheque collection in India ?

Ans: Such interest will be paid without any demand from the customer and,

i)Interest will paid at saving bank interest rate for period beyond stipulated time frame of 7/10/14 days

ii)Where delay is beyond 14 days interest will be paid at the rate applicable for corresponding term deposit of respective period iii)in case of extraordinary delay(delay exceeding 90 days) interest will be paid at the rate of 2% above the corresponding term deposit rate.

iv)In case proceeds are to be credited OD/Loan account ,interest will be paid at the rate applicable to the loan account.In case of extraordinary delay at the rate of 2% above the rate applicable to the loan account .

17. Bank would mandatorily provide what minimum requirements as a notice to the customers in the Banking Hall at all the branches, in order to help them register their grievances?

Ans: Appropriate arrangement for receiving complaints and suggestions.¬ The name, address and contact number of Nodal Officer(s), in case they are not¬ satisfied with the response at branch level. Contact details of Banking Ombudsman of the area.¬ Code of Bank‟s Commitment to Customers / Fair Practice Code would be made¬ available on demand by the customers at the branches.

18.What is SPGRS?

Ans: Bank has introduced online complaint management system, viz., Standardised Public Grievance Redressal System (SPGRS) to integrate complaints received through various modes like telephonic complaints, e-mail, letters, Online grievance redress site of Banking Ombudsman, Govt. of India (CPGRAMS) etc.

All complaints „received through all modes‟ would be entered online in SPGRS for data management and speedy disposal of complaints. These complaints would be attended / resolved by the respective Branches / Zones / Corporate Office within the given time frame viz. 21 days.

SPGRS is enabled in such a way that branches can only reply to the complaints but could not close. It would be closed only by Zonal Office or CO:Customer Service Cell.

19.What are the time frame norms for Complaint/Grievance Redress Mechanism?

Ans: Specific time schedule has been set up for handling complaints and disposing them at all levels including Branches, Zonal Office and Corporate Office. Branch Manager would try to resolve the complaint within specified time frame, decided by the bank.

i) Customer has to lodge his/her complaint to the Branch Manager / Zonal Office / Corporate Office / Web Portal of the Bank etc.

ii) Bank would initiate steps for resolving and replying to the customer to his satisfaction on his/her complaint within a maximum period of 21 days (Branch would resolve within 5 days from the date of receipt of the complaint, if not by Zonal Office within 10 days from the date of receipt of the complaint and Corporate Office totally within 21 days from the date of receipt of the complaint). Escalation of the complaint to the next higher level would be taken care by the SPGRS, without any manual intervention.

iii) If the customer is not satisfied with the reply given by the Branch, the complainant may take up with Zonal Office / CO: Customer Service Cell.

20.What is required for better customer interaction management by Branch?

Ans: customers can meet the Branch Manager at 3.00 pm on 15th of every month or on the next working day, if it falls on Saturday or on a holiday, to resolve their grievances. In addition, Monthly Joint Customer Service meet would also be conducted at the branches. This would pass a message to the customers that the bank always cares for them and value their feed back / suggestions for improvement in customer service. Many of the complaints arise on account of lack of awareness among customers about banking services and such interactions will help the customers appreciate banking services better. As for the bank, the feed back from customers would be valuable input for revisiting the product, strategies and services to meet customer requirements.

21.What is Public Interest Disclosure & Protection of Informers" Resolution – 2004 (PIDPI)?

Ans: The following procedure has been laid down for handling such anonymous and pseudonymous complaints:

1.No action is required to be taken on anonymous complaints, irrespective of the nature of allegations and such complaints need to be simply filed.

2. Complaints containing vague allegations could also be filed without verification of identity of the complainant.

3. If a complaint contains verifiable allegations, Bank may take cognizance of such complaint - In such cases, the complaint will be first sent to the complainant for owning/disowning, as the case may be. If no response is received from the complainant within 15 days of sending the complaint, a reminder will be sent. After waiting for 15 days after sending the reminder, if still nothing is heard, the said complaint may be filed as pseudonymous by Bank/Branch.

4. However, as good Corporate Governance, depending upon the gravity of the allegation, the same will be examined by the Bank.

22. Compensation policy of the Bank covers areas?

Ans:

a. unauthorised / erroneous debiting of account,

b. payment of interest to customers for delayed collection of cheques/ instruments,

c. payment of cheques after acknowledgement of stop payment instructions, d. remittances within India,

e. foreign exchange services and f. lending and release of securities

23. What is deficiency in services to Customers?

Ans: Sec. 2(1)(g) of The Consumer Protection Act, 1986, defines the term Deficiency as any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service.

24.Define compensation in case of Failure to execute Standing Instructions?

Ans: In case of any failure to execute Standing Instructions (and if it is directly attributable to the Bank), the Bank shall compensate the customer to the extent of the financial loss not exceeding ` 100/- per occasion subject to providing proper supporting documents for having incurred the loss. In addition, service charges, if any, recovered for execution of the Standing Instruction shall also be refunded. Branches have to obtain prior approval from their Zonal Manager for making compensation under this category.

25. Compensation for delays Issue of Duplicate Draft ?

Ans: Duplicate Draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Depoist of correspeonding period will be paid as compensation to the customer for such delay.

26. What is Bank policy in case Violation of the Code by Banks agent?

Ans: In the event of receipt of any complaint from the customer that the bank‟s representative/courier or DSA has enagaged in any improper conduct or acted in violation of the Code of Bank‟s Commitment to Customers which the bank has adopted voluntarily, bank is committed to investigate the matter and endeavour to communicate the findings to the customer within 7 working days from the date of receipt of complaint and whereever justified, compensate the customer for financial loss, if any, as contemplated under this policy.

27. What is TIME FRAME FOR RESOLUTION of complaints ?

Ans: As per the Grievance Redressal Policy of the Bank, any complaint received by the Department will be resolved within a period of 21 days from the date of receipt .

There is no necessity for the customer to make a separate representation / complaint to the CCSO or Internal Ombudsman .

In case the grievance is partly redressed or not redressed by the Department within a period of 21 days, it will be automatically escalated to Internal Ombudsman who has to resolve the same within a further period of 30 days from the date of such escalation.

1. What is the purpose of the policy?

Ans. To provide guidance on various aspects related to Automated Teller Machines (ATM) & Cash Recycler (CR) operations of the Bank and to govern the deployment, usage, economical viability and security aspects of ATMs and CRs.

2. How ATM network sharing is done?

Ans. Bank is a member of National Financial Switch (NFS) ATM network managed by National Payment Corporation of India (NPCI) for domestic ATM transactions and Visa &MasterCard networks for international transactions. The Bank will acquire both Debit Cards & Credit Cards of other banks and financial institutions on our ATMs/CDs/CRs through the above ATM network sharingarrangements.

3.What is Cassette swap system?

Ans. Under cassette swap system, cash will be filled in the lockable currency cassettes at the branch premises and sealed cassettes having loaded currency will be swapped with cassettes available in the ATM/CD/CR.

4. What is Lobby ATM?

Ans. ATMs or other Machines installed within the Branch premises and not available 24*7 for customers are treated as Lobby ATM.

5. What is Onsite ATM?

Ans. ATMs or other machines installed at the branch premises with a separateentrance and connected to the branch network are treated as Onsite.

6. What is Offsite ATM?

Ans. ATMs/other machines which installed outside the branch premises with a separate network connection shall be treated as off-site.

7. What is mobile ATM?

Ans. ATMs/other machines installed inside a van and providing services at adesignated geographical area.

8.What is E-lounge?

Ans. ATM / Cash Recycler and Passbook kiosks installed in the same premises is E-lounge.

9.What parameters are to be considered while finalizing location at offsite?

Ans. The parameters to be considered while finalizing location at offsite are expected number of hits, location, visibility and expected off-us transactions.

10.Who will identify locations for Cash Dispenser/ATMs/Cash Recycler where our customers are using other bank ATMs in large numbers?

Ans. Bank will deploy Cash Dispenser/ATMs/Cash Recycler at the locations where our customers are using other bank ATMs in large numbers. CO: DBD will identify such locations and communicate to Zonal Offices.

11.What is the criteria for deploying additional CR where only ATM is available,?

Ans. If the average daily hits in the ATM is minimum 100 (or) if the average cash receipt in the branch is more than 50 per day.

12.What is the criteria for deploying additional CR where CR is already available?

Bank may deploy additional CR at locations where only ATM is available, if the average daily hits in the ATM is minimum 100 (or) if the average cash receipt in the branch is more than 50 per day. Bank may deploy additional CR at locations where CR is already available, if the average hits in the first CR is minimum 300 per day. Deployment of additional CR is subject to the site feasibility.

13.What is the minimum space required for on-site ATM?

Ans. Approx.60 Sq.ft

14.What is the minimum space required for E-LOUNGE/ multiple ATM / CD / CR?

Ans. Approx.120 Sq.ft.

15.What are the various ATM models for on-site/off-site locations?

Ans. OPEX and CAPEX model

16.What is CAPEX and OPEX ATM models?

Ans. Under the Opex model, third parties install and manage ATMs and get paid for each transaction. In the Capex model, a bank has to manage everything— from the selection of sites to buying the ATMs and managing them on a daily basis.

17.Who will maintain ATMs under OPEX model?

Ans. Respective vendors

18.Who will maintain ATMs under CAPEX model?

Ans. Bank

19.Who will monitor and ensure timely replacement of ATM/Othermachines of sites?

Ans. CO Digital Banking Division

20.Under which conditions installation of ATM/other machines can be outside the purview of Cost Benefit Analysis:

Ans. Installation made under guidelines of Government for the purpose of social banking / Financial Inclusion.

All Rural areas, where the proposed ATM is the only one within 5 km radius.

21.Who will do the periodical cost benefit analysis for operation of ATM/ CD/ CR?

Ans. CO: DBD ATM section

22.Who will do the Procurement, Deployment & Maintenance of ATM/ Cash Dispensers/ Cash Recycler

Ans. OEM (Original Equipment Manufacturer) vendor(s)

23.What is the overall life cycle of ATMs/CDs/CRs?

Ans. Minimum 7 years.

24.What is the type of branding for all ATM/Cash Dispenser/ Desktop ATMs/CRs deployed under CAPEX, OPEX & MOF model?

Ans. All ATM/Cash Dispenser/ Desktop ATMs/CRs deployed under CAPEX, OPEX & MOF model may be color branded. The Bank's RFP for ATM/CD/CR should make provision for this item, in case at a future date, Bank decides for color branding.

25.What are the multilingual screens in the ATM/Cash Dispenser/CR?

Ans. Regional language, Hindi and English language

26.Who shall send SMS alerts to ATM officer, Branch manager, Zonal EDP and Deputy Zonal Manager for non-functional ATM / CD / CR?

Ans. CO: DBD

27.In which menu, Branches can view the real time cash position of the ATM / CD / CR?

Ans. CBS menu.

28.Who will fix the cash retention limits for zones based on the past cash withdrawals in the ATMs of each zone?

Ans. CO: Banking Operations Department will fix the cash retention limits for zones based on the past cash withdrawals in the ATMs of each zone. Zonal offices will, in turn, allocate the cash retention limit for each branch based on the past cash withdrawals in the ATMs of each branch

29.How ATM cash replenishment is done in OPEX model ATMs?

Ans. For Opex model ATMs, ATM cash indent is raised by respective service provider. Cash indent/ replenishment at ATMs should be the quantum of cash retention limit for 2 (two) working days and subsequent holidays, if any.

CRA will load cash in the outsourced ATMs as per the SOP of online accounting process and submit the C3R reports and EOD slips to the feeder branch.

30.What is the amount of cash held in ATMs/CDs/CRs for a branch ?

Ans. The amount of cash held in ATMs/CDs/CRs shall be as per the limit fixed for each branch from time to time.

31.Who will ensure that only properly sorted and examined ATM fit notes are put into circulation through ATM / CD/CR machines?

Ans. Currency chest / Branch

32.Who will monitor and ensure uninterrupted supply of ATM fit notes to ATM / CD/CR?

Ans. Zonal office

33.What are the features of Online accounting procedure for ATM / BNA Cash Operations and Transactions?

Ans. The salient features of the online accounting procedure are:

For each ATM / BNA, a separate BGL is mapped in CBS to reflect the cash balance.

Various “Admin functions” in ATM / BNA like Cash loading, Cash Unloading, Admin increase for Excess cash found, Admin Decrease for short cash are posted in the BGL mapped in CBS.

Cash withdrawal transactions in our ATMs / BNAs (by our customers / other bank customers) & Cash deposit transactions in our BNAs (by our customers) are accounted in the respective BGLs on real time basis.

Cash balance in ATM/BNA as accounted in CBS will be reflected in respective Branch balance sheet.

EOD procedure is made similar for both ATM / BNA.

ATM / BNA Cash loading activity monitoring is made more transparent and easy for feeder branches and administrative offices.

Monitoring of Cash loading requirement / transactions in ATM / BNA is made easy for Branch Management. It leads to the optimum cash loading in the ATM /BNA.

Excess cash in ATM / BNA will be maintained centrally at ATMSC to handle the customer cash withdrawal failure complaints. Shortage of cash in the machines will be maintained at branch level for further adjustments and monitoring.

The entry of “Admin function” details in web portal “ATM BNA C3R” will improve the transparency and quality of ATM BNA EOD record maintenance at branches.

34.What is OEM?

Ans. Original Equipment Manufacturer. The Bank shall engage the services of Service Provider preferably Original Equipment Manufacturer (OEM) for general maintenance of ATMs/CDs/CRs under warranty / Annual Maintenance Contract (AMC) for a period of 7 years.

35.Bank's ATMs are configured for dispensing

Ans. Rs.500, Rs.200 and Rs.100 denomination currency notes.

36.What are the precautions to be taken when cassettes are recalibrated for a new denomination?

Ans. Whenever cassettes are recalibrated for a new denomination, ATM officers should perform multiple cash withdrawal transactions for various amounts to check and ensure that the ATM dispenses proper denomination of currency notes for all combination of denominations.

37.Bank shall get comprehensive insurance of all its ATMs / Cash Dispensers/ Cash Recyclers along with all the Cash, accessories available at the ATM sites with all furniture and equipment againstwhich risks

Ans. Fire, theft, burglary, vandalism, natural disaster and riots amongst other risks

38.Who is the competent authority to decide the deployment of Armed Security Guard/Unarmed Security Guard at ATMs?

Ans. Zonal Head of the respective Zone shall be the competent authority to decide the deployment of Armed Security Guard/Unarmed Security Guard in consultation with Security Officer Posted at ZO / Head Office.

39.Who will hold the Terminal Master Key while installing new ATM?

Ans. Terminal Master Key shall be provided to Zonal Offices, while installing newATM.

40.Physical keys of the ATM are kept under whose custody?

Ans. The physical keys of the ATM / CD / CR and the dual combination password of the ATM safe door shall be kept under the custody of the authorized staff in the branch.

41.Time period for the captured footages be kept online in ATM?

Ans. The captured footages shall be kept online in ATM for **3 months**. ATM owning branches shall keep the recording of CCTV footage preferably in DVR for 3 months in the branch itself.

42.Policy under which Encryption and transmission of data and files shall be complied?

Ans. Information Security Policy.

43.What are the ATM control measures implemented by the bank?

Ans. Based on the guidelines issued by Reserve Bank of India, bank is implementing the following control measures in the ATM/CD/CR:

a) Enabling BIOS password

b) Disabling USB ports,

c) Disabling auto-run facility,

d) Applying the latest patches of OS & other software, etc,

e) Terminal Security Solution (TSS),

f) Time - based admin access,

g) Anti-skimming solution,

h) White Listing of application and

i) Upgrade ATMs with supported versions of OS.

j) Digital One Time Combination (OTC) lock system for opening of safe door.

44.Who will be liable for the loss incurred to cardholders due to unauthorized cash withdrawals using EMV chip based cards, if the ATM/CD/CR is enabled for EMV chip processing?

Ans. Card issuing bank

45. Define Role of CO: Rural Banking Department (RBD)?

Ans. Coordinating with RRBs for identification sites and deploying ATM/CD/CR atRRB branch premises & all correspondence with RRBs.

46.Define Roles of Cash Feeder Branch?

a) Maintain a separate account for the vendor for issuing cash for cash replenishment in outsourced CDs.

b) Handing over cash to Cash Replenishment Agency (CRA) along with Unique Reference No. (URN) for replenishment and receiving cash from CRA in respect of cash returned/evacuated from ATM.

c) Provide sufficient space with cash sorting/ counting machine, scanner, CCTV for counting & sorting the cash in Bank premises.

d) Cash feeder branch to ensure that RBI Clean Note Policy is followed and that ATM fit notes are supplied to the ATM/CD/CR.

e) Receive EOD reports (C3R report) and admin slips from CRA and submit the details in C3R portal.

f) CRA will load cash in the outsourced ATMs as per the SOP of online accounting process and submit the C3R reports and EOD slips to the feeder branch.

47.Define Roles of Zonal Office?

i. Fixing cash holding limits for each branch based on the transaction volumeand the overall limit fixed by CO: Banking Operations Department.

ii. Monitoring of ATM/CD/CR through PROGNOSIS tool and take up with branches to attend to the non-functional ATM/CD/CR.

iii. All matters relating to rental Premises.

iv. Recommending installation/ shifting / closure of ATM/CD/CR based on business requirements.

v. Identifying Cash Feeder Branches in each location and recommending toCO: banking Operations Dept. for Cash Replenishment in CDs.

vi. Liaison among different Currency Chest of the Zone / RBI to make surethat ATM fit currency Notes are available, including on holidays.

vii. Ensure timely submission of Branch Insurance Claims to Head Office, in respect of bank assets.

viii. During surprise / other inspection to ensure that branch roles andresponsibilities are meticulously followed.

ix. To promote increase in Digital transaction through Bank"s Common as well as area specific measures

x. Ensure appropriation of Costs, including taxes and Income among the branches of the Zone as decided by the Bank.

xi. Decision on rental pertaining to rental Premises.

xii. Deploying security guards at vulnerable ATM locations based on theguidelines issued by CO: Security Department.

xiii. Monitoring of BGLs and follow up for long pending entries.

48.Define Roles of ATM Service Centre?

i. ATM/CD/CR Cash Reconciliation on a daily basis.

ii. Reconciliation of all related ledger accounts in timely manner.

iii. Reconciliation of ATM transactions and identification of failed transactions

iv. Giving proactive credit to the cardholders for failed transactions based onthe EJ and excess cash reported by the branch / CRA and maintain the records.

v. Receiving and settling customer complaints based on the EJ and excesscash reported by the branch / CRA.

vi. Reimbursement to branches for the claims received on failed cash deposit transactions.

vii. Reimbursement to branches for the short cash adjustments done due toacquirer transactions not posted in CASH IN ATM BNA BGL.

viii. Follow up with service providers for availability of Electronic Journal for all transactions.

49.Define Roles of CO: Digital Banking Division?

i. Installation of ATM / CD / CR, maintenance of contracts with the suppliersfor warranty and AMC.

ii. Capitalization of the assets and release of payments to the suppliers.

iii. Formulate strategies for ATM/CD/CR deployment including model of deployment.

iv. Ensuring compliance of RBI / Government / Bank guidelines/instructions.

v. Approval of proposals for opening / closure of ATM/CD/CR based on the recommendations of Zonal Managers and profitability.

vi. Adoption of new information security and other features.

vii. Identification of other Bank ATM locations where our cardholders are transacting in large numbers and share the list with Zonal offices for installing our bank"s ATM/CD/CR in the near vicinity.

viii. Configuration of ATM/CD/CR in the ATM switch server and mapping of machine specific cash BGLs.

ix. Issuance of Admin cards and Terminal Master Keys (TMK).

x. Maintenance of master data in respect of ATM and quarterly reconciliationwith all systems to ensure that various data are in sync.

xi. Monitoring of ATM/CD/CR and providing alerts and technical support to branches and zonal offices for smooth functioning of the ATM/CD/CR.

xii. Launching of new value added services through ATM/CD/CR.

xiii. Modification in Policy/ other guidelines affecting ATM/CD/CR Operations.

50.Define Roles of CO: Banking Operations Development?

i. Fixing and revising the ATM cash holding limits for the zones.

ii. Designating Cash feeder branches and / or Currency Chest(s) in eachcentre / city for providing Cash for loading / replenishing in ATM/CD/CR.

51.Define Roles of CO: Inspection Department?

a) Surprise verification / inspection of the ATM/CD/CR sites

b) Surprise verification / inspection of Cash in the ATM/CD/CRs

52.Define Roles of CO: Premises & Expenditure Department?

i. According approval / delegating sanctioning powers for the rental andother terms and conditions for the ATM/CD/CR premises;

ii. Revising the specifications and materials used for the site preparationworks as per latest industry standards.

53.Define Roles of CO: Security Department?

i. Implementation of electronic surveillance at ATM/CD/CR premises;

ii. Verification/inspectionof site locations for adequate security&infrastructure.

iii. Issuing guidelines with regard to physical security measures forATM/CD/CR premises;

1. What is composition of Estate Committee of CO?

Ans:

Chairman:

1. General Manager (Estate)/ DH (Estate)

Members:

1. General Manager (Recovery)
2. General Manager (BO/ COO)
3. General Manager (TMO)
4. General Manager (CFO)
5. General Manager (P&BI)

Invitee:

1. General Manager (CRO)
2. General Manager (COO)
3. External Advisor/ Member (Expert)- An official not below the rank of Assistant General Manager from Government/ PSU/ PSB/ Reputed Institution who is dealing with premise matters.

Convener: DGM/ AGM (Estate)

Quorum:

1. Any 3 members
2. Mandatory Members: GM (Estate) & GM (COO)

.

2. What is Two Bid system?

Ans: In two bid system Part I is Technical Bid and Part II is Financial Bid. First Technical Bid will be opened and then Financial Bid will be opened for only technically qualified bidders.

3. Who will sign the purchase agreement in case of properties purchased by CO?

Ans: GM in charge of premises/ Estate and in case properties are purchased outside Chennai, the respective ZM/ CEO shall sign the agreements on behalf of the Bank.

4. What are the Bank guidelines regarding lease period of premises?

Ans: Endeavor should be for longer lease periods ideally be 15 years and preferably be 20 years in favor of Bank. In any case, minimum period shall not be less than 10 years and the escalation of rent may be up to 20 % after every 5 years. In case of lease offered by Government departments/PSB/PSUs/Public and Educational Trust/etc, lease period of less than 10 years may be considered by the ZOLCC, on a case to case basis.

5. What is the time limit related norms for renewal of lease?

Ans: One year before the expiry of lease the proposal should be submitted to controlling authority so that sanction can be obtained and lease can be executed well before the time.

6. What are the guidelines about payment of rent arrears in case of lease renewal?

Ans: Enhanced rent are not generally permitted with retrospective effect. However due to genuine unavoidable reasons it is being considered then the same can be considered by the respective sanctioning authority within their delegated powers for current year only.

7. What are the guidelines regarding bearing stamp duty and registration charges?

Ans: ZM should make all efforts for premises owner to bear stamp duty and registration charges. However, ZOLCC can sanction sharing of stamp duty expenditure in the ratio of 50:50 between Bank and Landlord. In exceptional cases of any increase in Bank’s share in registration charges, lease sanction can be accorded by the sanctioning authority under their delegated powers and approval for registration expenses alone need be taken up with CO with a copy of the sanctioned terms justifying the need to consider the same at COLCC (GM).

8. Describe Premises committee at CO?

Ans:

1. COLCC(GM)
2. COLCC(ED)
3. CAC
4. MCB

9. Describe Premises committee at ZO?

Ans:

1. ZO-PIC
2. ZO-LCC

10. Describe advertisement process in case new premises are to be acquired?

Ans: In one national newspaper and one widely circulated local vernacular newspaper. The advertisement to be given in English and local language.

11. What are the technical specifications?

Ans: Location, Type of construction, area, details of public amenities, ownership etc.

12. What are the guidelines related to purchase of property through E-Auction?

Ans:

i) Prior permission to be obtained from Board for participation in e-auction or in the bid process.

ii) The start bid price and increments to be got approved, if the process is notified.

iii) For arriving the bid price, two valuation reports from panel valuer/ govt. approved valuer to be obtained.

13. What are the guidelines related to payment terms in case purchase of property?

Ans:

i) Payment terms be reasonable and in line with the chosen centre norms.

ii) Purchase agreement is to be entered with the proposed seller with an enterim payment, as per norms stipulated by the seller.

iii) However, it should be ensured that final payment is to be made against possession of property and as per the terms of purchase agreement.

iv) Conveyance /sale deed should be executed immediately.

v) Purchase agreement/sale deed shall be vetted by Bank's legal department.

vi) On receipt of approval from competent authority purchase transactions should be completed with the assistance of the legal department of the Bank as per local norms of the chosen centre.

14. What are the guidelines related to payment terms in case sale of property?

Ans :

i) In principal approval has to be obtained from the ED/MD &CEO for the sale of residential/commercial property based on need analysis

ii) Wherever required, prior approval /clearance from the government/land authority department should also be obtained

iii) The sale process should be made transparent and conform to norms of chosen centre/CVC/GOI.

iv) Advertisement is to be hosted in Bank's website and newspapers with maximum circulation in the area where the property for sale is situated.

v) Payment terms to be reasonable and as per Bank policy from time to time and also in line with the norms of chosen centre

vi) On receipt of approval from competent authority (Board) in favor of H-1 bidder, the sale transactions should be completed with the assistance of the legal department of Bank/solicitors.

vii) Conveyance/ Sale deed should be executed immediately on receipt of full payment.

viii) The sale agreement to be vetted by the Bank's legal department.

15. Describe about IB Premises Portal ?

Ans :

i) All sanctions viz. fresh/renewal of lease of Branch/Office premises as well as ATM (offsite and onsite), are to be keyed in the portal "IB Premises" as and when sanctioned.

ii) All the data keyed in are fool-proof for extraction at all times.

iii) BM and DZM are custodians of data at field level. The onus on the correctness of the data lies with DZM.

iv) Ind AS and MIS statement is submitted on quarterly basis before 5th of subsequent month.

FAQs regarding Whistle Blower Policy

Question 1: Who can be a whistle blower?

Answer: Any employee making a disclosure, about an improper practice, under this policy is commonly referred to as a whistle blower.

Question 2: What is the role of a Whistle Blower?

Answer: The role of the Whistle blower is just to **report the facts**.

Question 3: What are the Objectives of the Policy?

Answer:

a) To promote culture of openness within the organisation
b) To set standard of public services & maintain image / reputation of the organisation
c) To follow ethical practices and ensure compliance with rules and regulations

Question 4: What are the improper practices that should be reported?

Answer:

a) Violation of any law or regulation of India or any other country under whose laws the employee is governed. B) Violation of Bank 's Code of conduct or involves gross misconduct, incompetency or inefficiency or lapses involving gross or wilful negligence, recklessness, failure to report to the proper authority, violation of systems and procedures.

Question 5: Requirements of Disclosure?

Answer: Whistle blower should disclose the name and address. In case of an oral disclosure, written communication to be reached within 48 hours.

Question 6: What is the protection available to Whistle Blower?

Answer: HR Policies and service regulations of Banks contain provision of protecting whistle blower from unfair termination and other unfair prejudicial employment practice.

Question 7: What is the punishment for false allegation?

Answer: Staff members knowingly make false allegation to D.A. shall be subject to Disciplinary Action.

Question 8: Timeline for disposal of disclosures?

Answer: The Whistle Blower disclosures shall be disposed by the DA at Corporate Level within 3 months from the date of receipt of alert.

Question 9: Confidentiality of Whistle Blowers will be maintained?

Answer: Yes. Also, Whistle Blower will have the right of protection from retaliation. But this does not extend immunity to him in respect of the matters that are the subject of the allegations or an ensuing investigation in which he is involved.

Question 10: Does the Whistle Blower gets any recognition for true and timely disclosure?

Answer: The Designated Authority shall acknowledge and recognize any staff member providing timely and factual information that saves the Bank from loss in any form - financial or otherwise. The recognition shall not be made public.

Question 11: Timeline of disposal for disclosures?

Answer: The Whistle Blower disclosures shall be disposed by the DA at Corporate Level within 3 months from the date of receipt of alert.

Question 12: Who is Authorised to Review Whistle Blower Policy?

Answer: The ORMC of the Bank is authorised to approve any modification/ amendments.

Question 13: Coverage of the Policy includes?

Answer: The Policy covers complaints in respect of employees other than Whole Time Directors (WTD) and CVO.

Question 14: What are the modes of reporting Improper Practices?

Answer: Disclosures may be made orally or in writing or through Staff Portal or E-Mail or SMS or Telephone or FAX or through the template in the Intranet Helpdesk to Designated Authority. The Whistle Blower should disclose his/her name and full address.

FREQUENTLY ASKED QUESTIONS ON PRINTING AND STATIONERY POLICY

S.NO.	QUESTION	ANSWER
1	What is the purpose of having a Printing and Stationery Policy.	Printing of Stationery Forms an important part of operating segment and every bank needs varieties of stationery items for its smooth functioning. These include simple stationery items like ordinary forms and challans (pay in slips, remittance challans, vouchers etc.), and special forms like agreement forms, pass books, computer stationery and security stationery like cheque books, demand draft leaves, FD Receipts etc. The basic purpose is to provide guidance regarding procurement of stationery items across the bank.
2	What is the objective of Printing and Stationery Policy.	The objective of Printing and Stationery Policy are as follows: ➢ To ensure proper and timely supply of Stationery items to all the branches of the bank. ➢ The policy has been prepared to have uniform guidelines. ➢ Ensuring inventory of basic stationery for smooth functioning of day to day operations in the branch.
3	WHAT ARE THE MANDATORY SECURITY FEATURES PRESENT IN A CHEQUE AS PER THE NPCI GUIDANCE NOTE	The Mandatory Security Features present in a cheque are as follows:- ➢ Water Mark wit LOGOs of CTS-INDIA & Our Bank and our Bank's name in English and Hindi. ➢ VOID Pantograph ➢ Ultra Violet- UV logo of the Bank ➢ Standardizing Field Placements of a Cheque. ➢ Cheque Printing Colours and Background ➢ Printing of Account number field ➢ Micro lettering ➢ New Rupee Symbol ➢ Printers name along with printing "CTS-2010 "
4	What is the cut off limit (per occasion) for purchase of stationery items including printing and stationery without inviting quotations.	The cut off limit (per occasion) for purchase of stationery items including printing and stationery without inviting quotations is Rs 50000/-
5	For purchase of stationery items including printing and stationery what is the tender value beyond which it is necessary to place it in Bank's web site / News Papers	Tender value exceeding Rs. 500000 to be placed in Bank's web site/ News Papers.
6	UNDER DELEGATION OF POWERS AND ADMINISTRATIVE APPROVAL FOR PURCHASE OF BOOK, FORMS & STATIONERY (BFS) WHAT IS THE P.A. CEILING OF CHIEF MANAGER (STATIONERY) AT CORPORATE OFFICE AS PER PRINTING AND STATIONERY POLICY. Rs.	THE P.A. CEILING OF CHIEF MANAGER (STATIONERY) AT CORPORATE OFFICE AS PER PRINTING AND STATIONERY POLICY is Rs 400000/-

7	UNDER DELEGATION OF POWERS AND ADMINISTRATIVE APPROVAL FOR PURCHASE OF BOOK, FORMS & STATIONERY (BFS) WHAT IS THE P.A. CEILING OF ASSISTANT GENERAL MANAGER (EXPENDITURE) AT CORPORATE OFFICE AS PER PRINTING AND STATIONERY POLICY. Rs.	THE P.A. CEILING OF ASSISTANT GENERAL MANAGER (EXPENDITURE) AT CORPORATE OFFICE AS PER PRINTING AND STATIONERY POLICY is Rs. 1500000/-
8	UNDER DELEGATION OF POWERS AND ADMINISTRATIVE APPROVAL FOR PURCHASE OF BOOK, FORMS & STATIONERY (BFS) WHAT IS THE P.A. CEILING OF DEPUTY GENERAL MANAGER (EXPENDITURE) AT CORPORATE OFFICE AS PER PRINTING AND STATIONERY POLICY. Rs.	THE P.A. CEILING OF DEPUTY GENERAL MANAGER (EXPENDITURE) AT CORPORATE OFFICE AS PER PRINTING AND STATIONERY POLICY is Rs. 5000000/-
9	UNDER DELEGATION OF POWERS AND ADMINISTRATIVE APPROVAL FOR PURCHASE OF BOOK, FORMS & STATIONERY (BFS) WHAT IS THE P.A. CEILING OF CHIEF MANAGER (EXPENDITURE) AT ZONAL OFFICE AS PER PRINTING AND STATIONERY POLICY. Rs.	THE P.A. CEILING OF CHIEF MANAGER (EXPENDITURE) AT ZONAL OFFICE AS PER PRINTING AND STATIONERY POLICY is Rs. 40000/-
10	UNDER DELEGATION OF POWERS AND ADMINISTRATIVE APPROVAL FOR PURCHASE OF BOOK, FORMS & STATIONERY (BFS) WHAT IS THE PER OCCASION CEILING OF ZOLCC (AGM) AS PER PRINTING AND STATIONERY POLICY. Rs.	THE PER OCCASION CEILING OF ZOLCC (AGM) AS PER PRINTING AND STATIONERY POLICY is Rs. 750000/-

FAQ ON GREEN DEPOSIT

1. What is Green Deposit?

   "Green Deposit" means an interest-bearing cumulative/ non-cumulative deposits for a fixed period denominated in Indian rupees, and the proceeds of which are earmarked for being allocated towards green finance.

2. Green Deposit account can be opened in term Deposit or SB or CA?

   Green Deposits are to be accepted for fixed term in the form of term deposits hence Savings & Current Category of Green Deposits is not allowed.

3. How Green Deposit is related to Green Financing

   "Green Finance" means lending to and/or investing in the activities/projects meeting the requirements prescribed in Policy for Financing Framework (Allocation) of Green Deposits that contributes to climate risk mitigation, climate adaptation and resilience, and other climate-related or environmental objectives - including biodiversity management and nature-based solutions

4. What is green deposit types

   "Term deposit" means an interest bearing deposit received by the Bank for a fixed period withdrawable normally after the expiry of the fixed period and will include deposits such as Short Deposits / Fixed Deposits / Money Multiplier Deposits.

   "Retail Green Deposit "means Single Rupee deposits of less than Rs. 2 Crore
   "Bulk Green Deposit" means Single Rupee deposits of Rs.2 crores and above

5. Account opening procedure

   i.The Bank before opening any green deposit will carry out due diligence as required under "Know Your Customer" (KYC) and Anti Money Laundering or any other statutory requirements/guidelines issued by RBI.
   In case of any additional information required, Bank will seek separately and will specify the objective of obtaining such additional information.
   If the decision to open a green deposit of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the green deposit will be informed to him/her and the final decision of the Bank will be conveyed at the earliest to him/her.

   II. The due diligence process, while opening a green deposit will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining introduction (if required) of the prospective green depositor from a person acceptable to the bank and obtaining recent photograph of the person/s opening/operating the green deposit are part of due diligence process

iii. In addition to the due diligence requirements, under KYC norms, the Bank is required by law to obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules and PMLA Rules amended vide notification dated 1st June 2017 and subsequent amendments (and thereafter subject to the final judgement of the Hon'ble Supreme Court).

6. Who all are eligible for opening of deposit?

   Green Deposits can be opened by individuals / Partnership Firms/ Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, Departments of Authority created by Government (Central or State), Limited Liability Partnership etc.

7. Premature withdrawal condition

   The Bank on request from the depositor, at its discretion may allow withdrawal of deposit before completion of the period of the green deposit agreed upon at the time of placing the Deposit. However, in the event of premature withdrawal/ premature renewal prior to maturity , the deposits will cease to be classified under green deposits and will be treated /converted to a regular term deposits. Further , such premature withdrawal will attract penal charge as prescribed by the Bank from time to time except the following categories of green deposits:- • Green deposits of value up to Rs.5.00 lakhs provided the deposit has been retained for at least 181 days. • Green deposits placed by Corporate/Government departments, Institutions and nonprofitable organizations, wherein the deposits are placed based on the quotation submitted by the Bank. • Green deposits of staff/ex-staff/ex-staff cum senior citizen, if prematurely withdrawn. • Splitting of the amount of green deposits at the request from the claimant/s of deceased depositors or joint green deposit holders, where the period and aggregate amount of the deposit does not undergo any change.

   Bank will offer non-callable green deposits without the option of premature withdrawal only for bulk deposits (Rs. 2 cr and above). However, Bank will ensure that at the customer interface point the customers are, in fact, given the option to choose between green deposits either with or without premature withdrawal facility (non-callable green deposits).

   For Non-Callable Green Deposit, Premature withdrawal will only be allowed in case of death of the Depositor (Single/ Joint)/ Bankruptcy/ winding up /directions by court/ regulators/ receiver/liquidator, & interest paid will be as per the card rate for normal deposit for the period for which green deposit actually remained with the Bank.

8. Payment of Additional Interest on Green Deposits

   Admissible as per the current Term deposit plan

9. What is the periodicity of interest payment?

   Interest on green deposits will be calculated at quarterly intervals on deposits and paid at the rate decided by the Bank depending upon the period of green deposits

10. Renewal of Deposit

A request letter is to be given by the customer for renewal for an equal to the original, on maturity

• Renewal of green deposit will be advised by registered letter / speed post / courier service to the Government department concerned under advice to the depositors. In the advice to the depositor, the rate of interest at which the green deposit is renewed will also be mentioned

• If Green Deposit is placed for 1 year and more, it will be automatically renewed for one year at the prevailing rate on Due Date.

• If overdue period does not exceed 14 days from the date of receipt of the request letter, renewal may be done from the date of maturity. If it exceeds 14 days, the eligible interest for the overdue period will be kept in a separate interest free sub-green deposit which will be released when the original fixed deposit is released.

11. Advances against Green Deposit possible?

No Loan /OD to be granted against green deposits.

12. Settlement of claims in respect of Deceased Green deposit holders
Policy FY 2023-24 and will endeavor to settle the claims in respect of deceased depositors and release payments to survivor(s)/ nominee(s) within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimants, to the Bank's satisfaction.

13. Allocation of green deposit

The financing in the green portfolio which, inter-alia, includes lending to/investment in the debt instruments issued by entities engaged in manufacturing / trading in e-vehicles, green hydrogen production/ distribution, ethanol production etc., and as on 31.03.2023, the size of the portfolio is Rs 1182 crore.

14. RBI guideline

Green Finance means lending to and/or investing in the activities/projects that contributes to climate risk mitigation, climate adaptation and resilience, and other climate-related or environmental objectives - including biodiversity management and nature-based solutions.

FAQs on RTGS system

1. What does RTGS stand for?

Ans. The acronym 'RTGS' stands for Real Time Gross Settlement, which can be explained as a system where there is continuous and real-time settlement of fund-transfers, individually on a transaction-by-transaction basis (without netting). 'Real Time' means the processing of instructions at the time they are received; 'Gross Settlement' means that the settlement of funds transfer instructions occurs individually.

2. Are the payments under RTGS final and irrevocable?

Considering that the funds settlement takes place in the books of the Reserve Bank of India (RBI), the payments are final and irrevocable.

3. What are the benefits of using RTGS?

Ans. RTGS offers many advantages for funds transfer:

- It is a safe and secure system for funds transfer.
- RTGS transactions / transfers have no amount cap set by RBI.
- The system is available on all days on 24x7x365 basis. There is real time transfer of funds to the beneficiary account.
- The remitter need not use a physical cheque or a demand draft.
- The beneficiary need not visit a bank branch for depositing the paper instruments.
- The beneficiary need not be apprehensive about loss / theft of physical instruments or the likelihood of fraudulent encashment thereof.
- Remitter can initiate the remittances from his / her home / place of work using internet banking, if his / her bank offers such service.
- The transaction charges have been capped by RBI.
- The transaction has legal backing.

4. How is the processing of RTGS different from that of National Electronic Funds Transfer (NEFT) System?

Ans. NEFT is an electronic fund transfer system in which the transactions received up to a particular time are processed in batches. Contrary to this, in RTGS, the transactions are processed continuously on a transaction-by-transaction basis throughout the day.

5. Is RTGS a 24x7 system or are there some timings applicable?

Ans. RTGS is available 24x7x365 with effect from December 14, 2020.

6. Is there any minimum / maximum amount stipulation for RTGS transactions?

Ans. 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.

7. What about processing charges / service charges for RTGS transactions?

Ans. With effect from July 01, 2019, RBI has waived the processing charges levied by it for RTGS transactions. Banks may pass on the benefit to its customers.

With a view to rationalise the service charges levied by banks for offering funds transfer through RTGS system, a broad framework of charges has been mandated as under:

a) Inward transactions – Free, no charge to be levied.

b) Outward transactions – ₹ 2,00,000/- to 5,00,000/-: not exceeding ₹ 25/- (exclusive of tax, if any)

Above ₹ 5,00,000/-: not exceeding ₹ 50 (exclusive of tax, if any)

Banks may decide to charge a lower rate but cannot charge more than the rates prescribed by RBI.

8. What is the essential information that the remitting customer needs to furnish to the bank for making a remittance?

Ans. The remitting customer has to furnish the following information to a bank for initiating an RTGS remittance:

i. Amount to be remitted
ii. The account number to be debited
iii. Name of the beneficiary bank and branch
iv. The IFSC number of the receiving branch
v. Name of the beneficiary customer
vi. Account number of the beneficiary customer
vii. Sender to receiver information, if any
viii. Sender and Beneficiary Legal Entity Identifier (for eligible transactions)

9. How would one know the IFSC number of the receiving branch?

Ans. The IFSC number can be obtained by the remitter (customer) from his / her bank branch. Alternatively, it is available on the cheque leaf of the beneficiary. This code number / bank branch information can be communicated by the beneficiary to the remitting customer. The list of IFSCs is also available on the RBI website at the link https://rbi.org.in/Scripts/Bs_viewRTGS.aspx?Category=5. The list is updated on a fortnightly basis.

10. Do all bank branches in India provide RTGS service? How can a remitting customer know whether the bank branch of the beneficiary accepts remittance through RTGS?

Ans. For a funds transfer to go through RTGS, both the sending bank branch and the receiving bank branch need to be RTGS enabled. Presently, there are more than

1,60,000 RTGS enabled bank branches, the list of which is available on the RBI website at the link https://rbi.org.in/Scripts/Bs_viewRTGS.aspx?Category=5. The list is updated on a fortnightly basis.

11. What care should be taken while originating an RTGS transaction?

Ans. The following should be ensured while putting through a funds transfer transaction using RTGS –

- Originating and destination bank branches are part of the RTGS network.
- Beneficiary details such as beneficiary name, account number and account type, name and IFSC of the beneficiary bank branch should be available with the remitter.
- Extreme care should be exercised in providing the account number of the beneficiary, as, during processing RTGS transactions, the credit will be given to the customer's account solely based on the account number provided in the RTGS remittance instruction / message.

12. In RTGS, why is credit to the beneficiary given solely based on account number?

Ans. Transactions in RTGS happen in real time and it is not possible to match name and account number before affording credit to the beneficiary. Since name in the Indian context is spelt differently and would not really match with that available with the beneficiary bank, the process of affording credit solely based on the account number of the beneficiary has been enabled.

Our Circular Ref. No. DPSS (CO) EPPD No. / 863 / 04.03.01 / 2010-11 dated October 14, 2010 on 'Electronic payment products – Processing inward transactions based solely on account number information' (available at https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=6043&Mode=0) may be referred to for further details.

13. What is the time taken for effecting funds transfer from one account to another through RTGS?

Ans. Under normal circumstances, the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by the remitting bank. The beneficiary bank must credit the beneficiary's account within 30 minutes of receiving the funds transfer message.

14. Can a remitting customer initiate a transaction for a future date?

Ans. No, the RTGS system does not accept future value dated transactions.

15. Can a transaction be originated to draw (receive) funds from another account?

Ans. No. RTGS is a credit-push system i.e., transactions can be originated by the payer / remitter / sender only to pay / transfer / remit funds to a beneficiary.

16. Can an RTGS transaction be tracked? Would the remitting customer receive an acknowledgement of money credited to the beneficiary's account?

Ans. While the customers do not have the facility to track the transaction, the RBI has implemented the feature of positive confirmation in an RTGS transaction. Under this, the remitting bank would receive a message from RBI (through the beneficiary bank) that the money has been credited to the beneficiary bank / customer account. Based on this, the remitting bank should advise the remitting customer that money has been credited to the receiving bank's beneficiary account.

17. Would the remitting customer get back the money if it is not credited to the beneficiary's account? Is there any time frame prescribed for it?

Ans. Yes, 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. Once the money is received back by the remitting bank, the original debit entry in the customer's account needs to be reversed.

18. Is a customer eligible to get compensation for delay in returning the payment?

Ans. In case of any delay in returning the failed payment, the originating customer is eligible to receive compensation at current repo rate plus 2%.

19. Whom can a customer contact, in case of non-credit or delay in credit to the beneficiary account?

Ans. The customer can contact his / her bank / branch if there is an issue of delay / non-credit to the beneficiary account. The details of Customer Facilitation Centre of member banks are also available on the website of RBI at https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2070.

20. What is UTR number?

Ans. Unique Transaction Reference (UTR) number is a 22-character code used to uniquely identify a transaction in RTGS system.

21. What is the Help Desk / Contact point at the RBI?

Ans. You may approach RTGS Help Desk / Contact point of the RBI at rtgsmumbai@rbi.org.in.

22. Whom should I approach for raising dispute/complaint related to RTGS transaction?

Ans. You may approach grievance redressal cell of your bank with details of the disputed transaction. In case your grievance is not resolved within 30 days, you may make a complaint under "The Reserve Bank-Integrated Ombudsman Scheme (RB-IOS 2021)". The RB-IOS 2021 provides a single reference point for customers to file complaints against the RBI regulated entities specified therein. The RB-IOS, 2021 is available at the following path on the RBI website: https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121.pdf.

23. How can I file complaint under the RB-IOS 2021?

Ans. Complaints can be filed online on https://cms.rbi.org.in, or through the dedicated e-mail or sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at RBI, 4th Floor, Sector 17, Chandigarh – 160 017 in the format given at the following path - https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf. A toll-free number – 14448 (9:30 am to 5:15 pm) – is also available for customers to seek assistance in filing complaints and information on grievance redressal, with multi-lingual support.

24. What is Legal Entity Identifier and how is it relevant in case of RTGS transactions?

Ans. The FAQs on "Legal Entity Identifier (LEI) for Large Value Transactions in Centralised Payment Systems" on the RBI website at https://www.rbi.org.in/Scripts/FAQView.aspx?Id=140 can be referred to.

25. When does the beneficiary get the credit for RTGS payment?

Ans. Under normal circumstances the beneficiary Bank branch receives the funds in real time as soon as funds are transferred by the remitting Bank. The beneficiary Bank has to credit the beneficiary's account within 30 minutes of receiving the funds transfer message.

FAQs on RTGS system

FAQs on NEFT system

1. What is National Electronic Funds Transfer system?

Ans: National Electronic Funds Transfer (NEFT) is a nation-wide centralised payment system owned and operated by the Reserve Bank of India (RBI). The set of procedures to be followed by various stakeholders participating in the system is available on the RBI website under the following link: https://rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2346

2. What are the advantages of using NEFT system?

Ans: NEFT offers the following advantages for funds transfer or receipt:

- Round the clock availability on all days of the year.
- Near-real-time funds transfer to the beneficiary account and settlement in a secure manner.
- Pan-India coverage through large network of branches of all types of banks.
- The beneficiary need not visit a bank branch for depositing the paper instruments. Remitter can initiate the remittances from his / her home / place of work using internet banking, if his / her bank offers such service.
- Positive confirmation to the remitter by SMS / e-mail on credit to beneficiary account.
- Penal interest provision for delay in credit or return of transactions.
- No levy of charges by RBI from banks.
- No charges to savings bank account customers for online NEFT transactions.
- The transaction charges have been capped by RBI.
- Besides funds transfer, NEFT system can be used for a variety of transactions including payment of credit card dues to the card issuing banks, payment of loan EMI, inward foreign exchange remittances, etc.
- The transaction has legal backing.
- Available for one-way funds transfers from India to Nepal.

3. How does the NEFT system operate?

Ans: Following is the step-wise flow of NEFT transaction.

Step-1: An individual / firm / corporate willing to transfer funds through NEFT can use the internet / mobile banking facility offered by his / her bank for initiating online funds transfer request. The remitter has to provide details of beneficiary such as, name of the beneficiary, name of the bank branch where the beneficiary has an account, IFSC of the beneficiary bank branch, account type and account number, etc. for addition of the beneficiary to his / her internet / mobile banking module. Upon successful beneficiary addition, the remitter can initiate online NEFT funds transfer by authorising debit to his / her account. Alternatively, the remitter can also visit his / her bank branch for initiating NEFT funds transfer through branch / off-line mode. The customer has to fill-in the beneficiary details in NEFT application form available at the bank branch and authorise the branch to debit to his / her account to the extent of the amount requested in NEFT application form.

Step-2: The originating bank prepares a message and sends the message to its pooling centre, also called the NEFT Service Centre.

Step-3: The pooling centre forwards the message to the NEFT Clearing Centre, operated by the RBI, to be included for the next available batch.

Step-4: The Clearing Centre sorts the funds transfer transactions beneficiary bank-wise and prepares accounting entries to receive funds from the originating banks (debit) and give the funds to the beneficiary banks (credit). Thereafter, bank-wise remittance messages are forwarded to the beneficiary banks through their pooling centre (NEFT Service Centre).

Step-5: The beneficiary banks receive the inward remittance messages from the Clearing Centre and pass on the credit to the beneficiary customers' accounts.

4. What is Indian Financial System Code?

Ans: Indian Financial System Code (IFSC) is an alpha-numeric code that uniquely identifies a bank-branch participating in the NEFT system. It is a 11-digit code with the first 4 alpha characters representing the bank, and the last 6 characters representing the branch. The 5th character is 0 (zero). IFSC is used by the NEFT system to identify the originating / destination banks / branches and also to route the messages appropriately to the concerned banks / branches.

5. How can I find the IFSC of a bank-branch?

Ans: Bank-wise list of IFSCs is available with all the bank-branches participating in NEFT scheme. List of bank-wise branches participating in NEFT and their IFSCs is also available on the website of RBI at https://rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2009. All member banks have also been advised to print the IFSC of the branch on cheques issued to their customers.

6. Who can avail NEFT system for fund transfer / receipt?

Ans: Individuals, firms and corporates maintaining accounts with any member bank, participating in the NEFT system, can electronically transfer funds to any individual, firm or corporate having an account with any other bank in the country participating in the NEFT system.

The list of bank-wise branches participating in NEFT is available on the website of RBI at https://rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2009.

7. Is there any limit on funds / amount to be remitted through NEFT system?

Ans: No, there is no limit imposed by the RBI for funds transfer through NEFT system. However, a member bank may place amount limits based on its own risk perception with the approval of its Board.

8. Can the NEFT system be used for remitting funds even by those who do not have a bank account?

Ans: Yes, a person who does not have a bank account can remit funds through NEFT to a beneficiary having a bank account, with another NEFT member bank. It can be done by depositing cash at the nearest NEFT enabled branch of any bank, by furnishing additional details such as complete address, telephone number, etc. Such cash remittances will, however, be restricted to a maximum of ₹50,000 per transaction.

9. Can I send funds to my relative / friend residing abroad through NEFT system?

Ans: The outbound remittances through NEFT system are permitted only to Nepal under Indo-Nepal Remittance Facility (INRF) Scheme. Under this Scheme, the remitter can transfer funds from any of the NEFT-enabled bank branches in India to Nepal, irrespective of whether the beneficiary in Nepal maintains an account with a bank branch in Nepal or not. The beneficiary would receive funds in Nepalese Rupees. The details of the INRF Scheme are available on the website of RBI at https://rbi.org.in/scripts/FAQView.aspx?Id=67.

10. What are the operating hours of NEFT?

Ans: The NEFT system is available round the clock throughout the year on all days, i.e., on 24x7x365 basis. NEFT presently operates in batches on half-hourly intervals throughout the day. In case of non-availability of NEFT for any reason, appropriate message will be broadcasted by RBI to all system participants.

11. What are the essential details required for remitting funds through NEFT system?

Ans: The essential elements of beneficiary's identification are:

Beneficiary's Name
Beneficiary's Branch Name
Beneficiary's Bank Name
Beneficiary's Account Type
Beneficiary's Account No.
Beneficiary's Branch IFSC
Sender and Beneficiary Legal Entity Identifier (for eligible transactions)

12. What are the customer charges levied by bank for NEFT transactions?

Ans: There are no charges to be levied for inward transactions at destination bank branches for giving credit to beneficiary accounts.

For outward transactions undertaken using the NEFT system, RBI stopped levying processing charges on member banks from July 01, 2019.

Also, in order to give further impetus to digital retail payments, banks have been advised to not levy any charges from their savings bank account holders for NEFT funds transfers initiated online with effect from January 01, 2020.

The maximum charges which originating bank can be levy from its customers for other outward transactions, if they so desire, are given below: –

- For transactions up to ₹10,000 : not exceeding ₹2.50 (+ Applicable GST)

- For transactions above ₹10,000 up to ₹1 lakh: not exceeding ₹5 (+ Applicable GST)

- For transactions above ₹1 lakh and up to ₹2 lakhs: not exceeding ₹15 (+ Applicable GST)

- For transactions above ₹2 lakhs: not exceeding ₹25 (+ Applicable GST)

The details about charges applicable for transferring funds from India to Nepal using the NEFT system under the INRF Scheme is available on the RBI website at https://rbi.org.in/scripts/FAQView.aspx?Id=67.

13. Can I use NEFT to transfer funds from / to NRE and NRO accounts?

Ans: Yes, NEFT can be used to transfer funds from / to NRE and NRO accounts in the country. This, however, is subject to the adherence of the provisions of the Foreign Exchange Management Act, 2000 (FEMA) and Wire Transfer Guidelines.

14. Can I originate a NEFT transaction to draw / receive funds from another account?

Ans: No. NEFT is a credit-push system i.e., transactions can be originated by the payer / remitter / sender only to pay / transfer / remit funds to beneficiary.

15. How can I track status of NEFT transactions initiated? Who should be approached to know status of the NEFT transaction?

Ans: The remitter and the beneficiary can track status of NEFT transaction by contacting NEFT Customer Facilitation Centre (CFC) of their bank, respectively. Details of NEFT CFCs of banks are available on the websites of the respective banks. The details of CFC of member banks are also available on the website of RBI at https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2070.

For the purpose of faster tracking of transaction, you may need to provide few details related to transaction such as Unique Transaction Reference (UTR) number / transaction reference number, date of transaction, sender IFSC, amount, beneficiary name, beneficiary IFSC, etc., to your bank.

16. Which details of source of a NEFT transaction should be provided by a bank to its customer?

Ans: After crediting the account of the beneficiary, the beneficiary bank shall advise the beneficiary of the funds received. The remitter's name shall be printed in the Account Statement / Pass Book of the beneficiary.

There is an optional field with tag 7495 in NEFT payment message that enables inclusion of additional sender-to-receiver information. Destination banks should capture and store this information in their CBS / other systems as appropriate, to be provided to the customer on request.

If the beneficiary specified in the sender's payment instruction fails to get payment through the NEFT system for some valid reasons, the originating bank shall provide the description "NEFT-Return" in the pass book / account statement of the originator whose NEFT transaction is returned.

17. What is the Help Desk / Contact point at the RBI?

Ans: The NEFT Help Desk / Contact point of the RBI can be approached at nefthelpdeskncc@rbi.org.in.

18. How much time should I expect for receipt of funds by beneficiary?

Ans: A timeline of two hours from the batch settlement can be expected, within which beneficiary's account should be credited.

19. What happens if funds are not credited to the beneficiary? Or Do I get my money back, if funds are not credited to the beneficiary due to various reasons?

Ans: If it is not possible to afford credit to the account of the beneficiary for any reason, destination banks are required to return the transaction (to the originating branch) within two hours of completion of the batch in which the transaction was processed.

20. What are the penalties / compensation for delayed credit or return of funds by beneficiary bank?

Ans: If the NEFT transaction is not credited or returned within two hours after batch settlement, then the bank is liable to pay penal interest to the affected customer at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of credit or refund, as the case may be, is afforded to the customers' account without waiting for a specific claim to be lodged by the customer in this regard.

21. What happens if I write wrong account number of beneficiary?

Ans: The credit is given to the account number written / given by remitter in his / her application / instruction. Credit to beneficiary account is released solely based on account number. It is the responsibility of remitting customer to write correct account number. The originator / sender should exercise due care in providing the correct account number of the beneficiary, in the NEFT remittance instruction / application.

22. Whom should I approach for raising dispute / complaint related to NEFT transaction?

Ans: You may approach grievance redressal cell of your bank with details of the disputed transaction. In case your grievance is not resolved within 30 days, you may make a complaint under "The Reserve Bank-Integrated Ombudsman Scheme (RB-IOS 2021)". The RB-IOS 2021 provides a single reference point for customers to file complaints against the RBI regulated entities specified therein. The RB-IOS, 2021 is available at the following path on the RBI website: https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121.pdf.

23. How can I file complaint under the RB-IOS 2021?

Ans: Complaints can be filed online on https://cms.rbi.org.in, or through the dedicated e-mail or sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at RBI, 4th Floor, Sector 17, Chandigarh – 160 017 in the format given at the following path - https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf. A toll-free number – 14448 (9:30 am to 5:15 pm) – is also available for customers to seek assistance in filing complaints and information on grievance redressal, with multi-lingual support.

24. **What are the practices which should be adopted by a customer for safe and secure digital payments?**

Ans: The webpage of RBI "RBI Kehta Hai" at https://www.rbi.org.in/commonperson/English/Scripts/rbikehtahai.aspx for information regarding ways to ensure safe and secure digital payments can be referred to. Further, RBI has also launched a magazine named BE(A)WARE for users of digital transactions which can be accessed at https://rbidocs.rbi.org.in/rdocs/content/pdfs/BEAWARE07032022.pdf.

25. What is Legal Entity Identifier and how is it relevant in case of large value NEFT transactions?

Ans: The Legal Entity Identifier (LEI) is a 20-character alpha-numeric Code used to uniquely identify parties to the financial transactions worldwide. All Single Payment transactions of ₹50 Crores and Above undertaken by entities(non-individuals) should include remitter and beneficiary LEI Information.

FAQs regarding DeVA and DAMC

Question 1: What is DeVA & DAMC?

Answer: DeVA is Document e-Verification and Archival & DAMC is Document Asset Management Centre.

Question 2: Why is DeVA or DAMC required?

Answer:

- Loan document assumes critical importance for any credit delivery at the branch level. It should be proper, perfect and enforceable in ideal manner to protect the interest of the Bank.
- Disorder arrangement may cause non availability of the documents in time and may also lead to misplacement or cause loss of time to identify /search out the documents in moment of requirement.
- To achieve the stated objectives of perfect documentation, storing, retrieval and also for boosting the morale of field functionaries, DAMC has been introduced to digitalize the documents and to verify / approve the documents by the respective DAMC before disbursement at the branch level.

Question 3: What are the Objectives of DAMC?

Answer:

- ❖ To ensure all the loan documents are completely filled in and orderly arranged as the same has to be scanned and referred to the verifying authority for approval.
- ❖ The verifying authority at DAMC will scrutinize the set of documents and contents of the documents in terms of sanction letter issued by the Sanctioning Authority.
- ❖ In case of any deficiency in loan documents obtained, as per the stipulations / sanction, the same can be detected beforehand and get corrected by the branch manager prior to disbursement of the loan.
- ❖ Various particulars like interest rate, processing charges, other charges, repayment schedule and other related issues will be verified.
- ❖ The verifying authority will ascertain whether the security proposed to be mortgaged / charged and assets created or to be created (future end use report) out of bank finance.
- ❖ Stamp duty as applicable in the State will be verified / observed.
- ❖ The legal aspects of the documents like mortgage, ROC, CERSAI and other charges will be verified along with scrutiny of supporting documents like Deed, NEC, valuation, recital etc.
- ❖ Documents require for internal compliances and control mechanism like visit report, CIBIL verification, RBI defaulter list, modalities for disbursement, etc. will also be examined.
- ❖ For any mistake, deviation, short comings, etc. in the documents set, the same will be referred to the branch for modification / correction.
- ❖ Once the document is verified, the disbursement authority will get auto-generated verification certificate regarding authenticity and completeness of the documents which will increase his/her moral strength and confidence
- ❖ The documents thus digitalized and approved by the competent authority, will be archived systematically, stored to preserve the same for future use. Such documents can be retrieved for verification /scrutiny by the Inspectors/auditors/ regulators / supervisors and other offices. This would reduce the time and cost of inspection significantly.

Question 4: What is the Scope of DAMC?

Answer: DAMC will look after genuineness & correctness of documents uploaded by branches for approval and account opened by branches as per sanctioned terms as well as charges to be realized as per sanctioned terms.

Branch will get all the loan documents executed as per the sanction ticket and scan the required documents for uploading on DeVA Portal.

Question 5: What are the guidelines for Branch User regarding DeVA?

Answer: Branch before uploading the loan documents for approval, must complete all steps and procedures in CBS including generation of repayment schedules and realisation of processing fees with other charges, relationship linkage security creation etc. Also, Branch would open CIF and all accounts of the borrower with all details and parameters as per the sanction ticket in under noted process;

- I) If the loan account product is live in LLMS portal, then branch has to open account in LLMS portal only.
- II) If the loan account product is not live in LLMS portal, then branch has to open account through DAMC Portal or CBS.
- III) If the customer is not having existing CIF then branch has to open CIF only through the DAMC Portal or CBS.
- IV) In DAMC portal CIF and Loan Account will be opened through system teller.
- V) The Collateral Creation and Disbursement will be processed by branch user in CBS.
- VI) After opening of account branch user has to upload documents through account number in DAMC portal.
- VII) Most of the details related to the account will be fetched from CBS, remaining details branch user has to fill.
- VIII) Branch user will upload related document in jpg/pdf format only, after selecting proper document type (refer list of documents on homepage of DAMC portal).
- IX) After final submission by branch user the request will be assigned to user (DAMC Maker) of respective DAMCs.

Branch user has to ensure that Term Loan account should be in “Accepted” status and CC/OD should be in “Approved” status before uploading documents in DAMC portal.

Question 6: What are the guidelines for DAMC User?

Answer:

- I) DAMC maker will login to portal and view uploaded document along with entered data for verification. DAMC maker can forward the request to DAMC Checker or can return to Branch with remark for correction.
- II) After forwarding by DAMC maker, DAMC Checker can view the application document & data and can Approve/Reject/Return. DAMC also list post disbursement documents, if any, that are to be obtained subsequently.
- III) DAMC should check correctness of documents and account opened as well as charges realised as per sanction terms and **should notify all the deficiencies in one go to improve TAT.**
- IV) DAMC user will verify SI/NACH mandate/PDC through datasheet in DAMC portal,
- V) The Scope of “DeVA centres” **would not include scrutiny of the Sanctions appraisal notes**. They will not question the wisdom of the sanctioning authorities.

Question 7: Is there any relaxation available in DeVA?

Answer: All Borrowal Accounts to be covered under DAMC.

Exceptions:

a) All LOD, Jewel Loans and PMSVANIDHI loans to be exempted from the ambit of DeVA.

b) All advances sanctioned by CO Corporate Credit Department pertaining to Large Corporate Branches and other Zones for big accounts (Total exposure more than Rs. 150 crore) will be uploaded in (DeVA -5) only for archival purpose and it will be exempted from (DeVA-1, DeVA-2, DeVA-3 & DeVA-4).

c) Car Loan can be disbursed without DeVA approval, but post disbursal DeVA approval to be obtained by next working day of the disbursement (T+1) without fail.

d) Loans sanctioned/disbursed straight way through digital process from end to end need not be uploaded in DeVA portal for approval.

Need based relaxations in case of exigencies can be permitted by ORMC.

Question 8: After getting the loan account approved in DAMC portal is there anything else which should be complied?

Answer: In case of accounts Approved with directions to obtain Post disbursal documents in (DeVA-1, TAB Name – New Loan) to be uploaded by branches within 7 days of execution of the document. An indicative list of documents for uploading on the portal are as under–

1. CERSAI Registration / Modification Certificate
2. ROC Registration Certificate
3. ECGC cover note.
4. CGPAN certificate
5. RC copy (for vehicle loans)
6. Asset Insurance copy
7. Mortgage / other security documents, in case of take over loans.
8. Mortgage documents / title deeds etc. for Housing loans, where loan is to be disbursed based on tripartite agreement.
9. Noting of charge on land / mortgage with land department
10. Documents permitted 'post disbursal' in terms of sanction letter.

Question 9: What is the Turn Around Time (TAT) for DeVA?

Answer: Documents should ideally be approved on the same day or next day. These timelines include checking documents for deficiencies; reaching out to branches for guiding them and seeking revised / rectified documents & approving them.
Any proposal received before 3.00 pm should be disposed on the same day and if any received later then by next day. Maximum TAT should be T+1
The DAMC centres would follow the concept of Maker and checker
Scale-wise cut-off Limit has been designed for DeVA approval in borrowal accounts which are as under;

Rank Of Officers	Maker
Scale I	Loan amount upto 1 Crore
Scale II	Loan amount uptoRs. 5 Crore
Scale III	Loan amount up to Rs. 25 Crore
Scale IV / Scale V	Loan amount above Rs. 25 Crore

Checker must be one scale higher than the Maker for approval of loan documentation. In addition to checking of documents, Checker will validate the correctness of opening of accounts as per sanction terms.

Question 10: Is there any staff accountability aspect related to DeVA?

Answer: Staff accountability will be there for erring branch officials and DeVA officials for violations, delays, not maintaining TAT, returning the proposal for want of documents (not as per Bank Policy) etc. Irregularities committed by the officials of the Branch / ZOs / FGMOs in DAMC approvals, failure to get the mistakes rectified, not taking effective steps and allowing deviations to persist even if they are pointed out by DAMC centres and supervisory role of ZOs /FGMOs may be brought under the aspect of 'Staff Accountability'. At the same time DAMC officials should ensure that no account is returned just for maintaining the TAT.

Question 11: Is DeVA mandatory in case of review/renewal and ad-hoc limits as well?

Answer: In case of review/renewal of limits also, DeVA approval must be obtained as under:

- Where there is a change in limits or security structure or any other covenants requiring execution of fresh documents or execution of some additional documents, the same will be uploaded and got verified under DeVA.
- Where there is no change in limits and/or no fresh/further documents are executed, DeVA approval should still be obtained by *uploading request letter of renewal of limits (renewal application), sanction (renewal) letter, acknowledgement of sanction letter, fresh AOD and Limit Pronote (where required).*
- DeVA approval certificate relating to the previous documents should be uploaded. No fresh approval of the already approved documents is required.
- In case of Adhoc limits too, DeVA approval certificate relating to previous documents, should be uploaded along with copies of fresh documents executed upon sanction of Adhoc.

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FAQ on Corporate Credit

1. What is Large Corporate?

Answer: Large corporate segment is identified for exposure to corporate of Rs150 Crore and above from our Bank irrespective of sector, size of loan and group accounts. Large Corporate Vertical (LCV) at Corporate Office will handle all the proposals of Rs. 150 crores and above from any of the branches including MCBs.

2. What do you mean by Mid Corporate?

Answer: Mid corporate segment is identified for exposure Rs 25 Crore to less than Rs150Croreboth FB +NFB irrespective of sector.

3. Who will take care of poled Assets account?

Credit Proposals related to Pooled Assets irrespective of amount will be handled by MSME/Rural Banking/Retail Assets Department based on the underlying assets

4. What is Corporate Loan and what is its purpose?

   Corporate Loan is exposure for any bankable purpose to corporate with good track record characterized by healthy cash flows, operating in industries/sectors showing signs of growth is considered as Corporate Loan.
   The purpose of Corporate Loan is to improve NWC and/or for any bankable purpose aimed at business development.

5. What is the methodology to assess Corporate loan?
   Corporate Loan can be considered only on selective basis to existing IB-BBB and above rated (combined internal rating) both existing and new customers. Repayment of Corporate Loan should be supported by cash flows/DSCR and should be restricted to 5 years. Unsecured Corporate Loan can be sanctioned at the level of COLCC(ED) and above. Takeover of Corporate Loan is not permitted. All Corporate borrowers and non-corporate borrowers (partnership firms and LLPs). Under MSME category only medium enterprises will be eligible.

6. What is the maximum & minimum loan for corporate loan
   Answer: Minimum amount of loan Rs. 1 Cr. Maximum –no ceiling.

7. What are the rules for Review of an account?

Under normal circumstances, review/renewal shall be conducted before expiry of validity of credit limits. Branches/Offices shall submit the renewal proposal 3 months before expiry of validity of limits. In case of delay due to non availability of required information/documents, such as, audited/provisional financial statements, operational data, etc., concerned sanctioning authority shall record the same in review proposal and may review the account for maximum period of 90 days from due date on existing terms & conditions. Such review is restricted to two times within 180 days from due date of renewal. Within 180 days from the original due date renewal must be completed. Additional rate of interest to be charged for delayed submission of renewal papers by the borrowers as per terms and conditions.

8. What is the loan Limit where consortium is mandatory?

Any fresh exposure to borrowers having Working Capital limit of Rs.500.00 Crore & above from the banking system (other than specifically permitted categories of advances in credit policy) shall be under Consortium Arrangement. NBFCs with external rating of "A" and above, PSUs and MFIs are exempted.

Discretionary Authority to permit relaxations on the above norms on a case to case basis will be as under:

Exposure falling the authority	**Authority**
Up-to CO: CLCC-GM	COLCC-GM
COLCC-ED and above	Respective Sanctioning authority.

9. What are exposure norms in case of Consortium Advances?

The fresh exposure to be assumed by our bank under the consortium shall be preferably minimum of 10% of the total exposure (fund and non-fund based).

Permission for relaxation to this (Less than 10% under consortium) should be obtained from next higher authority for proposals falling up to COLCC (GM) Power.

COLCC(ED) and above can permit this relaxation falling under their respective sanctioning powers.

10. What Is Loan System of Delivery of Bank Credit.

Answer: In respect of borrowers having aggregate fund based working capital limit of ₹150 Crore and above from the banking system, the outstanding 'loan component' (Working Capital Loan) must be at least 60 percent of the sanctioned fund based working capital limit, including ad hoc limits and TODs. Drawings up to 60 percent of the total fund based working capital limits shall only be allowed from the 'loan component'. Drawings in excess of the minimum 'loan component' threshold may be allowed in the form of cash credit facility. The bifurcation of the working capital limit into loan and cash credit components shall be effected after excluding the export credit limits (pre-shipment and post-shipment) and bills limit for inland sales from the working capital limit. Investment by the bank in the commercial papers issued by the borrower shall form part of the loan component, provided the investment is sanctioned as part of the working capital limit.

11. What is JLA?
    Answer: Joint lending Arrangement for a single borrower with aggregate credit limits (both fund based and non-fund based) of Rs 150 Crore and above involving more than one Public Sector Bank.

12. What is syndication of loans?

The market for syndication of loans is active. When a corporate approaches the Bank for funding its project and where the Bank may not meet the entire financial needs of the borrower, the balance term loan / working capital finance would be syndicated. Syndication is thus very similar to the system of consortium lending in terms of disposal of risk and is a convenient mode of raising long-term funds by borrowers.
Scope of Syndication/ Underwriting:

- Project Finance - Working Capital & Term Loans
- Corporate Loans
- Structured & Trade Finance
- Promoter Funding
- Funding for Mergers & Acquisitions
- Over Seas Funding (ECB, FCNR and FCCB)
- Mezzanine Funding
- Factoring Services, Bill Discounting (LC based and non-LC based) etc.

Following types of loan facility are commonly syndicated: Term loan, revolving facilities and working capital facilities.
The syndication process begins with one or more lead arrangers signing a preliminary loan agreement called a “mandate” with a borrowing firm, specifying the loan amount, covenants, fees, an interest rate range, and collateral. The lead arranger usually retains part of the loan and turns to potential participants to fund the rest of it. Once the loan agreement is signed by all participating lenders, each lender is responsible for their share of the loan and is subject to identical terms.

13. What is underwriting of loans?

Underwriting of Loans is an underwritten deal is one for which the arranger guarantee the entire commitment, and then syndicate the loan. If the arrangers can’t fully subscribe the loan, they are forced to absorb the difference, which they may later try to sell to other Banks.

This may be easy, if market conditions or the credit’s fundamentals improve and if not, the arranger may just be left above its desired hold level of credit.

Need for underwriting of loan:

First, offering an underwritten loan can be a competitive tool to win mandates.

Second, underwritten loans usually come with lucrative fees because the agent is on the hook if the potential lenders balk.

After underwriting of loan, Bank may go for Down selling or Syndication as may be required.

14. What are Bank guidelines for financing Infrastructure Loans.

- Infrastructure projects are often financed through Special Purpose Vehicles. Financing of these projects would, therefore, call for special appraisal skills on the part of lending agencies. Identification of various project risks, evaluation of risk mitigation through appraisal of project contracts and evaluation of credit worthiness of the contracting entities and their abilities to fulfill contractual obligations will be an integral part of the appraisal exercise.
- Often, the size of the funding requirement would necessitate joint financing by Banks/FIs or financing by more than one Bank under Consortium or Syndication arrangements. In such cases, RBI permitted participating Banks / FIs may, for the purpose of their own assessment, refer to the appraisal report prepared by the lead Bank / FI or have the project appraisal jointly. We may follow the same.
- However, an independent appraisal of the proposals are to be made by appraising officials with regard to the technical and financial aspects of the proposals / projects and the same is to be recorded in the appraisal notes without fail. A certificate should be submitted by Zonal Offices / Branches that they have verified the technical and financial aspects of the project and based on their assessment, the project is technically viable and economically feasible.
- While considering the proposals for Solar Power and wind power the sanctioning authorities should ensure that necessary Power Purchase Agreements (PPA) are in place and the project cost is comparable with guidelines issued by Central Electricity Regulatory Commission (CERC) from time to time.
- Credit limits to other infrastructure sector (other than Educational institutions, hotels and hospitals) can be considered from the level of COLCC (GM) and above under their respective delegated monetary powers. However, Credit Limits to Agriculture Infrastructure Projects can be considered by respective sanctioning authorities up to their delegated powers.
- IDC shall be a part of project cost. Flexibility in margin for components of project cost can be permitted by the sanctioning authority, on case to case basis, so that overall DER at 2:1, for other than MSME or 3:1 for MSME is maintained.

15. What is Take out Finance?

Take out financing structure is essentially a mechanism designed to enable banks to avoid asset liability maturity mismatch that may arise out of extending long tenor loans to infrastructure projects.

Under the arrangement, bank financing the infrastructure projects will have an arrangement with any other financial institution for transferring to the latter the outstanding in their books on a pre-determined basis.

16. What are Bank's guidelines on third Party interference in processing credit proposals?

All appraisal notes should contain a clause "No Third party is involved at any stage in the loan sanction process''. All loan proposals that are submitted to Corporate Office should be accompanied by a Certificate signed by Branch Manager/ Zonal Manager stating that no third party is involved at any stage in the process of loan proposal.

17. What are Bank's guidelines on Subordinate Debt / Unsecured loan as quasi equity

a) Unsecured loan is treated as Quasi equity if the loan is not to be repayable within the tenor of Bank Loan and the loan is interest free OR If a company pays interest on such loan, the rate of interest on such loan should not exceed the rate of interest paid on Bank Loan.
b) The level of unsecured loans that can be treated as quasi capital (for calculation of net worth) to be restricted to 100% of the Tangible net worth (Excluding Revaluation Reserves). This restriction shall not apply to unsecured loans with perpetual nature or with residual maturity period greater than remaining tenor of bank loan for Ltd Companies / proprietor / Partnership. The unsecured loans can be from promoters, friends and relatives.
c) The unsecured loan shall not be withdrawn during the pendency of the loan. Under exceptional cases, withdrawal shall be permitted only with the prior consent of the sanctioning authority provided leverage ratios conform to the standard financial norms / stipulated financial covenants.
d) The interest for unsecured loans should not be paid unless the Interest Coverage Ratio is more than 1.50. Payment of interest on unsecured loans is subservient to the payment of Interest / Installment of our loans.
e) In case of change in person/constituent, the level of unsecured loan has to be maintained

18. What are Bank's guidelines on Financing Road Projects including HAM?

a) Upfront equity of 50% to be brought in by the SPV/promoter for the specific project.
b) COLCC-ED & above can permit less than 50% on case to case basis.

c) In such instances, Corporate Guarantee /personal Guarantee from the Sponsor/Promoter till the achievement of COD or receipt of 1st annuity from NHAI may be explored.

d) Under HAM projects (as per Concession Agreement), Concessionaire is permitted to bring in equity Components by way of convertible instruments, other similar forms (which shall compulsorily converted into equity share capital) or any interest free funds. Subordinated debt/unsecured loan/preferences shares/OCD can be considered as part of promoters' contribution to the extent of maximum 50%(to be confirmed/ certified through CA Certificate / ROC records)

e) Repayment of such subordinated debt/unsecured loan/preference shares/OCDs shall not be done during the tenure of proposed debt to banks and an undertaking to this effect is stipulated to be obtained.

f) In case of road project, disbursement of loans to road projects to be done only in respect of projects where 80% of entire ROW and Appointed Date have been declared by the Authority. In all road project proposals, percentage of NPAs in the sector to be mentioned and risk mitigation details to be furnished.

19. What is large exposure limit?

Exposure to Single borrowers or group of connected borrowers equal to or above 10% of Tier I Capital of the Bank as per the last audited balance sheet are classified as Large Exposure.

The sum total of Large Exposures to single borrowers and group of connected borrowers is fixed at 500% of the Tier I Capital funds of the Bank as per the last audited balance sheet.

This Exposure Limit is not deemed as cap on further exposures but is intended for closer monitoring.

20. What is a Commercial real estate as per our Credit Policy?

Real Estate is generally defined as an immovable asset - land (earth space) and the permanently attached improvements to it. Commercial Real Estate (CRE) exposure is essentially a fund / non-fund based credit line / outstanding given to a counter party where funding will result in creation / acquisition of real estate (such as, office buildings to let, retail space, multifamily residential buildings, industrial or warehouse space and hotels) where the primary source of cash flow (i.e. more than 50% of cash flows) for repayment would generally be lease or rental payments or the sale of the assets as also for recovery in the event of default where such asset is taken as security.

The definition of CRE also applies to certain cases where the exposure may not be directly linked to the creation or acquisition of Commercial Real Estate but the repayment would come from the cash flows generated by Commercial Real Estate. For example, exposures taken against existing commercial real estate whose prospects of repayments primarily depend on rental / sale proceeds of the real estate should be classified as Commercial Real Estate.

The classification of CRE is based on the substance of the transaction rather than the form.

21. **What are the classification of CRE advances.**

The CRE advances may be classified as Direct exposure and indirect exposure.

a. **Direct Exposure**-Direct Exposure to real estate shall be classified as under:
   - Residential Mortgages
   - Commercial Real Estate (CRE)
   - Commercial Real Estate-Residential Housing
   - Investment exposure - including investment in Mortgage Backed Security, CDs or NCD of Commercial Real estate companies, equity investments, other investments including underwriting and similar commitments to the projects/borrowers classified under CRE.

b. **Indirect Exposure**-Exposure in the form of Funded and non-funded credit facilities to National Housing Bank (NHB) and Housing Finance companies (HFCs), Housing Boards, other Public Housing Agencies, etc.

22. What are Bank's guidelines on margin in CRE loans?

   - Land & Development- Public Agencies- 50%
   - Private Agencies -100%
   - Construction: Minimum Margin 25% on Construction cost of the project by way of Promoter contribution (advance from Buyers not to be included for Promoter contribution) for both Public & Private Agencies.

In case of Real estate projects the amount spent towards civil works, electrical works, furniture fixtures etc., would be part of hard cost. The amount spent towards architects fee, approval fees, legal expenses, interest during construction etc., would be soft cost. Soft costs will be financed as part of total project costs subject to a ceiling of 10% of total project cost or 25% of soft cost whichever is lower, considering the overall enhancement in the worth of project assets due to such soft expenses.

Further, the promoter would be required to bring the entire contribution/ margin upfront. However, stipulation may be relaxed to bring minimum 40-50% of promoters contribution/ margin upfront depending upon the nature of the project, the cash flows etc. The balance would be brought in stages in accordance with the progress of the project implementation/ disbursement, so that requisite Debt Equity ratio as projected/ stipulated is maintained all the times. The above relaxation may be permitted in cases where cost of project is Rs 20 crore and above only, subject to the fulfillment of following conditions:

a) The company/ firm having satisfactory financials to manage the equity funding.

b) Where Bank falls in line with the decision of Lead Bank under Consortium.

c) The source of borrower's contribution is established/ ascertained and sanctioning authority is satisfied with borrower's capacity to bring in balance contribution/ margin in phases.

d) The borrower/ promoter should be having at least 3 years of experience

23. In CRE loan what are the guidelines in case appreciation value of previously purchased property?

Bank will not consider any appreciation in the value of previously purchased land for the purpose of minimum margin requirements, i.e. land in such cases to be valued at the cost of Acquisition. If the land is purchased from own sources by promoter as promoter's contribution, the original cost of acquisition of the land is to be taken into account as contribution by the promoter to the project, in case the purchase is from any Partner/ Director/Group companies/ Companies in which Director/ Partner is interested, the original cost of earlier purchase will be reckoned as contribution by the promoter to the project cost.

Any further relaxation/ deviation on promoters' contribution would be permitted by CAC

24. **What is the guideline on Tenor of Loans in case of CRE.**

The tenor of loans shall not generally extend beyond 3 years (2 years for completion of project and 1 year for repayment). The Door to Door tenor of loans may be extended up-to 5 years (1 year's extension in construction period and or 1 year extension in repayment period) by the Sanctioning Authority on case to case basis depending upon size of the project/ proper rationale. In case of large projects (overall cost of Rs 500 crore & above), it may be extended by 2 more years with proper justification by COLCCED and above.

25. Please give some examples of various guarantees issued by Bank?

Performance Guarantee : Performance guarantees on the other hand are in respect of performance of a contract or obligation. Although these guarantees are for performance, in the event of non- performance/non completion of obligation, as per the terms of the guarantee, the bank's obligation is only to meet the monetary liability up to the amount specified in the guarantee. The liability of the bank does not cover due performance of the contract.

- Guarantee in lieu of tender money / EMD
- Performance / Non-financial Guarantees
- Guarantee in lieu of Security Deposit
- Bank Guarantee Scheme of Government of India

- Shipping Guarantee
- Guarantees in favour of Joint Director General of Foreign Trade on account of
- Film Producers
- Bid Bonds & Performance Bonds or Guarantees for Exports
- Unconditional Guarantees in favour of Overseas Employers/Importers on behalf of Indian Exporters
- Bank Guarantee for supply of goods on credit basis

Financial Guarantee: Guarantees issued to cover monetary obligations such as mobilization advance, advance money received for startup expenses or execution of contracts etc are considered as financial guarantees

- Guarantees in favour of customs authorities
- Bank Guarantees in favour of Tax Authorities
- Bank Guarantees in favour of insurance companies
- Guarantee favouring other Banks/Financial Institutions
- Infrastructure projects
- Guarantee towards disputed liabilities for litigation pending at courts
- Guarantees on Behalf of Share and Stock Brokers.

Deferred Payment Guarantees: Deferred Payment guarantees are issued favoring suppliers/ manufacturers of goods/ machineries where goods/machineries are supplied on credit and the payments are made in installments over a period. Under this arrangement, manufacturers/suppliers agree for the supply if the deferred installments are guaranteed by the Bank. The principals (suppliers/ manufacturers) draw drafts on purchases which are to be accepted and payment made by the buyer on due dates. If there is any default, the banker who has issued deferred payment guarantee will make the payment.

26. What are Bank's guidelines on Guarantee on behalf of Special Purpose Vehicle (SPV) – Subsidiary

Companies are forming SPVs as subsidiaries / joint ventures and finding it difficult to get guarantee limits sanctioned for them. After analyzing the eligibility and requirement of the SPV, guarantees shall be issued earmarking in the limits of the parent company (with internal Obligor rating of IB-A and above), subject to availability of counter guarantee by the parent company as well as Special Purpose Vehicle (SPV).
Credit Approval Committee is empowered to sanction where internal obligor rating of the parent company is below IB-A Grade.
The following conditions are to be stipulated if guarantees are issued on behalf of JV/SPV earmarking in parent Company's limits.

- Guarantee to be restricted to the extent of the share of the Holding company in capital structure of the SPV/JV.
- Share of the holding company should not fall below the original level during the currency period of the guarantee.
- Escrowing of cash flows of the project in favor of the Bank. NOC from the Bankers of the JV partner that they do not have charge on cash flows (if arrangement is on commission basis).
- Not more than 50% of sanctioned guarantee limits can be sanctioned /earmarked for issuance of guarantees on behalf of SPV/JV.
- In case SPV/JV started availing credit line from any Bank, the guarantee liability to be replaced.

Any relaxation to the above conditions to be permitted by COLCC(ED) and above.

27. What is Open TL for Corporate?

Open TermLoan (OTL) facility will enable the customers to pursue need based investment in fixed assets by utilizing the pre-approved Bank finance with flexibility to select the items of fixed assets at a later stage based on their business requirements. It will also enable the borrowers to negotiate with the suppliers with confidence of availability of credit line in advance. It will further assistin better planning of their expansion, repairs or replacements with flexibility in availvment of loan.

28. What are the guidelines for Eligible Customers for OTL.–

A. <u>Existing units financed by our Bank:</u>

a) Units should be incorporated/ functional as a business-entity for a minimum period of 2 years.
b) Satisfactory track record without any default in the past (not reported SMA-01 during last one year & SMA-02 during last 2 years)
c) Profit generating unit for at least last one year.

B. Existing units financed by other Banks (In case of Take-over)

a) Units should be incorporated/ functional as a business-entity for a minimum period of 3 years.
b) The account should be a Standard asset in the books of existing lender (not reported SMA-01 during last one year & SMA-02 during last 2 years)
c) Account should not have been re-phased/ re-structured by the existing FI/Bank during last three years.
d) The unit should have a track record of uninterrupted net profit during last 2 years.
e) OTL facility will be reckoned with in generally acceptable additional exposure in case of takeover

29. What is the purpose of OTL for Corporate?

a) For construction of building required by the borrower for expansion/ modernization of existing activities.
b) The activity undertaken can be manufacturing/ processing, service sector or trading which needs investments in fixed assets.

c) For purchases of new equipments/machinery including Jigs, fixtures, energy saving equipment's , generators etc. addition or replacement of existing machinery, balancing equipment , debottlenecking, up gradation of existing machinery , purchase of software/hardware and any other capital expenditure/fixed assets relevant to the business to be financed.

d) Loan can also be allowed against old/second-hand machinery/equipment subject to the condition that the minimum residual life of the asset is 7 years. The maximum repayment period for such loan will be 5 years. In respect of old/second- hand machinery, a certificate from a chartered engineer shall be obtained regarding its value and the residual life.

e) House Building Loan/ Car/ Commercial Vehicle to Corporate Entity. 6)Proposed expenses under OTL should be any planned / unplanned expenses related to activity of the company/firm, leading to asset creation and complying with overall objective of Credit Policy of the Bank

30. What is External rating criteria for OTL?

Answer: - Account should be rated as BBB & above in case of External Rating, wherever applicable.

31. **What is the quantum of OTL**:

- Upto 20% of TL or CC (whichever is higher) with our Bank

  a) Minimum: Rs 1 lac and
  b) Maximum: Rs 5 Cr (at filed level, upto FGMCAC) (Sanctioning Authority- MCB & LCB Head, MAPC, ZLCC and FGMCAC)

- At CO level, COLCC-GM & above, higher amount of need based : OTL can be considered subject to ceiling of 20% of TL or CC (whichever is higher) or Rs 50 Cr (maximum).
  Note :- NFB limit not to be considered for arriving at eligible limit of OTL.

- For Construction Contractors: Eligible amount of OTL for Construction Contractors to be computed as 20% of WC (FB+50% of NFB) limit with our Bank for borrowers Externally rated as BBB & above, as per scheme.

32. What is security guidelines for OTL?

Primary Security for OTL : Charge on the assets created / to be created out of OTL. Sanctioning Authority shall endeavor, wherever feasible and possible, extension of charge on existing assets/ security (including collateral) of the unit being financed.

Personal Guarantee to be explored unless it is specifically waived by the Sanctioning Authority for OTL and /or the main TL/CC limit.

In Sole Banking : Exclusive Charge on the assets created / to be created.

Under Consortium Arrangement : Sanctioning Authority shall endeavour / explore to have exclusive charge on the specific / identified assets to be created out of OTL. However, where exclusive charge is not feasible / practicable, Sanctioning Authority, on case to case basis, may permit charge on assets on pari passu basis by obtaining NOC/approval of consortium member banks /recording in consortium minutes (to be subsequently covered in next joint documentation).

Security Documents shall be legally vetted and ROC charge will be registered to protect the interest of the Bank.

33. What is margin for OTL for corporates?.
The margin for OTL is 25 % .

34. What are period of OTL for Corporates?

Facility in shape of Term Loan (with capex LC as sub limit, wherever required), with a maximum tenor of 7 years for business purpose loan. The CAC & above can extend the term beyond 7 years on case to case basis based on actual requirement.

Terms of Repayment:

Moratorium: 1-6 months as per prudent judgment).
Repayment to be fixed monthly or quarterly based on cash flows.
DSCR calculations should support proposed repayment of loan.
Interest :To be paid as and when due.
Other term and conditions may be perused from Circular ADV-30 dated 28.04.2022 and ADV-511dated 20.05.2022 and modification in Credit policy circular

35. What precautions have to be taken while dealing with various certificates issued by **Company Secretary/ Chartered Accountant(CA)/Stock Auditors-**?

Answer: Wherever certificates from the Company Secretary / CA/ Cost Accountant/Stock Auditors are submitted, the Institute registration number and full address should be obtained. Wherever Certificates from CAs are obtained, the same need to be verified as to their genuineness. Genuineness of Audited Balance Sheet/Any other document certified by a CA to be established through verification of UDIN from Unique Document Identification Number Portal introduced by Institute of Chartered Accountants of India (ICAI)

Further ROC site is also to be verified in all the cases where the filings by the borrowers is mandatory and record of such verifications shall be kept on the records.

Wherever the financials certified by CAs are found to be fudged, procedural guidelines of the Bank for reporting their names as third party entities involved in frauds, to IBA (through CO/Inspection Department) should be complied with.

Role of third party intermediaries (Department of Financial Services, Ministry of Finance have sent actionable points emerged out of the conference of CVO's of PSBs, FIs and PSICs held on 02/11/2011 at New Delhi) : In the light of the guidelines issued by DFS, MOF, wherever there is a contract with intermediaries while entrusting the job of Stock Audit, Concurrent Audit, Legal Audit, Legal opinion, Engineer's valuation, CA Certificates etc, a condition to be incorporated that "I/We certify that this certificate is issued after verifying the necessary details and I / we are aware that giving false certificate is a criminal act and is a punishable offence". The condition is to be incorporated in all letters issued while appointing Advocates, Valuers, Chartered

Accountants for Legal Audit, Stock Audit, Legal opinion, Engineer Valuation etc and also for getting all Chartered Accountant certificates.

38. What are the guidelines of bridge Loan?

Answer: Banks have been permitted to sanction bridge loans to companies for a period not exceeding one year against expected equity flows/issues. Such loans should be included within the ceiling of 40% of the bank's net worth as on March 31 of the previous year prescribed for total exposure including both fund based and non-fund based exposure to capital market in all forms. Banks should, exercise due caution and attention to security for such loans.Banks may also extend bridge loans against the expected proceeds of Non-Convertible Debentures, External Commercial Borrowings, Global Depository Receipts and/or funds in the nature of Foreign Direct Investments, provided the banks are satisfied that the borrowing company has already made firm arrangements for raising the aforesaid resources/funds.

39. Can Bank finance Second Hand Machinery and what are the guidelines?

Answer: Yes Bank grant loan for financing against Second Hand Machineries as under:

Eligibility:

a) The Internal Risk grading is between IB AAA to IB BBB (for accounts eligible for internal rating) and Valid External risk grading between AAA to BBB (for accounts eligible for external rating).
b) Units having satisfactory operation for at least 3 years with Net Profit for last two years.

Age, Condition & Make of the Assets:

c) The residual life of Asset to be purchased /acquired should not be less than 7 years as per the valuation report/chartered engineer's report. Second hand machinery should be valued by the Bank's panel engineer, preferably by Mechanical Engineers, certifying the current value, residual economic life of those assets and the working conditions of the assets. Where the asset value is Rs.25 Cr and above, 2 such valuation reports to be obtained. The difference between WDV in seller's book and Market value to be commented upon with proper rationale in the valuer's report.
d) The asset should have been manufactured by firms of repute/ having established brand name.

Margin:

e) A minimum 50% margin should be brought by the borrowers (i.e. maximum amount of loan should not be more than 50% of the accepted minimum value of such assets).
f) The COLCC GM can reduce the margin to 35 % & COLCC ED up to 25% of the accepted value in deserving cases based on the value of the connection, existing track record, business compulsions etc. CAC can reduce margin below 25%.

Repayment Period: The minimum gap of two years between the residual life of the asset and the repayment period of the loan will be maintained.

Exemptions: Proposed Guidelines shall not be applicable to second hand machinery acquired under NCLT/ SARFAESI/ Other auction proceedings

40. Explain in detail the Bank's guidelines on financing NBFC and HFCs?

Answer: Yes Bank sanctions loans to NBFCs/HFCs.

a) NBFCs are required to comply with Indian Accounting Standards (Ind AS) for the preparation of their financial statements as prescribed in RBI circular No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13.03.2020.

b) NBFCs shall frame their policy for sales out of amortized cost business model portfolios and disclose the same in their notes to financial statements.
c) NBFCs to present ECL as per Ind AS 109 and its internal ECL model and provisions as per the RBI regulations, which has to be computed in parallel, and at asset level
d) NBFCs shall hold impairment allowances as required by Ind AS. In parallel NBFCs shall also maintain the asset classification and compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc. Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital.
e) Regulatory ratios, limits and disclosures shall be based on Ind AS figures. Impaired assets and restructured assets shall be considered as non-performing assets (NPA) for calculation of NPA ratios.
f) Any net unrealised gains arising on fair valuation of financial instruments as per Ind AS 109, should not be included in owned funds whereas all such net losses should be considered
g) Collection efficiency should be measured, so that correct projections of Asset Quality can be done
h) NBFC must submit RBI quarterly return NBS- 7 for monitoring purpose
i) Active presence of minimum 5 years for considering bank finance. However, for NBFC rated externally AA & above, active presence of minimum 3 years is sufficient. COLCC(ED) & above can approve deviation in minimum active presence criteria
j) Minimum Interest coverage ratio should be 1.50 for fresh proposal and 1.25 for review/renewal proposal
k) Bank loan should not be used by NBFCs for granting unsecured loans/ Inter-corporate Deposit to/in any company and for granting all types of loans and advances to subsidiary/ group companies/ entities.

41. Which NBFCs proposal shall be referred to COLCC ED and above only.

a) NBFC's having more than 25% Commercial Real Estate exposure /Capital Market Exposure in their portfolio.
b) NBFC's having significant exposure on another NBFC (more than 25 % of their portfolio)
c) NBFC having unsecured exposure > 25% in their portfolio.

42. What are other norms which a NBFC/HFCs must confirm for getting finance?

- External Rating as per CRM policy of the Bank
- Shall have a minimum capital adequacy ratio of 15%.
- Total borrowings shall not exceed 10 times of Net Owned Fund.
- Total outside Liabilities shall not exceed 12 times of Net Owned Fund.

- NIM should not be less than 2.50%.
- Net NPA should be as under
  - NBFC (Vehicle Finance):4.00%
  - NBFC(Gold Fin):1.50%
  - NBFC(Other): 2.50%
  - HFC:3.00
  - MFI:3.00%
- The portfolio at risk(PAR>30 days including NPA) should be maximum as under:
  - NBFC (Vehicle Finance):12.00%
  - NBFC(Gold Fin):6.50%
  - NBFC(Other): 10.50%
  - HFC:8.50%
  - MFI:7.50%
- The minimum return on Assets(ROA) should be as
  - NBFC (Vehicle Finance):1.25%
  - NBFC(Gold Fin):4.50%
  - NBFC(Other): 1.50%
  - HFC:1.50%
  - MFI:1.00%
- The NIM should not be less than 2.50%

- Volatile Liabilities* / Total Assets should not be more than 60%. Volatile Liabilities are Deposits up to 1 year + borrowings up to 1 year)
- Net NPA/ANW(%) should be less than 20%.
- Security Coverage should be minimum 1.10.
- Minimum Interest coverage ratio should be 1.50 for fresh proposal and 1.25 for review/renewal proposal
- PAT should be positive in last 3 years
- The internal and external sources of funds to meet the company's requirements should be evaluated. The liquidity risk should be evaluated by examining the assets liabilities maturity (ALM) profile, collection efficiency, deposit renewal rates and proportion of liquid assets to total assets.

43. Who will permit deviations in NBFCs guidelines?

Answer: Deviations in the NBFC (incl HFC/MFI)/MFI guidelines, within the RBI prescriptions, would be permitted by the Credit Committees as under:

Sanctions by	Deviation(s) to be approved by
Up-to COLCC (GM)	Next Higher Authority
COLCC (ED) & above	Respective Sanctioning Authority

44. Which activities of NBFCs are not eligible for Bank Credit?

a) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising from sale of

- commercial vehicles (including light commercial vehicles), and
- two wheeler and three wheeler vehicles, subject to the following conditions
    1. the bills should have been drawn by the manufacturer on dealers only
    2. the bills should represent genuine sale transactions as may be ascertained from the chassis / engine number
    3. before rediscounting the bills, banks should satisfy themselves about the bona fides and track record of NBFCs which have discounted the bills.

b) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.

c) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.

d) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.

e) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market.

f) NBFC's engaged in equipment leasing/Companies with whom bank is having lease agreements.

g) Bank Finance to Factoring Companies not complying with the regulations stipulated in the section (5), DOR – MC – Bank Finance to NBFCs – 2022 circular dated 05.01.2022.

h) **Bridge loans / interim finance -** Bridge loans of any nature, or interim finance against capital / debenture issues and / or in the form of loans of a bridging nature pending raising of long-term funds from the market by way of capital, deposits, etc. to all categories of Non-Banking Financial Companies **is not permitted**. These instructions should be strictly complied and they should not be circumvented in any manner whatsoever by purport and / or intent by sanction of credit under a different nomenclature like unsecured negotiable notes, floating rate interest bonds, etc., as also short-term loans, the repayment of which is proposed / expected to be made out of funds to be or likely to be mobilised from external / other sources and not out of the surplus generated by the use of the asset(s).

i) **Advances against collateral security of shares to NBFCs** - Shares and debentures cannot be accepted as collateral securities for secured loans granted to NBFC borrowers for any purpose.

j) Restriction on guarantees for placement of funds with NBFCs - Bank should not execute guarantees covering inter-company deposits / loans thereby guaranteeing refund of deposits / loans accepted by NBFCs / firms from other NBFCs / firms. The restriction would cover all types of deposits / loans irrespective of their source, including deposits / loans received by NBFCs from trusts and other institutions. Guarantees should not be issued for the purpose of indirectly enabling the placement of deposits with NBFCs.
However, bank is permitted to provide partial credit enhancement (PCE) to bonds issued by NBFC-ND-SIs and Housing Finance Companies (HFCs) as per guidelines contained at para 2.4 of the Master Circular on Guarantees and co-acceptances dated November 09, 2021, as updated from time to time."

k) Additionally, aggregate exposure limt to all **NBFCs, having gold loans** to the extent of 50 per cent or more of their total financial assets is **4.50% of total exposure of the bank as on previous year end**.

45. What are the guidelines of financing to NBFC –MFI

A separate category of NBFC has been created viz; Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI). An NBFC-MFI is defined as a non-deposit taking NBFC (other than a company licensed under section 25 of the Indian Companies Act, 1956), that fulfils the following conditions.

a) NBFC – MFI shall comply with guidelines pertaining to NBFC
b) Minimum Net owned funds of Rs.5.00 Crore (For NBFC-MFIs registered in the North Eastern Region of the country, minimum NOF requirement shall stand at Rs.2.00 Crore)
c) Not less than 85% of its net assets are in the nature of "qualifying assets"
d) The credit proposals from MFIs for on-lending to individuals also shall conform to policy guidelines on MFI financing.
e) The company should follow ICAI guidelines on standard accounting procedure.
f) The company should comply with the regulations prescribed by RBI.
g) Current ratio should not be less than 1.33. However a lower ratio may be accepted considering the risk profile of the borrower.
h) The leasing / hire purchase / loan receivables over dues must not be more than 5%.
i) In the case of an existing company, non-performing assets must not be more than 5% of its Leasing & Hire Purchase / loan assets except when a credit assessment provides mitigants.
j) Company must have been prompt in repaying maturing deposits, where applicable.
k) Only on-lending made for creation of physical assets supporting productive/ economic activity will be considered for computation of MPBF, without adjusting the projected NWC, for supporting other activities of the NBFC.
l) Credit facilities may be granted by way of cash credit and Term loan only.
m) In respect of existing borrowers not complying with the above guidelines, enhancement in credit facilities will not be considered in general. The possibility of exiting such accounts in terms of the Bank's extant exit policy on standard assets will be explored, where felt necessary and found feasible.
n) As Govt. owned NBFCs are also being brought under the ambit of RBI regulations, Bank's guidelines on NBFC will be made applicable to such entities also.
o) Bank will continue to extend finance to NBFCs against the second hand sets financed by them subject to the stipulations laid down in this regard.
p) For NBFC-MFI having FB and NFB exposure of Rs 10 crore and above, the internal and external sources of funds to meet the company's requirements should be evaluated. The liquidity risk should also be evaluated by examining the assets liabilities maturity profile, collection efficiency, deposit renewal rates and proportion of liquid assets to total assets.
q) The credit proposals from NBFC-MFIs for on-lending to individuals also shall confirm to policy guidelines on MFI financing.

46. List some select performance standards (applicable to NBFC-MFI/MFI) are furnished under

a) **Operational self-sufficiency (OSS)** measures the ability of the MFI to meet all its direct costs from the income it generates through its financial operations. Bench Mark level: At least 100%
b) **Operating Cost Ratio (OCR)** is an efficiency indicator for an MFI relating to the costs incurred by the MFI for its lending operations to its average outstanding portfolio. Bench Mark level: Not more than 20%
c) **Total Cost Ratio (TCR)** is an efficiency indicator measuring the total costs incurred by the MFI to keep a rupee loaned out to its members for the period. Bench Mark level: Not more than 30%
d) **Portfolio at Risk (PAR)** indicates the outstanding amount of all loans that have one or more instalments of Principal due for 30 days and above. Bench Mark level: Not more than 7.50%
e) **On Time Repayment Rate (OTR)** indicates the overall recovery performance of an MFI. Bench Mark level: Not less than 95%.
f) **Total outside Liability/Tangible Net-worth Ratio** indicates the level of dependence on outside borrowings of MFI. The ceiling on Bank credit linked to NOF of NBFCs, which are statutorily registered with RBI, and are engaged in principal business of hire purchase etc. has been withdrawn by RBI and full operational freedom has been bestowed to the Banks in the matter of credit dispensation. However, Bank would continue to stipulate norm of TOL: TNW of 10, to bring in discipline for maintenance of capital adequacy norms by the assisted NBFCs.
g) **Equity to Fixed Assets** Should not be more than 1 for “For Profit MFIs” (not insisted for “Not for Profit MFIs”).

47. What is InvITs:

Answer: Infrastructure Investment Trust is a vehicle created to primarily invest in revenue generating infrastructure assets. These entities are trusts by definition and their units(shared) are regulated by SEBI. These units are traded based on their net asset value. These entities have a pass-through structure and are therefore required to distribute majority of their earnings to unit holders. Globally, these are positioned as high-dividend-paying investments suitable for investors looking for long-term, stable cash flow with moderate capital appreciation.

48. What are the revised guidelines on financing to InvITs?

a) <u>ELIGIBILITY:</u>

<u>**External Credit Rating**</u> of InvIT from an approved credit rating agency for all exposures should have minimum rating o**f “A” or equivalent**.

Further, if the aggregate consolidated borrowing and deferred payment of the investment trust, net of cash and cash equivalents, exceeds 49% (and up to 70%) of value of its assets, for any further borrowing, **credit rating of “AAA” is required.**

Generally, InvIT should be debt free. Existing debts of SPVs, if any, shall be extinguished by InvIT either through issuance of equity or debt. However, in cases of down selling / refinancing (a part of debt), the proposition of existing debt with other lender may be accepted.

Similarly for SPVs having existing debt by way of NCDs/IDFs may also be accepted.

a) **PURPOSE:**

For acquisition of infrastructure projects/SPVs. In order to ensure that the borrower has a substantial equity stake in the infrastructure company, the Bank's credit risk exposure should be restricted to 50% of the finance required for acquiring the promoters' stake in the company being acquired.

Refinancing of standard debt in existing SPVs /InvIT For financing underlying SPVs of the InvITs on standalone basis, the same to be processed similar to lending to corporates and the guidelines as contained in the Credit Policy shall be adhered to.

b) **TENURE:**

The tenure of the loan shall be aligned with the projected cash flows/Life of the Projects of the InvIT, subject to a maximum tenure of 15 years considered from the day of first drawdown.
Minimum tail period of 15% to be preferred to have adequate cushion for repayment. However, while appraising the proposal, the impact of longer tenor loans be analyzed from ALM perspective.

c) **ESCROW ACCOUNT**: Escrow Account of the SPVs/InvIT will be opened with the Bank in case of sole banking, before disbursement of the Term Loan. In case of consortium, if Escrow Account of the InvIT will be opened with the Leader/ other banks as per decision of consortium, periodical check on the cash flows shall be made and result thereof will be recorded in the consortium meeting minutes.

It shall be ensured that there is no restriction on up streaming of surplus cash flows from SPV to InvIT

d) **SECURITY :**

i. Corporate guarantees of SPVs are desirable. However the Bank's charge on the balances in ESCROW accounts of SPVs is required in all cases.
ii. Pledge of units of InvITs held by the Sponsor is required to be created as per the regulatory guidelines.
iii. Where pledge of shares (InvITs) of sponsor is not possible, decision to waive this requirement shall be obtained from the appropriate Authority. However in such cases, Non-Disposal Undertaking (NDU) is to be invariably taken from the InvIT.

e) **EXPOSURE:** Overall Portfolio limit for exposure to InvITs will be Rs **10000 Cr as per following sub-limits:**

Maximum sub-ceiling for Portfolio wi External Rating	Amount (Rs in Crore)
AA	5000
A	2000

Single/Group Borrower limit will be Rs 2000 Cr

The existing exposure norms stipulated in this Policy will be applicable for lending to InvITs. However, for the purpose of considering 'per borrower exposure cap', InvIT will be treated as corporate and accordingly the cap applicable to Trusts, as mentioned in the Credit Policy, will not be applicable. The exposures to InvITs will be within the overall exposure limits in respect of the

infrastructure sector. The exposure will be classified under relevant sub sectors of Infrastructure Industry. Hence exposure cap applicable to the industry, if any, will be applicable.
Any other guidelines as circulated by RBI/ SEBI for adoption of Bank will be made part of InvIT Guidelines.

All other existing guidelines of Circular ADV 170/2021-22 dated 23.10.2020 to continue

47. Explain Short Term Loan:

Answer: Short Term Loan is any credit facility generally in the nature of loan for financing temporary mismatch in cash flows for a short period, and will be in the form of demand loan.

a) Short Term Loan will be given to (i) Navratna/Maharatna/Miniratna Public Sector Units (PSUs), (ii) State Government PSUs with good track record and (iii) Reputed large business conglomerates with External credit rating of AAA/AA or equivalent in secured or unsecured form up to 12 months tenure.
b) STLs will be repayable either by a bullet payment or repayment in a few installments based on cash flows of the borrower.
c) Cash Flow Statements at least for the tenor of the Short Term Loan is to be obtained to satisfy that the cash flows generated are adequate to repay the Short Term Loans.
d) Unsecured Short Term Loans can be sanctioned only by MCB.
e) Field level sanctioning authorities (ZLCC / BM) shall not roll over STLs without adjustment of the existing STLs. The cases of roll-over of short term loans within a period of 12 months, where proper pre-sanction assessment has been made, and the roll-over is allowed based on the actual requirement of the borrower and no concession has been provided due to credit weakness of the borrower, then these might not be considered as restructured accounts. Any such rollover more than 2 times will result in classification of the account as Restructured Asset. Bank should be circumspect while granting such facilities as the borrower may be availing similar facilities from other banks in the consortium or under multiple banking.
f) It is clarified that Short Term Loans for the purpose of this provision do not include properly assessed regular Working Capital Loans like revolving Cash Credit or Working Capital Demand Loans.
g) The accounts should be closely monitored to ensure end use and that the funds are not diverted to the Capital Markets, Real Estate sectors and other unrelated purposes.

48. What are the guidelines related to Risk Mitigation measures for Project lending?

a) In Project Lending, the Internal Rating thresholds under CRISIL –RAM are Project Rating – up to P-3 (Scale P1 to P8) and Combined Internal rating IB BBB.

b) Apart from DSCR, IRR of the Project to be computed, compared with COC / WACC, industry benchmarks and commented upon in Appraisal. Debt/EBIDTA also to be computed compared to industry average and commented.
c) While assessing project loans, all types of risks, including tail risks are to be assessed. Tail refers to the time gap between the original loan maturity and the life of the project. Therefore, higher the tail period lessens the risk.
d) Planned COD for the project to be recorded and any subsequent shift in COD with necessary approval should also be recorded.
e) Services of Professionals viz: LLC, PMC / LIE, etc to be utilized for documentation, legal vetting, ensuring all requisite statutory approvals/ NOC and evaluating / monitoring the progress of the project and assessing the amount Invested, compliance with the sanction terms etc.

49. What are the Guidelines on Climate Risk & Environmental Social and Corporate Governance ?

- **Environmental (E):** The environmental criterion considers how companies use energy and manage their environmental impact as stewards of the planet. Looked differently, it is about "Conservation of the natural world".
- **Social (S):** Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. In other words, it is about "Consideration of people & relationship".
- **Governance (G):** Governance considers a company's internal system of controls, practices, and procedures, aka "Standards for running a company". It ensures transparency and industry best practices and includes dialogue with regulators.
- Investors also more informed about the implications of ESG risk on a financial institution. Investors across the globe are showing a greatly increased demand for sustainable financial products.
- ESG metrics are not commonly part of mandatory financial reporting, though companies are increasingly making disclosures in their annual report or in a standalone sustainability report.
- Various institutions, such as the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD) are working to form standards and define materiality to facilitate incorporation of these factors into the investment process.
- SEBI vide its circular dated 10.05.2021 introduced new reporting requirements on ESG parameters called the Business Responsibility and Sustainability Report (BRSR). Revised guidelines replaced SEBI Circular dated November 04, 2015 on Business Responsibility Report (BRR) in respect of reporting on ESG parameters by listed entities.
- The BRSR is applicable to top 1000 listed entities (by market capitalization). Reporting of BRSR shall be voluntary for FY 21 –22 and mandatory from FY 22 –23. Bank has to comply with submission of BRSR as prescribed by SEBI.
- Going Forward, ESG related parameters shall be captured in our Internal Rating Models

50. What are the Initiatives/ Strategies adopted by our Bank with regards to ESG compliance?

- Bank endeavors to support sectors/industries which are active in energy transition, sustainable living, green energy, clean mobility, waste management.

- Bank is encouraging lending to Green Energy initiatives like Solar/ Wind etc and retail schemes for e-Vehicles have been launched. A **Green portfolio** consisting of exposure to companies associated with business in sectors such as Renewable Energy (Solar, Wind, and Hydro-Water), Electric Vehicle, and Ethanol etc will be created for special monitoring and progress.
- Based on ESG rating, initiatives taken by the Corporate for pollution control etc, incentive in forms of better pricing to be provided. Similarly, disincentive to borrowers of highly polluting industries /without PCB clearance, to be loaded with mark- up on pricing.
- Undertaking its responsibility towards preserving environment/ climate, Bank takes a holistic approach while appraising such credit proposals, assessing the alternative process, requirement of obtaining NOC, from Govt/ Statutory Authorities, installing environment friendly equipments etc are ensured/ stipulated for implemementation. Exposures in these sectors are monitored to remain restricted to prescribed ceilings.
- ESG aspect should be commented upon in the Credit appraisal of companies operating for more than 5 years with proposed exposure to our bank >Rs.100 Cr belonging to these polluting sector/Industries. Credit appraisals of such proposals shall have separate chapter on Environmental, Social and Governance risks which are likely to impact the project / operations of the borrower's Company & offered better pricing.
- RBI is yet to come out with guidelines on ESG. However, as a forward looking approach, bank is in process of taking a holistic assessment of ESG Climate Risk forming part of ICAAP Policy and, additional capital on such exposure is taken under Pillar- II. Bank may adopt a Climate Risk Assessment in its Business plan.
- To lead the efforts in scaling up the sustainable finance business in the Bank a dedicated vertical to be created which will be primarily responsible for introducing Green Deposit and Green Loan Products and monitoring their performance. This will enable the Bank to take advantage of opportunities arising from climate change as the proceeds from green deposits will be deployed to finance environment-friendly businesses such as renewable energy, clean transportation, etc.
- Exposure of the Bank to carbon-intensive sectors exposes to transition risks. In this context, gradual reduction in exposure to high-carbon emitting/polluting businesses in the coming years is to be brought about.
- Exposure under Green Financing through separate green loan products catering to the requirement for Rooftop solar, electric vehicles (EVs), EV charging infrastructure etc will be prioritized.
- Green Portfolio constituting lending under Green Products, finances to sectors like Renewable Energy (Solar, Wind, and Hydro- Water), Ethanol Projects will be monitored on regular basis and quarterly portfolio position will be placed to RMC.
- Disclosure under Basel –III for such portfolio/ Climate Risk mitigation measures taken by Bank will be made.
- The Bank will engage with its corporate customers in pursuit of decarbonization and to reduce their emission of greenhouse gases. **Sustainability Linked Loans (SLLs) to corporate customers will be extended** where the interest rate on the loan will be linked to firm's achievement of certain sustainability benchmarks to incentivize the borrower to achieve certain sustainability performance objectives.
- Minimum four awareness programme on climate risk and sustainable finance in a FY will be done to help the Bank embed climate risk into their operations and ultimately to move towards carbon neutral position in long term.
- Branches /DAMC while opening the accounts shall ensure proper mapping of activity code for aggregation to Green Portfolio.

51. What are the recent guidelines of Bank on **Collection of Scope 1 and 2 Carbon Emission data of borrower**

FAQ on Corporate Credit

In response to the increasing global focus on climate change and sustainable development, both the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) have taken significant steps to address environmental, social, and governance (ESG) risks.

In recent years, climate change concerns and sustainable development have taken centre stage in global and national priorities. There has been a growing recognition of the significant economic impacts of environmental, social and governance (ESG) risks across the globe, with many international bodies and financial regulators examining ESG-related issues including regulation and supervision.

Reserve Bank of India has released a Discussion Paper on Climate Risk and Sustainable Finance. Similarly, SEBI has also introduced new reporting requirements on ESG parameters called the Business Responsibility and Sustainability Report (BRSR) mandatory since FY 2022-23 for top 1000 listed entities (by market capitalization) and voluntary for other entities.

In this context, disclosure of Scope 1 & Scope 2 emissions^ by the entities has gained traction and being considered as an important point measuring contribution of organization towards Climate Risk Management. As such, under EASE 6.0, it has been taken as one of the Actions points for Banks to measure the quality of new advances/ front book with reference to controlling emissions of Green House Gases/ minimizing carbon foot print.

Thus to measure the same, in terms of EASE 6.0 guidelines, data on carbon emissions (including scope 1 & scope 2 emissions) for all borrowers on new loans above Rs.10 Cr for the industries Oil & Gas, Coal mining, Fossil fuel related power generation, Aviation and Petrochemicals is required with in 30.09.2023. The carbon emission data is required for every loan above Rs.10 Cr in Bank across all industries by 31.12.2023.

FAQs - Policy on Security Management

1. What is the Purpose of Policy on Security Management?

A. The Policy on Security Management stipulates guidelines for installation and implementation of safeguards for valuables, documents, assets, information and the most important of all assets, human beings. It involves management of existing and perceived threats, manmade or natural, due to external or internal factors or a combination of both and their neutralisation through an efficient and coordinated series of counter measures. Such measures include assessment of risks, employment of systems, procedures and organisation of trained human resources.

2. Where this Policy is applicable?

A. This policy applies to all Branches, Currency Chests, Zonal Offices, FGMOs and Corporate Office to effectively safeguard the Bank's assets ie; Personnel and Property.

3. What are the objectives of Security Management Policy ?

A. The aim of Security Management is to evolve security measures and implement them to provide protection against damage to or loss of Bank's property and ensure safety of manpower, i.e., the staff and customers. These objectives are achieved by:

- Reduction in the vulnerability of the branches
- Reducing the opportunities for criminal acts and
- Increasing awareness and adherence to guidelines on Security Management.

4. Who is Responsible for Security Management at Branches?

A. Branch Managers are responsible to maintain a high level of security standard at the branches as per guidelines laid down in this regard. They can seek assistance from the Security Officer of their Zonal Office in strengthening the security arrangements.

5. Who is Responsible for Security Management at Zonal Offices?

A. Security Officer at Zonal Office will supervise the security arrangements at Branches/ Currency Chests / Offices coming under the control of the Zonal Office concerned and assist the Zonal Manager in the matters of risk assessment, review and organization of security measures. He / She will be under the administrative control of the Zonal Manager.

6. Who is Responsible for security management at Corporate Office?

A. The Chief Security Officer is the Head of the Security Department at Corporate Office reporting to the respective General Manager. He / She will pool the information from various reliable sources like guidelines from Government, RBI and IBA and assist the General Manager in evolving policies and placing them for approval to the Board or Managing Director & Chief Executive Officer.

7. Explain Security Set-Up of the Bank?

A. The hierarchical set-up has 3 tiers, viz., one at the Corporate Office level (Chief Security Officer), the second at the Zonal Office level (Zonal Security Officer) and the third at the branch level (Armed Guard).

8. Define the Role of Corporate Office Standing Security Committee?

A. Corporate Office Standing Security Committee is responsible for timely and proper implementation of guidelines on security received from Government of India, Reserve Bank of India and Indian Bank's Association. The Committee is required to meet at least once in a year or as required. The quorum of the committee is three.

Corporate Office Standing Security Committee with Chief Security Officer as its Member Secretary to be in direct touch with Security Planning Cell, Reserve Bank of India.

9. Define the Role of Zonal Office Standing Security Committee?

A. Establishment of this Standing Committee at Zonal offices facilitates effective review of implementation of security policies, instructions and plans formulated by Corporate Office.

The committee is required to meet at least once every six months or as decided by Zonal Office to review security administration in their jurisdiction and related issues.

10.What are the functions of Security Department at Corporate Office?

- ✓ Evolving security policy / program for the Bank, based on the Government/RBI and IBA guidelines from time to time.
- ✓ Classification of branches into High risk, Medium risk and Low risk categories, based on the relevant factors.
- ✓ Inspection and improvement of layout of branches for security effectiveness, access control measures and administration of Identity Card system.
- ✓ Hardening targets by improved systems of locking, introduction of safety gadgets such as burglar alarms, fire extinguishers, emergency lights, etc.
- ✓ Evolving and maintaining security standards at Currency Chests.
- ✓ Effective control on cash holding levels at branches.

11.Who is the kingpin of the security set-up of the Bank?

A. The Chief Security Officer is the kingpin of the security set-up of the Bank.

12.What is the Role of Zonal Security Officer?

A. Zonal Offices have a Security Department controlled by Zonal Security Officers. They are in charge of supervision and monitoring of the security arrangements at branches under their control.

13.What is the Role of Fire Officer?

A. Manager (Fire) will be posted at Corporate Office / FGM Offices as per requirement, who will advice Zones to ensure implementation of all fire safety guidelines / action plan of Corporate Office at Zones / Data Centers and Branches.

14.What are the main duties of Armed Guards and Unarmed Guards?

A. Safety of staff, customers and Bank's property is the main objective for posting an armed guard/unarmed guard at a branch/office. The duties of an unarmed guard will fall in line with the duties of an armed guard except for handling a gun and taking firing position in case of an emergency. Specific duties are provided for armed guards at branches, currency chests, counting halls and on escort duty for cash remittances.

15. What are the duties to be performed by Security Guard While on patrol?

- ✓ Carry out surveillance of the premises.
- ✓ Prevent use of premises by squatters, hawkers or undesirable characters, for anti-social activities by public or bank staff.
- ✓ Check those points and stretches which are not visible from the static point-of the duty guard and assist the static point-duty guards.
- ✓ Open and close unmanned gates in an emergency.
- ✓ Deal with untoward incidents.
- ✓ Keep a close watch over the building and other property against attempts at arson or accidental fire and take action as per the branch's standing orders on fire fighting.
- ✓ Collect security information and convey the same to the superiors.

16. How many days training to be given to Security Officers?

A. The Bank shall have an orientation and refresher programme for the newly recruited Security officers for four days, as recommended by the RBI Working Group. The programme shall help to acquaint them about the banking in general and security aspects in particular.

17. What type of Security Management to be followed at Branches?

A. Security begins at branches. Branches have a vital role in implementing the security measures and maintaining them in order to reduce vulnerability and to act as a deterrent to those who plan to attack. Foremost in the preventive steps to avoid security breach is to effectively monitor security arrangements.

To the extent possible, the entire Branch should be located on one floor only preferably with a single Entrance / Exit, for better supervision and control and equipped with RCC based construction for Strong rooms as per RBI approved BIS Specifications (as applicable for 'B' Class Chests).

All Branches should be provided with Strong Room. In exceptional cases, where construction of strong room is not feasible, cash safe may be kept in ordinary room but in such cases, the safe should be of atleast "A" class.

Such "Safe Room" should also have grill door at the entrance in addition to the wooden door.

18.What type of Security Management to be followed at Currency Chests?

A. Currency Chests should not be located in basements in areas likely to be affected by floods. In areas with high ground water table, vaults in basements may be considered with care, as these will be prone to seepage, dampness etc. The Currency Chest should not have its wall common with adjoining properties i.e. where the buildings are continuous. The strong room should be a little away from the common wall to allow a patrol corridor, to enable surveillance against penetration from adjoining property.

19.List the specifications for strong room doors?

Class	Burglary Resistance	Fire Resistance
Class C	15 minutes	30 minutes
Class B	30 minutes	30 minutes
Class A	60 minutes	30 minutes
Class AA	120 minutes	30 minutes
Class AAA	180 minutes	30 minutes

20.What are the guidelines for guarding of Currency Chests?

A. Currency Chests must be guarded round the clock by armed guards from the State Police. However, Bank's own Armed Guards / Ex-servicemen Armed Guards engaged through Security agencies sponsored by DGR may also be deployed. All arrangements for getting the personnel should be completed, before a new Currency Chest is opened.

Two armed guards should be on duty during banking hours, when cash operations are in progress. After the cash is closed, single armed guard is adequate. Balance police personnel must be available in the rest room in close proximity to the Currency Chest.

In exceptional situations, when police guards are not available, Bank's armed guards may be used as an interim measure. In such an eventuality, as far as possible the Bank armed guards must change over to 12 Bore Pump Action Gun. If state police/ own armed guard are not available, security persons from private agency having adequate capability may be deployed temporarily.

21. What type of Security Management to be followed during cash remittances?

A. Only a limited amount of cash can be kept at a Branch Office due to security reasons. Therefore, cash has to be frequently remitted either to a Currency Chest or another branch. Cash is most vulnerable when in transit. Therefore, security of cash when in transit is of utmost importance. All Cash Vans (Bank's own / Hired) will mandatorily be equipped with Global Positioning System (GPS) tracking devices and security alarm (siren) for use in case of duress / emergency. Provision of onboard CCTV with 2 cameras one each covering the cash compartment and Driver compartment and 2 cameras covering peripheral area in front and rear is recommended. BM of CC attached Branch / Officer in Charge, Currency Chest shall ensure availability of Vehicle Monitoring Cell (VMC) for real time monitoring / tracking the vehicle path. Route Charts shall be prepared through GPS tracking device software by CC officials and routes programmed in GPS. Geo fencing in vulnerable areas may be undertaken. No secluded routes to be selected. Branch / CC Officials shall ensure meticulous compliance of guidelines stipulated vide SOP on Security Guidelines for Cash in Transit.

22. What are the limits for cash remittances in normal areas?

A. All remittances exceeding Rs.50 lakhs and upto Rs.10 Crores should be accompanied by at least two armed guards. All remittances above Rs.40 lakhs and upto Rs.50 lakhs should be accompanied by at least one-armed guard. For remittances upto Rs.40 lakhs it may not be necessary to provide an armed escort. However the Bank's cash van will always be provided with Armed Guard. Normally, cash remittance on a single occasion should not exceed Rs.10 Crores.

23. What are the limits for cash remittances in UP, Bihar, Jharkhand, Chattisgarh, Orissa?

A. All remittances exceeding Rs.50 Lakhs and upto Rs.3 Crores should be accompanied by at least two armed guards. All remittances above Rs.20 Lakhs and up to Rs.50 Lakhs should be accompanied by at least one-armed guard. For remittances upto Rs.20 Lakhs it may not be necessary to provide an armed escort. However the Bank's cash van will always be provided with Armed Guards.

24. What Security precautions to be taken for ATM?

A. i. The ATM / BNA cabin should have a floor area of Approximately 60 – 100 sq.ft. Entrance / Exit should have a Roller Shutter with embedded Central Locking System. (For emergency use). All ATMs (including CDs), BNAs at the time of commissioning, must be grouted by drilling 10”-12” holes in the flooring and hammering metal sleeves in these holes. Putting in Anchor fasteners – min 8” long anchor fasteners, preferably Fischer make. Applying resin adhesive (Araldite) over the finished bolt positions for improved bonding. However, exemption to be made for ATM / BNAs at Branch lobby, Malls and other locations where grouting is not feasible.

ii. ATM / BNA cabin should have at least 9” (Nine inches) thick walls on its three sides and 6” (six inches) RCC roof and floor.An ATM / BNA machine selected should have adequate in-built security features (UL Specification UL 291 – Level II or higher).

iii. All Bank's Onsite / Offsite ATM / BNAs are to be installed with Burglar Alarm System, Fire alarm Sensors and CCTV even if in-built alarm and cameras are available and / or covered under E Surveillance. The outer cover of the Cash chest should be connected to the Burglar alarm system with Magnetic Sensor. Auto-dialer is to be connected to the Alarm system wherever Telephone facility is available.

25. What is E Surveillance?

A. The concept of E Surveillance broadly includes:

At Branch or ATM

- ✓ Networkable Fire & Intrusion Alarm system
- ✓ Networkable CCTV system.
- ✓ Two way audio communication as active deterrence.
- ✓ Router with multiple connectivity options.
- ✓ Network – Virtual Private Network (VPN) cloud

At Central Monitoring Station – 24 x 7

- ✓ Convergence of data to Server
- ✓ Data analysis
- ✓ Realtime Health and incident alert generation through SMS or Mails.
- ✓ Response – Repair on health alerts / attending to security and safety incidents alerts.
- ✓ Audit and evidence management.

26.What are the specifications / standards for security equipment?

A. i. BIS / ISO standards and products conforming to the same (and duly certified by a recognised agency) should be used as First Preference.

ii. Wherever BIS / ISO standards / specifications are not available, or when equipment confirming to the same are not available, items conforming to UL / EU standards / specifications and certified as such by a recognised authority may be installed.

iii. Test reports by the Regional Electronic Test Development Centres should be obtained in case of electronic security equipment which do not have BIS / ISO standards / specifications.

27.What is Security Audit?

A. Management should use Security Audit as a diagnostic tool in ensuring that systems etc. are being complied with for their intended purposes and in accordance with the laid down guidelines. All Currency Chests should be subjected to Security Audit once in a Financial Year. It is desirable to have the Security Audit of the Currency Chest by a Specialist Security Officer from a different Zone / Office in order to provide an independent input for the management.

28.What is the purpose of Electrical Safety and Energy Audit?

A. Electrical Safety and Energy Audit is an overall health & performance check-up of existing electrical wiring system. The main purpose of Electrical Safety and Energy Audit is to save the infrastructure from damages due to short circuits and other factors related to electrical wiring. Electrical Safety& Energy audit are to be conducted through agencies approved by Bureau of Energy Efficiency(BEE)/Licensed electrical contractors/consultants.

1. What are the two sections of policy on Customer

Experience? Ans.

(A) Policy on general management and customer rights.

(B) Policy on customer grievance redressal and compensation of deficiency in service.

2. What are the five rights of customer defined in customer rights policy?

Ans.

(A) Right to fair treatment.

(B) Right to transparency, fair and honest dealing.

(C) Right to suitability.

(D) Right to privacy.

(E) Right to grievance redress and compensation.

3. What are the subdivisions of Policy on general management and customer rights?

Ans.

i. General Management of the branches

ii. Customer Rights

4. What is the scope of the policy on general management and customer rights?

Ans :

i. Providing infrastructure facilities by branches to customers

ii. Providing separate ‗***May I Help You'*** counters

iii. Displaying indicator boards and posters

iv. Floor Managers to help customers in putting their transactions.

v. Providing details of service and facilities

vi. Use of Hindi and regional languages in transacting business

vii. Security system in branches

viii. Wearing of identity cards by the employees.

ix. Periodic job rotation amongst the staff

x. Training to staff

xi. Visit of senior officials to branches.

xii. Rewarding best branches from customer service point of view.

xiii. Customer service audit, customer surveys.

xiv. Periodical Customer Service Committee Meets.

xv. Establishing a New Product and Services Approval Process

xvi. Implementation of the Policy.

5.* What is the role of C*ustomer Rights – Roles & Responsibilities?

Ans: Customer protection is an integral aspect of financial inclusion. The Customer Rights Policy enshrines basic rights of the customers of the banks regulated by the Reserve Bank of India. It spells out the rights of the customer and also the responsibilities of the bank. The Policy applies to all products and services offered by the bank or its agents, whether provided across the counter, over phone, by post, through interactive electronic devices, on internet or by any other method.

6. What is the purpose of the policy on Customer Grievance Redressal and compensation for deficiency in service?

Ans: This policy aims at minimizing instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redressal of customer complaints and grievances

7. What are the principles of the bank"s policy on grievance redressal? Ans:

- Customers be treated fairly at all times.
- Complaints made by customers are dealt promptly and with compassion.
- Customers are fully informed of avenues to escalate their complaints/ grievances within the organisation and their rights to alternative remedy, if they are not fully satisfied with the response of the Bank to their complaints.

- Bank will treat all complaints efficiently and fairly as they can damage the Bank's reputation and business if handled otherwise.

- Bank employees must work in good faith and without prejudice to the interest of the customer.

8. What are the reasons of the customer complaints? Ans:

The customer complaint arises due to:

- The attitudinal aspects of staff members in dealing with customers
- Inadequacy of the functions/arrangements made available to the customers or gaps in standards of services expected and actual services rendered.

9. What are the roles and responsibilities of Customer Service Committee of the Board?

Ans :

a) The committee of the Board would take steps to *strengthen the Corporate governance of the Bank, with regard to customer service*.

b) The Committee would review the *functioning of the Standing Committee on Customer Service* and ensure compliance of the recommendations made by it.

c) This committee would also review the ongoing improvements in the quality of customer service provided at all levels and take innovative and corrective measures, if needed, for enhancing the level of customer satisfaction for all categories of clientele at all times.

d) The Customer Service Committee of the Board would also periodically review the existing customer grievance redressal mechanism, the efficacy of the grievance redressal, steps taken by the Bank to preclude possibilities of receiving complaints in certain specific areas of functioning such as sanction and disbursement of loans and educational loans in particular, services rendered to senior citizens/pensioners etc.

e) The committee would periodically review the compliance of the Bank's Code of Commitment to Customers.

f) The committee would also review the overall status relating to the customer complaints to Banking Ombudsman / Consumer Forum.

10. What is the periodicity of the Standing Committee report on Customer Service, and purpose?

Ans: It would meet once in a quarter to review the following areas: Quality of customer service rendered and feedback received from various Position of unresolved complaints/ grievances.A report on the performance of the *Standing Committee on Customer Service is being submitted to the Customer Service Committee* of the Board at quarterly intervals.

11. What are the mandatory display requirements in the Banking Hall?

Ans: Bank would mandatorily provide the following minimum requirements as a notice to the customers in the Banking Hall at all the branches, in order to help them to register their grievances:

- Appropriate arrangement for receiving complaints and suggestions.
- The name, address and contact number of Nodal Officer(s), in case they are not satisfied with the response at branch level.
- Contact details of Banking Ombudsman of the area.
- Code of Bank�much Commitment to Customers / Fair Practice Code would be made available on demand by the customers at the branches.

12.* What is the purpose of *CENTRALISED GRIEVANCE REDRESSAL PORTAL* – (CGRS*)?

Ans:

Integrated CGRS portal, is introduced as a Single Centralized Online Portal for all types of earlier following portals complaints in place of:

i. Standardised Public Grievance Redressal System –SPGRS

ii. ATM/POS failure complaints portal

iii. E Banking portal

iv. Credit Card portal

v. Centralized Grievance Redressal System (eALB)

Complaints received through Govt. Portal (CPGRAM/ INGRAM), RBI Portal (BO, CEPC & CEPD), e-mails from MD & CEO, Executive Director and complaints received in physical form, the details are also uploaded in the integrated CGRS portal. Besides above, all complaints received through any other modes and not resolved within 24 hours would be entered online in CGRS for data management and speedy disposal of complaints. These complaints would be attended / resolved by the respective Branches / Zones / Corporate Office within the given time frame viz. 21 days.

13. What is the Time frame for Complaint/Grievance Redress Mechanism?

Ans:

Bank would initiate steps for resolving and replying to the customer to his satisfaction on his/her complaint within a maximum period of 21 days

Redressal Level	**Stipulated time frame**
Branch Level	**7 days**
At Zonal Office Level	**8 to 11 days**
At FGM Office Leval	**12 to 15 days**
At Corporate Office Level	**Above 16 days**

14. The Bank has classified the complaints under how many types (baskets)?

Ans: Three types - Baskets A, Basket B and Basket C.

15. What are the categories of

Basket A? Ans: BASKET-A (High)

i. Allegation Misbehavior

ii. Allegation of harassment

iii. Delay in disposal of deceased cases

iv. Delay in handling of Pension related matter

v. Allegation of corruption

vi. Complaints received from MOF/DPG/RBI/BCSBI/MPs/MLAs, other Regulators, other Govt. organizations

16. What are the categories of

Basket B? Ans:

BASKET – B (Medium)

i. Dispute regarding application/charging of interest (credit & deposit)

ii. Dispute regarding application of service charges (credit & deposit)

iii. Credit related matters (Sanction, Disbursement, Recovery, etc)

iv. Loss/ Misplacements of Instrument/ security/ Title Deed

v. Cheque /DD/IOI related issue

vi. Delay in transfer of account from one branch to another

17. What are the categories of

Basket C? Ans: BASKET - C:

(Others)

i. Inadequate infrastructure/ sitting arrangement, ambience etc.

ii. Premises related disputes

iii. Fund Remittance through branch (RTGS/ NEFT/ IMPS)

iv. ATM related

v. Internet Banking related

vi. 6.Mobile Banking related

vii. General Banking operations

viii. Bank's Employees related

ix. Customer Service

x. Other matters

18. Define Zero Tolerance of

Complaints? Ans:

The Bank has ***ZERO TOLERANCE*** for misbehaviour / rude behaviour with customers. Bank shall not tolerate any sort of misbehaviour towards customers and stern / disciplinary action would be initiated against the erring officials. Such complaints shall be handled courteously, sympathetically and should be disposed off within 10 working days.

Any complaint / grievance received by the Bank through any functionary containing any element of alleged corruption, malpractices or misconduct, etc. should necessarily be escalated to the Chief Vigilance Officer of the Bank for scrutiny and action.

19. What are the areas covered under compensation policy of the Bank? Ans:

a. Unauthorized / erroneous debiting of account. *The compensation for unauthorised electronic banking transactions will be as per RBI circular No.DBR.No.Leg.BC.78/09.07.005/2017-18 dated 06.07.2017*

b. payment of interest to customers for delayed collection of cheques/ instruments,

c. payment of cheques after acknowledgement of stop payment instructions,

d. remittances within India,

e. foreign exchange services and

f. Lending and release of securities.

20. What are the objectives of Policy on Compensation to Customers for deficiency in services?

Ans:

a) The objective of this policy is to establish a system whereby the Bank compensates the customer for any financial loss he/she might incur due to deficiency in service on the part of the bank or any act of omission or commission directly attributable to the Bank subject to the maximum limit.

b) Ensure that the customer is compensated without having to ask for it. The bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

c) The policy prescribes compensation only for financial losses which customers have incurred due to deficiency in the services offered by the Bank which can be measured directly and as such the commitments under this Policy are without prejudice to any right the Bank has/will have in defending its position before any forum duly constituted to adjudicate the banker-customer disputes.

23. What is the time limit for realization of Outstation Cheques by branches?

Ans:

In case of Outstation Cheques and other instruments sent for collection to centres within the country the following time schedule shall be adhered to for realization by branches:

State Capitals	Maximum period of 7 days
Major Cities (other than those of North Eastern States and Sikkim)	Maximum period of 10 days.
In all other centres	Maximum period of 14 days

(b) In case there is delay in giving credit beyond the time period mentioned above, the Bank will pay interest to the customer concerned at the following rates on the amount of the instrument:

i) Savings Bank rate for the period of delay beyond 7/10/14 days, as case may be.

ii) Where the delay is beyond 14 days, interest will be paid at the rate applicable to a term deposit of the respective period.

iii) In case of extraordinary delay (i.e., delay exceeding 90 days), interest will be paid at the rate of 2% above the
rate.

iv) In the event of the proceeds of the cheque under collection is to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delay, interes
be paid at the rate of 2% above the rate applicable to the loan account.

v) The lodger's bank should pay interest to the lodger for the delayed period in respect of collection of bills at the rate of 2% per annum above the rate of interest payable on balances of savings bank accounts.

24. **What is the rate of compensation of *Funds transfers using NEFT/RTGS/ NECS /ECS?***

Ans:

a) The rate of compensation in case of delay or loss on account of error, negligence or fraud on the part of an employee of the bank, in crediting the remittance proceeds received through NEFT/RTGS/NECS/ECS beyond one day after receipt of the message at our gateway shall be the current Repo Rate plus Two percent. This compensation shall be credited to the beneficiary‽s account, even if no claim is lodged by the customer.

b) Bank shall also refund the amount together with interest at the current Repo rate plus Two percent till the date of refund, in case of delay in return of the funds transfer instruction for any reason whatsoever.

c) Originating branch would put through the requests for NEFT transactions received by them, during the NEFT operating hours, either online or across the counters, preferably in the next available batch and in any case, not exceeding two hours from the time of receipt of the requests. In the likelihood of any delay / possible delay in adhering to this requirement, the originators / customers would be informed of the delay / possible delay and the reasons for the same.

25. **What is the rate of compensation of *Failure to execute Standing Instructions?***

Ans:
In case of any failure to execute Standing Instructions (and if it is directly attributable to the Bank), the Bank shall compensate the customer to the extent of the financial loss not exceeding Rs.100/- per occasion subject to providing proper supporting documents for having incurred the loss. In addition, service charges, if any, recovered for execution of the Standing Instruction shall also be refunded. Branches have to obtain prior approval from their Zonal Manager for making compensation under this category.

26. What is the issue of Duplicate Draft and Compensation for delays?

Ans: Duplicate Draft will be issued within a fortnight from the receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of corresponding period will be paid as compensation to the customer for such delay.

27. What is Zero liability of a customer?

Ans. A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

i. Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).

ii. Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorized transaction.

28. What is amount of compensation to borrower in the event of loss of title deeds of the mortgaged property at the hands of the bank?

Ans. Rs. 100 per day subject to maximum of Rs.5000 along with expenses incurred for obtaining duplicate documents.

29. What is the maximum liability of customer in case of BSBD/SB/ current/cash credit/overdraft accounts/ credit cards?

Ans:

Type of Account	Maximum liability (₹)
• BSBD Accounts	5,000

. All other SB accounts • Pre-paid Payment Instruments and Gift Cards • Current/ Cash Credit/ Overdraft Accounts of MSMEs • Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to ₹.25 lakh • Credit cards with limit up to ₹.5 lakh	10,000
• All other Current/ Cash Credit/ Overdraft Accounts • Credit cards with limit above ₹.5 lakh	25,000

30. What is the Reversal Timeline for Zero Liability/ Limited Liability of customer?

Ans: On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorized electronic transaction to the customer‛s account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any). Banks can also at their discretion decide to waive off any customer liability in case of unauthorized electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorised transaction.

31. Define Lenders Liability: Commitments to borrowers? Ans:

The bank has adopted the principles of lenders liability. In terms of the guidelines for lenders liability, and the Code of Bank‛s Commitment to customers adopted by the Bank, the Bank would return to our borrowers all the securities / documents / title deeds to mortgaged property within 15 days of repayment of all dues agreed to or contracted and in case of borrowers with Consortium / Multiple Banking

Arrangements within 30 days of obtaining a mandate from all the other consortium member Banks. The Bank will compensate the borrower for monetary loss suffered, if any due to delay in

return of the same at Rs.100/- per day subject to maximum of Rs.5000/-. In the event of loss of title deeds of the mortgaged property at the hands of the Bank, the compensation will also cover out of pocket expenses for obtaining duplicate documents.

32. Time limit/compensation for ATM Failure?

Ans: It is mandatory for bank to reimburse the customer, the amount wrongfully debited on account of failed ATM transaction within a maximum period of T+5 days from the receipt of the complaint. For any failure to re-credit the customer‟s account within T+5 days from the date of receipt of the complaint, bank shall pay compensation of Rs.100/- per day to the aggrieved customer. This compensation shall be credited to the customer‟s account automatically without any claim from the customer, on the same day when bank affords the credit for the failed ATM transactions. Details of charge back in case of ATM transaction by a customer of the bank when he uses other bank ATM may be included. **The customer is entitled to receive such compensation for delay, only if a claim is lodged with the Bank within 30 days from the date of transaction.**

33. What is the compensation for Relief / Savings Bonds/Sovereign Gold Bond?

Ans: An investor in Relief / Savings Bonds/ Sovereign Gold Bond shall be compensated at ‗a fixed rate of 8% p a‟ on account of any financial loss incurred by the investor, due to late receipt / delayed credit of interest warrants / maturity value of investment, etc.

34. What is the compensation for Pension Payment to Central/State Government Pensioners?

Ans: Bank shall compensate in case of delay in payment of regular pension / revised pension/ arrears thereof in respect of Central / State Government pension payments to the pensioner for the delayed period beyond due date at a fixed rate of 8% penal interest and that the compensation shall be credited to the pensioner‟s account automatically on the same day when the bank affords delayed credit of the regular pension / arrears etc. as stated above, without any claim from the pensioner.

34. What is the navigation for CGRS portal?

Ans : *The navigation of the portal :-*

CBS HELP DESK > MENU > Customer Relations > Integrated Customer Complaint Redressal System (CGRS)

35. What is the navigation for customer meeting portal?

Ans : The navigation of the portal :

CBS HELP DESK > MENU > CUSTOMER RELATIONS > MONTHLY CUSTOMER MEETING

36.What does Customers" responsibility mean as per policy?

Ans: Bank will not be responsible for the loss to the customers due to customer�much carelessness in keeping the Cheque book, passbook, cards, PIN or other security information and not following ―Do‵s and Don‵ts‖ issued by the Bank , until the Bank has been notified by the customer. Customer acts fraudulently and/or acts without reasonable care, which has resulted in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN, compromise of passwords or confidential information, until the time the Bank has been notified of such loss/compromise and has taken steps to prevent its misuse.

37.What is RBI integrated Ombudsman scheme 2021?

RBI Integrated Ombudsman Scheme 2021: RBI has introduced an Integrated Ombudsman Scheme 2021 during the month of November 2021 and the existing Banking Ombudsman Scheme 2006,Ombudsman Scheme for Non Banking Financial Companies, 2018 and the Ombudsman Scheme for Digital Transactions , 2019 salient features of the scheme is furnished below:

- The Scheme adopts 'One NationOne Ombudsman'approach by making the RBI Ombudsman mechanism jurisdiction neutral.

- As per the new Scheme, Reserve Bank of India has reduced the turnaround time to 15 days. The Bank should file its written version in reply to the issues in the complaint enclosing therewith copies of the documents relied upon , within 15 days before the Ombudsman for resolution
- In case, the Bank fails to file its written version with documents within the time as provided (15 days), the Ombudsman may proceed Ex parte based on the evidence available on record and pass appropriate order or issue an Award.
- There shall be no right of appeal to the Bank in respect of the Award issued on account of non response or non furnishing of information sought within the stipulated time
- The Ombudsman shall have the power of to provide a compensation upto Rs.20 lakhs, in addition to, upto Rupees One lakh for the loss of complainant's time, expenses incurred and for harassment / mental anguish suffered by the complainant.
- The Deputy Zonal Manager of the designated Zonal office where the Banking Ombudsman complaints are handled has been designated as Nodal Officer for handling Banking Ombudsman Complaints and for the BO, Chennai , Deputy General Manager(KYC/AML) has been designated as Nodal.
- The roles and key responsibilities of Nodal Officers have been communicated vide circular No.ADMIN Policy on Customer Experience Version 3.0 Schemes. response or non furnishing of information The Ombudsman shall have the power of to provide a compensation upto Rs.20 lakhs, in addition to, upto Rupees One lakh for the loss of complainant's time, expenses incurred and for harassment / mental anguish Zonal Manager of the designated Zonal Office where the Banking Ombudsman complaints are handled has been designated as Nodal Officer for handling Banking Ombudsman Complaints and for the BO, Chennai , Deputy General Manager(KYC/AML) has been designated as The roles and key responsibilities of Nodal Officers have been 21 dated 20.11.2021

38.What is Mystery Shopping?

Mystery Shopping is a technique where individuals, known as Mystery Shoppers, visit bank branches undercover to assess and evaluate various aspects of the customer experience. These mystery shoppers act as regular customers and provide feedback on factors like customer service, staff knowledge, branch cleanliness, and overall satisfaction. Mystery Shopping helps banks identify areas for improvement and enhance their services to better meet customer needs.

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1. What is the purpose of digital personal data protection policy?

Indian Bank's Digital Personal Data Protection Policy envisages sound principles of Customer privacy and provides for the processing of digital personal data in a manner that recognizes both the right of individuals to protect their personal data and the need to process personal data for lawful purposes.

2. How the digital personal data protection policy is otherwise referred?

This policy may also be referred as Privacy Policy

3. What is our bank's privacy promise to customers?

Our Bank's promise is to keep up the most important asset of the Bank, that is the customer's trust. Keeping customer information secure and using it only in the manner and for the specific purpose the customers would want the Bank to, is a top priority for everyone in the Bank.

4. What data the bank collects?

Bank collects permitted personal, financial and marketing data to receive, possess, store, use, deal, handle, transfer, and otherwise process as per applicable laws.

a. **Personal data:** This includes name, address, email addresses, phone/mobile number, KYC/identity documents (for example: Aadhaar and PAN), biometric data, device and location data, etc. of the customer.

b. **Financial data:** This includes information about customer's Bank account details, financial information, payment credentials, transaction data, loan details such as amounts and repayments, credit history and income details

c. **Marketing data:** This includes customer preferences relating to receiving marketing messages from Bank and its service providers, and customer communication preferences.

5. Why do bank collect data?

Any person giving information to the Bank for any specific purpose shall deem to have given his consent for use, possess, store, deal, handle, transfer the same for that purpose and which may also be used to offer services for better customer experience. The information provided by a customer for a particular product/ services may also be used for other product/ service offered by the Bank.

Customer may choose not to share personal data or withdraw consent, but doing so may limit the services which Bank is able to provide. However, customers shall not be able to withdraw any such data/ information which are mandatorily required to be obtained by the Bank under any Statutory/ Regulatory prescriptions.

6. How do the bank collects customer data?

The Bank uses different methods and modes to collect Customer Information to provide services through Direct interactions, online applications, surveys, telephone conversations with Bank's call centres and any other communications as permitted by the Law and regulatory guidelines.

7. What is the purpose of collecting data?

The purpose for collecting the data is to provide the customer with the best possible services/products using the customer data for Business rule engine decision making by statistical analysis, credit scoring etc.

Bank will limit the collection and use of customer information to the minimum required, delivering effective service to the customers. Bank analyses customer's personal information in relation to Bank's products and services including applications, credit decisions, determining the eligibility for the products or services. The process may involve automated profiling and decision making, which means that Bank may process the personal data using software that is able to evaluate personal aspects and predict risks or outcomes.

8. Who do the bank share the customer data with?

The Bank will not reveal customer information to any external organization unless the Bank has previously informed the customer in disclosures or agreements and has been authorised by the customer OR as required by the law and statutory/ regulatory authorities.

Whenever the Bank hires other organizations to provide support services, the Bank will require them to conform to the Bank's privacy policy standards.

For purposes of credit reporting, recovery of dues, risk management, verification of identity, or for prevention, detection, investigation including cyber incidents, prosecution, and punishment of offences, or where disclosure is necessary for compliance of a legal obligation, the Bank may exchange information about the customers with government agencies, statutory agencies as mandated under the law.

9. How long do the bank retain the customer data ?

The Bank keeps the personal data collected about the customer on our systems or with third parties for as long as required for the purpose for which it is obtained or even beyond the expiry of transactional or account based relationship with customer:

(a) as required to comply with any legal and regulatory obligations to which we are subject or

(b) for establishment, exercise or defence of legal claims

10. What is the bank's policy on Third party Links?

Bank's website, mobile banking application and Internet banking platform may contain links to external Govt. and private organizations for facilitating customer transactions and lending business. While such links are provided for customer convenience and as per regulatory guidelines, customer should be aware that accessing such links is at their own risk since these websites may have their own privacy policies and that we do not accept any responsibility or liability for any such links.

Bank is not responsible for any such personal data breaches of customer occurred due to sharing of their information including security credentials like login id, password, OTP etc. to any other person or on any other malicious/ fraudulent website/ application or due to any such reason.

11. What is the security measure followed by the bank in respect of customer data?

Bank will safeguard, securely and confidentially, any information that the customers share with the Bank and will not share the transaction information in customers' account with anyone except when required by law or statutory/ regulatory agencies.Bank will give access to customer information to only those employees who are authorized to handle the customer information.

Bank and the LSPs (Lending Service Provider) engaged by the Bank comply with various technology standards, requirements on cybersecurity, guidelines on outsourcing of IT services stipulated by RBI and other agencies, or as may be specified from time to time, for undertaking digital lending.

12. What are the guidelines in accessing bank's products through social media?

Bank provide various functionalities such as digital on-boarding of customers through multiple digital channels like Bank's Website, Internet Banking, Mobile Banking, Assisted digital banking through Tab Banking/ Feet-on-Street, Digital Banking Units(DBUs), Self-service kiosks or through any other upcoming digital channels. The products / services thus offered will be guided through applicable policies / guidelines of the Bank.

(a) Policy on Digital Banking Products and Services
(b) Deposits Policy
(c) Know Your Customer (KYC) / Anti Money Laundering (AML) / Combating Financing of Terrorism(CFT) Policy of the Bank
(d) Digital Payment Security Policy, SOP on Digital Payment Security Controls and Digital lending policy –RBI

13. How do the bank exercise due diligence to ensure the accuracy in information collected?

Bank may carry out automated anti-money laundering and sanction checks. This means that Bank may automatically decide that customer pose a fraud or money laundering risk if the processing reveals customers' behaviour to be consistent with money laundering or known fraudulent conduct, is inconsistent with previous submissions, or appear to have deliberately hidden the true identity. Bank will report all such data/information breaches to Statutory/ Regulatory authority as prescribed under Law. Bank may record and monitor the communications with the customer for security purposes.

14. Who is the Nodal Grievance Redressal Officer in Digital Personal Data Protection Policy?

The Nodal Grievance Redressal Officer is appointed for resolution of all grievances of customers pertaining to digital personal data protection. GM KYC/AML (Shri Sandeep Kumar Ghosal) is the Nodal Grievance Redressal Officer for the Bank .

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1. What is the need for Fraud Risk Management in Banks?

A. Fraud Risk Management is a basic necessity for financial institutions / banks and ultimately central to their success and survival. It integrates bank's internal and external business processes by applying standard risk terminology, metrics and reporting to facilitate optimal risk / return decisions

2. What is the purpose of framing "Fraud Risk Management Policy"?

A. The policy is aimed at prevention and early detection of frauds, by focusing attention on the Bank's internal mechanism.

3. What is FRMC?

A. Anti-Fraud Cell is renamed as Fraud Risk Management Cell (FRMC), headed by Deputy General Manager / Assistant General Manager & report to Chief General Manager – CRO at Corporate Office, with the predominant responsibility of fraud investigation, fraud monitoring and follow-up, surveillance for fraud prevention, pooling of fraud data and analysis of fraud data for systemic improvements.

4. What causes Operational Risk?

A. Operational Risk arises due to deviations from normal and planned functioning of systems, procedures, technology and human failures of omission and commission.

5. What is the scope of operational Risk?

A. The Scope of Operational Risk is very wide. It includes Fraud Risk, besides Compliance Risk, System Risk, Legal Risk, Regulatory Risk, Communication Risk, Competence Risk, Cultural Risk, and External Events Risk, etc.

6. What is Transaction Risk?

A. Transaction Risk is the risk arising from fraud both internal and external, failed business processes and the inability to maintain business continuity and manage information.

7. Describe classifications of frauds by RBI?

- ✓ Misappropriation and criminal breach of trust.
- ✓ Fraudulent encashment through forged instruments, manipulation of books of account through forged instrument, manipulation of books of account or through fictitious accounts and conversion of property.
- ✓ Unauthorized credit facilities extended for reward or for illegal gratification.
- ✓ Cash shortage
  a. cases of cash shortage more than ₹10,000/-, (including at ATMs) and
  b. cases of cash shortage more than ₹5,000/- if detected by management / auditor/ inspecting officer and not reported on the day of occurrence by the persons handling cash
- ✓ Cheating & forgery
- ✓ Fraudulent transaction involving Forex
- ✓ Any other type of fraud not coming under specific head as above.

8. What is Cyber Fraud?

A. Cyber fraud is a generic term that refers to frauds done using the medium of computers, networks, cyber space and the worldwide web. It includes frauds committed by exploiting the loopholes in technology systems and processes, some examples of such frauds are Hacking, Phishing, Vishing, Whaling (targeted phishing on High Networth Individuals), Data Theft, Identity theft, email spoofing, etc.

9. Who is the chairman of Cyber Fraud Risk Management Group (CFRMG)?
A. Chief General Manager / General Manager (overseeing FRMC), is the chairman of the CFRMG and other Functional Heads (CGM – RMD/CRO, GM –DBD, GM – ITD/CTO, GM – I&A & GM – COO) as members.

10. Where we have to submit payments fraud related data?

A. Bank with effect from March 23, 2020 is required to submit payments fraud related data, including data pertaining to attempted frauds, on the "Central Payments Fraud Information Registry" (CPFIR), within 7 calendar days from the date of reporting by the customer / detection of the fraud by the Bank. The timeline shall be gradually reduced to T+1.

11. Where we have to Report Unauthorised Electronic Banking Transactions (UEBTs) related complaints?

A. All the Unauthorised Electronic Banking Transactions (UEBTs) related complaints to be reported in the Cyber Fraud Reporting and Monitoring Portal immediately upon receipt from customer on the same day.

12. What is shadow credit in Unauthorised Electronic Banking Transactions (UEBTs) claims?

A. To compensate the customer in case of fraudulent UEBT claims, Centralised shadow credit amount is to be provided within 10 WORKING DAYS from the date of customer complaint and automatic HOLD will be marked on the shadow credit amount.

13. Within How many days fraud examination is to be completed after reporting in Cyber Fraud Reporting Portal?

A. The entire process of fraud examination is to be completed within 90 days from customer complaint date as final compensation in Unauthorised Electronic Banking Transactions (UEBT) to be provided within 90 days.

14. Who are the Authorities empowered for Reimbursement / Compensation (in form of Shadow Credit)?

A.

Authority	Amt. of Cyber Incident
AGM overseeing CFRM Cell	Up to Rs.1.00 Lakh
CGM / GM overseeing FRMC	Above Rs.1.00 Lakh

15. Who will monitor Unauthorised Electronic Banking Transaction cases reported in Cyber Fraud Reporting and Monitoring portal?

A. At CO, a cell under FRMC Department headed by an AGM reporting to CGM / GM (FRMC), is to monitor all the Unauthorised Electronic Banking Transaction cases reported in Cyber Fraud Reporting and Monitoring Portal

16. What is Flash Report?

17. Any incident of suspected frauds, embezzlements, etc., should be reported in the prescribed format 'Flash Report'

18. Who will submit Flash/Preliminary report?

A. Zonal Offices will submit a Flash/Preliminary report on detection of any incident of suspected operational frauds (non-cyber) and advance related frauds irrespective of amount to FGMO under copy to CO: FRMC.

19. Where to place flash/ preliminary reports pertaining to non-cyber fraud for Rs.1 Cr above and Cyber frauds for Rs.10 Lakh above?

A. Flash/Preliminary report pertaining to Non Cyber fraud for Rs.1 Cr above & Cyber frauds for Rs.10 Lakh above shall be placed to ED overseeing FRM function and MD & CEO by FRMC within 3 working days

20. What is CFR?

A. CFR is Central Fraud Registry, which is based on the Fraud Monitoring Returns, filed by the Bank and select FIs. CFR is a web-based and searchable database. The Bank shall make full use of the CFR for timely identification, control, reporting and mitigation of fraud risk.

21. What is the time frame for reporting frauds to RBI?

A. On classification of any case as Fraud by Cyber Fraud Examination Committee, the Fraud Monitoring Return (FMR) will be submitted to RBI through XBRL Platform by CO: FRMC within stipulated timeline of 21 days.

22. What happen if Bank delays in reporting of frauds?

A. Staff accountability will be fixed on the concerned officials in respect of delays in reporting fraud cases to RBI.

23. Which types of frauds are reported to Board?

A. Bank shall ensure that all frauds of Rs 1.00 lakh and above are reported to the Board.

24. When the reviews of fraud take place?

A. Bank will conduct an annual review of the frauds for the year ended March before the end of next quarter ended june 30th.

25. What for a Special Committee of the Board is formed?

A. While Audit Committee of the Board (ACB) shall monitor all the cases of frauds in general, a Special Committee of the Board on Large Value of Frauds is constituted for monitoring and follow up of cases of frauds involving amounts of ₹1.00 Crore and above exclusively

26. Who is the Competent Authority to permit closure of the Fraud cases?

A. Chief General Manager / General Manager (overseeing FRMC) of the Bank shall be the Competent Authority to permit closure of the Fraud cases in accordance with the guidelines stipulated

27. Who will have the authority to permit filing of Police / CBI complaint?

A.

Amount involved in the fraud	**Authority to permit filing of Police CBI complaint**
Rs.10,000/- and above but below 1 Lakh (if committed by staff)	FGMO (Fraud Examination Committee)
Rs.1 Lakh and above but up to Rs.3.00 Crore & Rs.1 Lakh and above but up to Rs.5.00 Crore	FGMO (Fraud Examination Committee Chaired by GM) & FGMO (Fraud Examination Committee Chaired by CGM)
Above Rs.3.00 Crore (for FGMO headed by GM) AND Above Rs.5.00 Crore (for FGMO headed by CGM)	CGMs / GMs Committee at CO (Fraud Examination Committee)

28. What is ABBFF (Advisory Board for Banking and Financial Frauds) ?

A. The Central Vigilance Commission (CVC) in consultation with RBI, constituted Advisory Board for Banking and Financial Frauds (ABBF) consisting 4 members, to examine bank fraud over ₹50 crore and recommend action.

29. Which details are to be reported to CEIB (Central Economic Intelligence Bureau) by the Banks?

A. As advised by Ministry of Finance, Bank shall inform CEIB, the details of complaints filed with CBI/ED/DRI in respect of frauds detected / NPAs and related information such as Directors, Assets of errant entities etc., directly and expeditiously in the first stage.

30. Illustrate some of the preventive measures followed by Bank to prevent cheque related frauds?

- ✓ Ensuring the use of 100% CTS - 2010 compliant cheques.
- ✓ Strengthening the infrastructure at the cheque handling Service Branches and bestowing special attention on the quality of equipment and personnel posted for CTS based clearing, so that it is not merely a mechanical process.
- ✓ Ensuring that the beneficiary is KYC compliant so that the bank has recourse to him/her as long as he/she remains a customer of the bank.
- ✓ Examination under UV lamp for all cheques and affixing the stamp bearing “Checked under UV lamp” under signature of Officer who has checked under UV lamp on each cheque and such verification should be made mandatory.
- ✓ Checking at multiple levels, of cheques beyond a threshold of Rs.50,000/-.
- ✓ Close monitoring of credits and debits in newly opened transaction accounts based on risk categorization.
- ✓ Sending an SMS alert to payer/drawer when cheques are received in clearing.

31. Who will report the frauds involving fake/forged instruments sent in clearing?

A. With a view to ensure uniformity and to avoid duplication, reporting of frauds involving forged instruments including fake/forged instruments sent in clearing in respect of truncated instruments will be done by the paying banker and not by the collecting banker.

32. What is RFA (Red flagged Account)?

A. The account is one, where a suspicion of fraudulent activity has thrown up by the presence of one or more EWS (Early Warning Signals). Wherever Early Warning Signals are thrown in any account, the decision to Red Flag the account or not will be taken by RFA Committee.

33. Name some important fraud indicators for loan accounts?

- ✓ Default in payment to the banks and other statutory bodies, etc.,
- ✓ Bouncing of the high value cheques, frequent invocation of BGs and devolvement of LCs
- ✓ Request from the borrower to postpone the inspection of the godown for flimsy reasons
- ✓ Floating associate companies by investing borrowed money from our bank
- ✓ High value RTGS payment to unrelated parties
- ✓ Heavy cash withdrawal in loan accounts
- ✓ Substantial related party transactions

34. What is the Provision for Fraud classified accounts?

A. In case of accounts classified as 'fraud', bank shall make provisions to the full extent immediately, irrespective of the value of security. However, in case the bank is unable to make the entire provision in one go, it may now do so over four quarters provided there is no delay in reporting.

35. What is the time frame for conducting staff accountability in Fraud accounts?

A. The Bank shall initiate and complete a Staff Accountability Study within 180 days from the date of classification as a Fraud.

36. Who is the competent authority for Vetting CBI complaint of frauds exceeding ₹50.00 Cr?

A. The CVO of the Bank concerned shall be designated as the nodal officer responsible for vetting CBI complaint of frauds exceeding ₹50.00 Cr.

37. What is EFRMS?

A. The Bank is implementing EFRMS (Enterprise Fraud Risk Management Solution)which will play dual role of alert monitoring as well as case management tool for suspected fraud cases.

38. Where to file complaint with CBI involving fraud cases more than Rs.3.00 Crore

A.

Amount involved in fraud	Complaint to be filed with Branch of CBI
Rs.3.00 Crore and above up to Rs.25.00 Crore	Anti-Corruption Branch of CBI (where staff involvement is prima facie evident) OR Economic Offences Wing of CBI (where staff is prima facie not evident)
More than Rs.25.00 Crore up to Rs.50.00 Crore	Banking Security and Fraud Cell (BSFC) of CBI (irrespective of the involvement of a public servant)
More than Rs.50 Crore	Joint Director (Policy) CBI, HQ, New Delhi

39. What penal measures are followed in case of fraudulent borrowers?

A. The penal provisions as applicable to willful defaulters would apply to the fraudulent borrower including the promoter director(s) and other whole time directors of the company. Borrowers who have defaulted and have also committed a fraud in the account would be debarred from availing bank finance from Scheduled Commercial Banks, Development Financial Institutions, Government owned NBFCs, Investment Institutions, etc., for a period of five years from the date of full payment of the defrauded amount.

40. What is the purpose of Citizen Financial Reporting and Management System?

A. The Citizen Financial Reporting and Management System has been made operational by Indian Cyber Crime Coordination Centre (I4C) under Ministry of Home Affairs to integrate Law Enforcement Agencies (LEA), Banks and Financial Intermediaries.

Cyber Fraud Risk Management unit is receiving alerts in the portal from various state wise law enforcement agencies like state police, local police, cyber police, cybercrime department etc. Based on the alerts the cell is collecting beneficiary details from the respective department/channel or advising Home Branch to mark hold in case of our Bank customer is beneficiary.

41. Which accounts are examined by the banks from the angle of possible fraud?

A. All accounts exceeding ₹50 crores, if classified as NPA, shall simultaneously be examined from the angle of possible fraud

42. What is CFMC?

A. Central Fraud Monitoring Cell (CFMC) Department of Banking Supervision, Central Office located at Bengaluru will have a Record of officers of all banks/Financial Institutions (FI) responsible for reporting of Frauds etc.

A monthly certificate, (mentioning that soft copy of all the FMRs have been submitted to RBI) is to be submitted by the bank to CFMC, Bengaluru with a copy to the respective SSM (Senior Supervisory Manager) of the RBI, within seven days from the end of the month.

FAQs ON CREDIT MONITORING

Q.1) What is Pre-Release Audit?

Ans. All Advances sanctioned by CO: Corporate Credit Department pertaining to Large Corporate Branches (LCBs), MCBs and other branches for big accounts (Total Exposure more than Rs.150 crore) are exempted from DeVA and therefore fall within the preview of pre-release audit. For other branch accounts a pre-release audit is mandatory for accounts with exposure of Rs.10 crores and above. Pre-Release Audit need to be conducted to check whether all the terms & conditions in the pre-release stage have been complied or not.

Q.2) Who will conduct the Pre-Release Audit?

Ans. For LCBs and MCBs Pre-Release Audit to be conducted on all accounts by concurrent Auditor.

For other branches, a Pre-Release audit shall be conducted by a concurrent Auditor. Where concurrent auditor is not available pre-release audit may be conducted by official from ZO/FGMO not below the rank of Scale IV.

Q.3) Can Branches have the authority to disburse without Pre-Release Audit?

Ans. No, branches which are covered under DAMC and who submit proposal through DeVA approval are exempted from conducting pre-release audit. Once DeVA is introduced, pre-release audit can be dispensed with for the loans falling within the ambit of DeVA. Wherever DeVA is exempted, pre-release audit should be continued.

Q.4) What is DeVA?

Ans. To achieve the stated objectives of perfect documentation, storing, retrieval and for boosting the morale of field functionaries, DeVA (Document e-Verification and archival) Asset Management Centre (DAMC) is being introduced to all branches of the Bank to digitalize the documents and to verify / approve the documents by the respective DAMC before disbursement at the branch.

Q.5) What is the minimum loan amount for which DeVA is required?

Ans. There is no such minimum loan amount. Loans disbursed without DeVA is a “Zero Tolerance Area”. There should be no instance of any loan being disbursed without DeVA approval.

Q.6) In which type of Loan Accounts DeVA is required?

Ans. DeVA is required in all the new loans, Review/ Renewal of limits & Adhoc limits.

In case of enhancement of limit fresh documents has to be uploaded.

In case of review/renewal of limits also, DeVA approval must be obtained as under:

1. Where there is a change in limits or security structure or any other covenants requiring execution of fresh documents or execution of some additional documents, the same will be uploaded and verified under DeVA.
2. Where there is no change in limits and/or no fresh/further documents are executed, DeVA approval should still be obtained by uploading request letter of renewal of limits (renewal application), sanction (renewal) letter, acknowledgement of sanction letter, fresh AOD and Limit Pronote (where required).
3. DeVA approval certificate relating to the previous documents should be uploaded. No fresh approval of the already approved documents is required.

In case of ad hoc limits too, DeVA approval certificate relating to previous documents, should be uploaded along with copies of fresh documents executed upon sanction of Ad hoc.

Q.7) What is CRILC?

Ans. CRILC stands for Central Repository of Information on Large Credits, RBI has set up the CRILC to collect, store and disseminate data on all borrowers' credit exposures including Special Mention Accounts (SMA 0, 1 & 2) having aggregate fund-based and non-fund-based exposure of Rs.5 Crore and above. Information about Non-Cooperative Borrowers, Willful defaulters, RFA/Fraud accounts, Written-off accounts, and current accounts is also available in CRILC portal.

Q.8) What is LEI?

Ans. LEI stands for Legal Entity Identifier. The Legal Entity Identifier (LEI) is a 20-character alpha-numeric code used to uniquely identify parties to financial transactions worldwide. Obtention of Legal Entity Identifier (LEI) code has been introduced by RBI as a key measure to improve the quality and accuracy of financial data system. Non-Individual borrowers enjoying aggregate exposure of Rs.5 Crore and above from banks and Financial Institutions (FIs) shall be required to obtain LEI code.

FAQs ON CREDIT MONITORING

Q.9) What is LRM?

Ans. LRM (Loan Review Mechanism) is an independent assessment, which evaluates the effectiveness of the loan administration, maintains the integrity of the credit rating process, and portfolio quality etc. It examines compliance with extant sanction and post sanction processes / procedures laid down by the bank from time to time. Such a mechanism provides appropriate checks and balances to ensure that the loan portfolio is managed in accordance with the bank's policy. Effective credit review helps to detect weakness in credit assessment since the overall credit assessment process tends to be more diligent when subjected to review.

Q.10) What is the cut off limit for LRM?

Ans. Standard accounts with sanctioned limit of Rs.50 Lakh and above shall be the cut off limit. However, in case the standard accounts with a limit of Rs.50 Lakh and above do not constitute about 40% of the exposure under Zonal Office powers, exposure excluding only Jewel Loan and Loan against deposits portfolio shall be considered and LRM to cover 40% of the remaining portfolios.

Q.11) Who will be the reviewing authority for LRM?

Ans. Coverage of Advances for Fresh / Enhancement / Review & Renewal proposals under LRM:

Sanctioned Under the Powers of	**Having Exposures of ***	**Reviewing Authority under LRM**
FGMCC / CO	Rs.20 Cr and above	CO LRMC
ZLSCC / ZLCC	Rs.2 Cr to less than Rs.20 Cr	FGMO LRMC
Branch Manager / MAPC / RAPC	Rs.50 lakhs and above	ZO LRMC
All C & D rated accounts Rs.5 Cr and above		CO LRMC

***** Proposals sanctioned under IBHL /IBVL /Educational Loans / LOD / Jewel Loans / Staff Loans are exempted from LRM.

FAQs ON CREDIT MONITORING

Q.12) Which proposals are exempted under LRM?

Ans. Proposals sanctioned under IBHL /IBVL /Educational Loans / LOD / Jewel Loans / Staff Loans are exempted from LRM.

Q.13) Will Review/Renewal Proposals fall under LRM?

Ans. Yes, All Review/Renewal proposals with limits of Rs.5 Crore and above shall be put under LRM (within 6 months from date of sanction).

Q.14) What is Credit Audit?

Ans. It is one of the tools for Credit monitoring. Objectives of Credit Audit are:

- Improvement in the quality of credit portfolio
- Review sanction process and compliance status of large loans
- Feedback on regulatory compliance
- Independent review of Credit Risk Assessment
- Pick-up early warning signals and suggest remedial measures.
- Recommend corrective action to improve credit quality, credit administration and credit skills of staff, etc.

Q.15) Who can conduct Credit Audit?

Ans. Credit Audit to be conducted by the Inspector of branches / Chartered Accountants as may be decided by CO. Inspection Department.

Q.16) Which accounts can be covered under Credit Audit?

Ans. Accounts to be covered under Credit Audit:

Category	Limit
Standard borrowal A/Cs with rating of IB-BBB (Combined) and above	Rs.5 Crore and above
Standard borrowal A/Cs with rating below IBBBB (Combined)	Rs.1 Crore and above

Q.17) What is Stock audit?

Ans. It is also one of the tools for Credit monitoring. Stock and book-debt audits should be conducted on yearly basis (The gap for conduct of such stock /

Book Debt audits should not be more than 12 months.) for all advances except loans granted to NBFC (sanctioned against stocks/books debts as primary security) having aggregate fund based and non-fund-based exposure equal to or above the threshold limit as given below.

SL NO	Type of Customer	Threshold limit (Working Capital – FB + NFB) forStock / Book debt audit (Rs. in Crore)
1	Individual/ Partnership Firm	1.00
2	Private Limited Companies	1.00
3	Public Limited Companies	5.00
4	Public Sector Undertakings	All the rated (both Internal & External) / Unrated PSU borrowers covered by Government guarantee are exempted from Stock / book debt audit. All the rated (Both Internal & External) Unrated PSU borrowers not covered by Government guarantee, based on exemption granted on case-to-case basis at the time of sanction or review / renewal.
5	Consortium Advances – As Member	As per policy of leader
6	Consortium Advances - As Leader	As mentioned in S.No.1 to 4 above
7	Multiple Banking	As per the policy of the Bank having the largest Exposure
8	Stock / Book debt audit of NPA Accounts	To be conducted on an annual basis for working capital limit of Rs.5.00 Crore and above (As per NPA Management Policy).
9	Contractors (first class contractors who are contractors for highways, power projects and other infrastructure projects)	As per the constitution of the borrower.

Q.18) What is Legal Audit?

Ans. It is also one of the tool for Credit monitoring. A system of legal audit for accounts with exposure of Rs.100 Lakh and above where mortgage of property is involved, has been put in place. In case of consortium accounts, where our Bank is the lead Bank and the mortgage is created with our Bank, legal audit to be carried out by our bank. In case of consortium accounts where we are members, carrying out such legal audit will be guided by the decision of the Consortium. Similarly, in case of Multiple Banking Arrangement, legal audit is to be carried out by our bank, if the mortgage is created with our Bank. Whenever legal audit is not completed within 3 months, the issue has to be escalated to the next higher level authority.

Q.19) What is periodic legal audit?

Ans. RBI has advised the banks to subject the title deeds and other documents in respect of all credit exposures of 5.00 crore and above to periodic legal audit and re-verification of the title deeds with relevant authorities as part of regular audit exercise till the loan stands fully repaid.

Periodicity of legal audit will be within three years from the last legal audit in case of all credit exposure of Rs 5.00 Crore and above. Procedural guidelines are detailed in Inspection Department Circular No. ADMIN-27/2013-14 dated 27.08.2013.

Q.20) What is CRM report?

Ans. For monitoring of high value advances of 1.00 Crore and above, the Monthly Credit Relationship Manager Report (CRM Reports) is to be submitted through the software made available in EWS portal. The CRM Reports shall be analyzed by Zonal Office and Zonal Office shall watch for any signs of incipient stress and take appropriate action as deemed necessary to safeguard the health of the account.

Q.21) What are SMA A/Cs?

Ans. SMA i.e., Special Mention Accounts are those standard accounts that show symptom of incipient stress/bad asset quality in the first 90 days before it is being identified as NPA.

As per RBI notification dated Feb 12, 2018, no separate classification was available for Revolving credit and term loans. SMA has been redefined vide RBI notification dated June 7, 2019 which contains distinct classification for term loans and revolving credit.

For term loans 'default' means non-payment of debt (as defined under the IBC) when whole or any part or instalment of the debt has become due and payable and is not paid. For revolving facilities like cash credit, default would also mean, without prejudice to the above, the outstanding balance remaining continuously more than the sanctioned limit or drawing power, whichever is lower, for more than 30 days.

Q.22) What are the different signals which classify the account as SMA?

Ans. For term loan, nonpayment of debt when whole or any part or instalment of the debt has become due and payable and is not paid.

For revolving facilities like cash credit, default would also mean, without prejudice to the above, the outstanding balance remaining continuously more than the sanctioned limit or drawing power, whichever is lower, for more than 30 days.

For other irregularities such as:

- Quarterly/monthly interest overdue for more than 30 days.
- Principal/instalments in respect of Term Loans overdue for more than 30 days.
- Devolved DPG instalments/BG liabilities outstanding for more than 30 days.
- Devolved LC liability for more than 30 days.
- Cheques/bills discounted overdue for more than 30 days.
- Non-renewal/review of credit limits.
- Accounts not being operated continuously over 30 days.

Q.23) What is the different category of SMA?

Ans. The basis for classification of SMA categories shall be as follows as per RBI Circular No: RBI/2021-22/125 dated 12.11.2021 & RBI/2021-22/158 dated 15.02.2022.

Loans other than revolving facilities		Loans in revolving facilities like cash credit/overdraft	
SMA Subcategories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA Subcategories	Basis for classification – Outstanding balance remains continuously more than the sanctioned limit or drawing power, whichever is lower, for a period of:

SMA-0	Upto 30 days	-	-
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days

Q.24) What are the different tools to monitor SMAs?

Ans. The procedure outlined below for monitoring of Special Mention Accounts is in addition to the existing system of regular monitoring of all irregular accounts. The Branches/ZO/ FGMO should monitor all the accounts and report any adverse development to higher authorities regularly. The Branches/ZO/ FGMOs, based on the analysis of SMA received from Corporate Office, shall initiate prompt corrective action to prevent slippage of accounts to NPA category. Based on the details received through reports ported in CBS Helpdesk, all SMAs/Probable NPAs are to be followed up vigorously and continuously with an aim to reduce overall stressed portfolio.

i) The Branch Manager should personally monitor the Special Mention accounts of the branch.

ii) Zonal Office should monitor accounts with an outstanding balance of 5.00 lakhs and above, even if the loans/limits are sanctioned at the branch level. Branch Manager should inform the latest development in these accounts to ZMs and DZMs.

iii) Corporate Office to monitor accounts above Rs. 10.00 lakhs in addition to Zonal Office and FGM Office. The details of accounts of Rs.1.00 crore and above are to be placed before Top Management regularly.

iv) Mobile App for Monitoring of SMA Accounts: A mobile App is provided to the branch staff for monitoring of SMA accounts of the branch. The mobile App is made available as a menu in the IB Staff App.

v) Dashboard for SMA Monitoring: An exclusive Dash Board has been made available at MIS site, for monitoring of SMA accounts in all levels (Branch / ZO / FGMO/ CO). Daily, SMA category wise, Sector wise, amount range wise, product wise, customer wise reports can be generated for follow up.

vi) For SMAs up to Rs.2Cr following measures can be adopted: Though Bank's Guidelines on Credit Monitoring in full is applicable to the monitoring for small loans also, because of the volume of accounts and the focus on priority sector advances, few more monitoring tools to be put in place to ensure maintaining the quality of assets.

a) Notice to be sent to borrower/guarantor

SMA Category	Type of Notice to be sent
SMA-0	Ordinary notice by normal post
SMA-1	Registered notice to borrower and guarantor
SMA-2	Legal notice to borrower and guarantor

b) Visit to Borrower/guarantors place

SMA Category	Monitoring Frequency
SMA-0	Monthly Visit to the borrower/guarantor‟s place by Credit Officer
SMA-1	Fortnightly visit to the borrower /guarantor‟s place by BM/Credit Officer
SMA-2	Weekly visit to the borrower/guarantor‟s place by BM/Credit Officer

c) Visit to SMA 1 & 2 Borrowers / guarantors based on exposure:

Exposure	Designation of visiting officials
Upto Rs. 1Cr	Branch Manager
Rs.1 Cr to less than Rs.5 Cr	Deputy Zonal Manager
Rs. 5 Cr to Less than Rs.10 Cr	Zonal Manager
Rs.10 Cr to Rs.25 Cr	Field General Manager
Above Rs.25 Cr	General Manager from Corporate Office

Q.25) Who is a Non-Cooperative Borrower?

Ans. A non-cooperative borrower is one who does not engage constructively with his lender by defaulting in timely repayment of dues while having ability to pay, thwarting lenders efforts for recovery of their dues by not providing necessary information sought, denying access to assets financed/collateral securities, obstructing sale of securities, etc. In effect, a non-cooperative borrower is a defaulter who deliberately stone walls legitimate efforts of the lenders to recover their dues.

Q.26) What is the cut-off limit for classifying borrower as non-cooperative?

Ans. Measures in classifying a borrower as non-cooperative borrower:

- The cut-off limit for classifying borrowers as non-cooperative would be those borrowers having aggregate fund-based and non-fund-based exposure of Rs.5 Crs and above from our Bank.
- A non-cooperative borrower in the case of a Company will include, besides the Company, its promoters, and directors. Independent Directors and Directors nominated by the Government and the Directors representing the lending institutions are excluded.
- In the case of a business enterprise, other than companies, non-cooperative borrowers would include persons who are in charge and responsible for the management of the affairs of the business enterprise. Hence in the case of a partnership firm all the partners and in the case of sole proprietorship the proprietor besides the persons who are in charge and responsible for the management of the affairs of the business enterprise is liable to be treated as non-cooperative.

Q.27) What do you understand by Early Warning Signals (EWS)?

Ans. Early Warning Signals are signals which should alert the Bank officials about some wrongdoings in the loan accounts which may turn out to be fraudulent. EWS signal in a loan account should immediately put the branch / offices on alert regarding a weakness or wrongdoing which may ultimately turn out to be fraudulent and shall act as a trigger to launch a detailed investigation.

Q.28) What is Red Flagged Account (RFA)?

Ans. A bank can mark an account a Red Flagged Account (RFA) if the account is under fraudulent activity and such a suspicion is triggered up by one or more early warning signals (EWS).

Q.29) What is the Threshold Fixed for RFA and EWS?

Ans. As per RBI guidelines, the threshold for EWS and RFA is exposure of

Rs.50.00 Crore or more at the level of a bank irrespective of the lending arrangement (whether solo banking, multiple banking, or consortium).

- However, the threshold for RFA was fixed at Rs.25 Crores and above including FB + NFB exposure as per internal policy guidelines.

- Now the ambit of coverage is scaled down, covering loan exposures of Rs.10.00 lakhs & above.

Q.30) Who is responsible for marking and removing the RFA?

Ans. It is the responsibility of CO: Credit Monitoring department to mark RFA, remove RFA or convert RFA into fraud in CRILC, as the case may be.

Q.31) Who is the chairman of RFA committee at CO and what is the minimum quorum of the meeting?

Ans. The Chief General Manager, CMC will be the Chairman. A quorum of three General Managers/ Department Heads is required.

Q.32) What are all the 42 signals recommended by RBI which form Basis for EWS software?

Ans. Following are the 42 signals recommended by RBI:

1. Bouncing of high value cheques

2. Frequent change in the scope of the project to be undertaken by the borrower

3. Delay observed in payment of outstanding dues.

4. Frequent invocation of BGs and devolvement of LCs.

5. Under insured or over insured inventory.

6. Invoices devoid of TAN and other details.

7. Dispute on title of collateral securities.

8. Funds coming from other banks to liquidate the outstanding loan amount unless in normal course.

9. Request received from the borrower to postpone the inspection of the godown for flimsy reasons.

10. Funding of the interest by sanctioning additional facilities.

11. Exclusive collateral charged to a number of lenders without NOC of existing charge holders.

12. Concealment of certain vital documents like master agreement, insurance

coverage.

13. Floating front / associate companies by investing borrowed money.
14. Critical issues highlighted in the stock audit report.
15. Frequent request for general purpose loans.
16. Frequent ad hoc sanctions.
17. High value RTGS payment to unrelated parties.
18. Heavy cash withdrawal in loan accounts.
19. Non production of original bills for verification upon request.
20. Significant movements in inventory, disproportionately differing vis-à-vis change in the turnover.
21. Significant movements in receivables, disproportionately differing vis-à-vis change in the turnover and/or increase in ageing of the receivables.
22. Disproportionate change in other current assets.
23. Significant increase in working capital borrowing as percentage of turnover
24. Increase in Fixed Assets, without corresponding increase in long term sources (when project is implemented).
25. Increase in borrowings, despite huge cash and cash equivalents in the borrower's balance sheet
26. Costing of the project which is in wide variance with standard cost of installation of the project
27. Claims not acknowledged as debt high
28. Substantial increase in unbilled revenue year after year.
29. Large number of transactions with inter-connected companies and large outstanding from such companies
30. Substantial related party transactions
31. Significant inconsistencies within the annual report (between various sections)
32. Significant reduction in the stake of promoter /director or increase in the encumbered shares of promoter/director.
33. Resignation of the key personnel and frequent changes in the management

34. Poor Disclosure of materially adverse information and no qualification by statutory auditors

35. Raid by Income Tax/Sales Tax/Central excise duty officials

36. Default in undisputed payment to the statutory bodies as declared in the annual report

37. Foreign bills remaining outstanding with the bank for long time and tendency for bills to remain overdue

38. Not routing of sales proceeds through consortium/member bank/lenders to the company

39. LCs issued for local trade / related party transactions without underlying trade transactions

40. Frequent change in accounting period and / or accounting policies

41. Material discrepancies in annual report

42. In merchanting trade, import leg not revealed to the bank.

Q.33) What are all the 83 signals indicated by DFS?

Ans. The following 83 Early Warning Signals indicated by DFS under PSB Manthan (EASE) are to be configured in the software. Those are:

1. Account Irregular in No. of days
2. Average utilisation of FBWC limits
3. BG invocation
4. Continuous flow of funds among intergroup companies within the bank
5. Continuous flow of funds among intergroup companies (no. of transactions)
6. Crystallization of Export Bills
7. Delay in interest servicing days
8. Frequent return of Bills discounted or sent for collection
9. Frequent return of Outward Cheques
10. Heavy Cash Withdrawal
11. Irregularity count in last 6 months
12. LC Devolvement
13. Non-renewal of facilities

FAQs ON CREDIT MONITORING

14. Number of consecutive months with decline in credit-debit summation
15. Number of inward cheque returns in last 30 days
16. Delay in servicing of interest- no. of times delayed in 6 months
17. Movement of Stocks in Process (SIP)
18. No. of times account turns SMA-2 in 6 months
19. Delay in submission of stock statement (SME)
20. Delay in submission of stock statement (corporate and mid-corporate)
21. Depletion in the value of security (Primary)
22. Primary Security Under-insured
23. Non-Compliance with sanction terms
24. non-submission of audited financials of borrower and associate companies
25. Pending perfection of Security/charges
26. Borrower / promoters/director/associates/ group companies in the lists of defaulters
27. Increase in holding levels of Debtors – against estimates (Monthly)
28. Increase in holding levels of Stocks – against estimates (Monthly)
29. Days inventory as cost of sales – downward
30. Debtors as days sales
31. Gross Current Assets as days sales
32. Change in internal ratings
33. Decrease consistently in Interest Coverage Ratio (as on last day of the period)
34. Difference in the value of Stocks in ABS vis-à-vis Stock Statement (as on last day of the period)
35. Debt to Equity
36. DSCR
37. Interest Coverage Ratio
38. TOL/TNW
39. Current Ratio

40. Quick Ratio
41. RoNW
42. Net Sales to Total Assets
43. Operating Cash Flow to Current Liabilities
44. Operating Cash Flow to Total Serviceable Debt
45. EBITDA Margin
46. Net Cash accrual to Net sales
47. Net Profit Margin
48. Return on Capital Employed
49. Return on Equity
50. Adjusted TNW
51. Net Sales
52. Net Cash Accrual to Total Debt
53. Total Debt/EBITDA
54. Credit summations not matching reported sales in proportion to banks share
55. Unhedged Foreign Currency Exposure
56. Delay in project implementation
57. Pledging/selling of promoters' shares in the borrower company due to financial stress
58. Regulatory changes adversely affecting the industry
59. Borrower reported as Defaulter by other bank(s) In CRILC
60. Borrower/Promoters/Director/Associates/ Group Companies in the lists of defaulters.
61. Change in External Ratings
62. Continuous decline in share price in last quarter
63. Delay in payment or non-payment of statutory dues
64. Instance of loss of a major customer of borrower
65. Indication of fraud
66. Raid or imposition of a penalty by government agencies on the company

FAQs ON CREDIT MONITORING

67. Business expansion to areas outside core business/backward or forward integration
68. Frequent change in statutory auditors (2 consecutive years)
69. Frequent change in rating agency
70. Resignation of independent directors within a short span of time
71. Withdrawal by project sponsor/funding agency or delay in receipt of subsidy
72. Disputes among Management/Promoters/JV Partners
73. Frequent changes in top management / key executives
74. High amount of personal loans by promoters
75. Danger of product/technology obsolescence or introduction of cheaper substitutes
76. Frequent utility disruption (e.g., power/water etc.) at borrower-end
77. High rejection of goods
78. Increasing employee attrition at borrower end
79. Labour unrest
80. Negative News about Borrower/Industry
81. Negative News other than specific for Borrower/Industry
82. Unfavorable trends in borrower value chain (Upstream/Downstream Industries
83. Y-O-Y Decline in quarterly capacity utilization.

Q.34) What is the procedure for Review / Renewal of borrowal accounts?

Ans. All the borrowal accounts sanctioned under various discretionary powers shall be reviewed (in case of term loans) / renewed once in a year.

1. For RAPC / MAPC / ZO / FGMO / CO sanctioned accounts, branch should submit the proposal at least three months in advance before the due date to ensure sanction in time.

2. Branch to endeavour achievement of 100% review / renewal of borrowal accounts at all points of time.

3. Working Capital Account should be classified as NPA if regular review / renewal is not accorded within 180 days from original regular review / renewal due date, date of NPA should be 181st day from the expiry of regular review / renewal date.

4. Limit / DP in the working capital account will expire if review / renewal is not accorded on or before the due date of renewal.

5. If, Regular review / renewal of working capital account is not done on or before the due date, short review / operational review of account may be allowed for maximum on TWO occasions, each of maximum 90 days' period. Full review/Renewal should be completed within a maximum period of 180days from the due date of original regular review/renewal.

6. Penal Interest to be charged up to 2% from the due date for renewal till the required documents submitted by the borrower.

7. An SMS will be sent to the registered mobile number of the borrower, one month before the due date of Review / Renewal to borrower as a gentle reminder / enabler.

8. Likewise, an SMS will be sent to registered mobile number of the borrower at least 3 days before expiry of limit (DP become "0") informing there in same and

9. It may be explored to recover the cost of the SMS from the borrower.

Q.35) What is Exit Option?

Ans. In cases where Restructuring of the Account is not possible, clearly documented, then the Sanctioning Authority may inform the party of its Intention to Exit from the Account.

The "Exit Policy" is a guideline to –

1) Identify accounts / product portfolios that may require an exit.

2) Devise appropriate exit strategies; and

3) Draft and execute a sound "Exit Action Plan". The exit could be due to Internal as well as External reasons.

The measures outlined in the policy are discretionary in nature, to be decided on a case-to-case basis. The measures are to be followed with prudence in the best interests of the Bank and in accordance with the prevailing economic scenario, legal and banking regulations.

FAQs ON CREDIT MONITORING

Q.36) What are Agencies for Specialized Monitoring (ASM)?

Ans. Agencies for Specialised Monitoring is a tool for monitoring big, borrowed accounts by lenders on common engagement basis. These ASMs are to be engaged in respect of projects with an exposure of Rs.250 Crore and above and exposure of specialised nature. IBA has furnished the indicative and illustrative list with respect to scope of work to be entrusted to such agencies for monitoring of large credit exposure.

The work pertaining to this area are divided as:

- Credit Monitoring Agency (CMA) are engaged for large value accounts to ensure proper end-use of funds, monitoring cash flows from operations etc.
- Project Monitoring Agency (PMA) to ensure proper monitoring of project implementation and utilization of funds.

Q.37) Which accounts are excluded in the preview of (ASM)?

Ans. The following accounts are excluded in the preview of (ASM):

- Advances to State / Central PSUs / Govt borrowal accounts with external ratings of AA and above will be excluded from the purview of ASM appointment.
- Waiver of appointment of ASM based on external or internal rating and other factors may be considered at the level of respective sanctioning committees viz., COLCC(ED), CAC & MC.
- Wherever in respect of any borrowal account, cash flows are ring fenced / escrowed, Bank may consider waiver of appointment of ASM on case-to-case basis.

Q.38) Periodicity and Executive/Officials to conduct the visit (Physical verification of Assets) of exposures of 2.00 Cr and above?

Ans. Effective follow-up would mean periodical physical verification of assets or quantitative verification by Branches.

• Exposures of 2.00 Crore & above are classified into 4 categories namely A, B, C & D. As per this category different level of Executives/ Officers at Zonal level are required to conduct unit visits, details of which are furnished below:

Category	Exposure	ZO executive/	Periodicity of

		official to conduct the unit visit	the unit visits
A	Rs.25 Crore & above	Field General Manager	Yearly
B	Rs.10 Crore to 25 Crore	Zonal Manager	Yearly
C	Rs.5 Crore to 10 Crore	Deputy Zonal Manager	Yearly
D	Rs.2 crore to 5 Crore	Chief Manager at Zonal Office (Including Branch sanctions)	Yearly

- The above categorization of unit visits is apart from the unit visit to be conducted by the Branch Executive / Officials at regular intervals.

- Branch executive/officials should accompany the FGM/ZO executive/official during the unit visit.

- Priority to be given for unit visits of SMA accounts.

Q.39) What are the criteria of SMA Audit?

Ans. There should be an enhanced monitoring system for accounts with exposure of more than Rs.10 Crore frequently appearing in SMA 1 / SMA 2.

SMA Audit should be conducted for accounts with exposure of Rs.10 Crore and above other than Government accounts where the accounts status is SMA 1 or 2 twice in the last 6 months. But, SMA Audit should be completed before the account moves to SMA 2 status. It includes the verification of complete loan documents, Pre-release audit, EM details, Unit inspection, stock / book debt verification, BG Audit, and analysis of balance sheet etc.

SMA Audit will be conducted by external auditors (Qualified CA only). Stock Audit is exempted for the accounts falling under SMA Audit.

Q.40) What are the objectives of Scrutiny of Sanctions?

Ans. The main objectives of the scrutiny are focused on the following:

- Improvement in the quality of credit portfolio

- Review of the sanction process
- Compliance of due diligence process
- Adherence of sanctions to Loan policy, CRM policy and take over norms.
- Picking-up early warning signals and suggesting remedial measures
- Recommending corrective action to improve credit quality and credit administration.

To comply with the assigned role, reviewing authorities at ZO, FGMO and CO: CMC will review the sanctions made by Branches/ ZO/ FGMO. The onus of getting the sanction scrutinized is on the sanctioning authority. However, to facilitate scrutiny of sanction by next higher authority/ committee within the stipulated time of 30 days, the sanctioning authority shall ensure that all the necessary additional information called for by the scrutinizing authority is furnished within a reasonable time.

Observations, if any made by the reviewing authority must be responded to immediately. All observations, adverse features, pointed out must be rectified within 15 days from the date of observations.

Q1. What is an Integrity Pact?

Ans. The Integrity Pact is a tool developed by Central Vigilance Commission (CVC) in order to ensure transparency, equity and competitiveness in public procurement, the Commission recommends adoption and implementation of the Integrity Pact (IP) by Government organizations, Public Sector Enterprises, Public Sector Banks, Insurance Companies, other Financial Institutions and Autonomous Bodies, etc.

Q2. Who directed Government Organizations to adopt Integrity Pact in Procurement activities?

Ans. Central Vigilance Commission (CVC) directed Government organizations, Public Sector Enterprises, Public Sector Banks, Insurance Companies, other Financial Institutions and Autonomous Bodies, etc. to adopt Integrity Pact in major procurement activities.

Q3. What is the scope of Application for Integrity Pact Policy?

Ans. The pact envisages an agreement between the prospective vendors/bidders and the buyer, committing the persons/officials of both the sides not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a pact with the buyer, would be considered competent to participate in the bidding process. In other words, entering this Pact would be a preliminary qualification.

Q4. What are the essential ingredients of the Integrity

Pact?Ans. The essential ingredients of Integrity Pact include-

1. Promise on the part of the principal (Bank) not to seek or accept any benefit, which is not legally available.

2. Principal to treat all bidders with equity and reason.

3. Promise on the part of the bidders not to offer any benefit to the employees of the Principal not available legally.

4. Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certification, subsidiary contracts etc.

5. Bidders not to pass any information provided by Principal as part of business relationship to others and not to commit any offence under

Prevention of Corruption/ Indian Penal Code Act.

6. Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates.

7. Bidders to disclose the payments to be made by them to agents/ brokers or any other intermediary.

8. Bidders to disclose any transgressions with any other company that may impinge on the anti-corruption principle.

Q5. How the provisions of Integrity Pact are to be implemented inprocurement process of the Bank?

Ans. The Integrity Pact, in respect of a particular contract, shall become operative from the date, Integrity Pact is signed by both the parties till the completion of contract. After award of work, the IEMs shall look into any issue relating to execution of contract, if specifically raised before them. As an illustrative example, if a contractor who has been awarded the contract, during the execution of contract, raises issue of delayed payment etc. before the IEMs, the same shall be examined by the panel of IEMs.

However, the IEMs may suggest systemic improvements to the management of the organization concerned, if considered necessary. To bring about transparency, equity and fairness in the system of procurement.

Q6. When the Integrity Pact Contract will become Operative and what will be the effect of any violation of the Integrity Pact?

Ans. Integrity Pact, in respect of a particular contract, shall become operative from the date, Integrity Pact is signed by both the parties till the completion of contract. Any violation of the Integrity Pact would entail disqualification of the bidders and exclusion from the future business dealings, as per the existing provisions of GFR, 2017, PC Act, 1988 and other financial rules/Guidelines etc. as may be applicable to the organization concerned.

Q7. Who appoints Independent External Monitors (IEMs) and what isthe role of IEMs in the procurement process?

Ans. The Independent External Monitors (IEMs) are appointed by the organization, in consultation with the Central Vigilance Commission (CVC).

The role of IEMs is advisory, would not be legally binding and it is restricted to resolving issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidder. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.

Q8. What is the process of appointment of Independent External Monitors (IEMs)?

Ans. A periodical notice inviting applications from eligible persons will be published on the Central Vigilance Commission's website. After due scrutiny and verification of the applications and accompanying documents, as may be deemed appropriate by the Commission, the name(s) would be included in the panel for consideration for nomination as IEM. All applications received after the due date of notice issued by the Commission, shall be considered along with applications received in response to the subsequent notice.

All IEMs should sign non-disclosure agreements with the organization in which they are appointed. They would also be required to sign a declaration of absence of conflict of interest.

Q9. Who can't be considered for nomination as Independent External Monitors (IEMs) by CVC for a particular organization?

Ans. The commission would not consider the name of a retired officer /executive for nomination as IEM in a particular organization, in case that person has retired from same organization or has conflict of interest in any form.

Q10. For how many organizations, a person may be appointed as IEM (Independent External Monitor) at a time?

Ans. A person may be appointed as an IEM in a maximum of three Organizations at a time.

Q11. What are the number of IEMs that has to be appointed in an organization?

Ans. Three IEMs shall be appointed in Maharatna and Navaratna PSUs and two IEMs shall be nominated in all other organizations.

Q12. What is the tenure for Independent External Monitors (IEMs)?

Ans. An empaneled person i.e. IEM cannot be appointed in one organization for a period of more than three years.

Q13. What is the age criterion for Independent External Monitors (IEMs)?

Ans. Age should not be more than 70 years at the time of appointment.

Q14. Whether a person acting as an IEM can take up other assignments such as consultancy or agency with other organizations?

Ans. A person acting as an IEM shall not be debarred from taking up other assignments such as consultancy with other organizations or agency subject to his declaring that his/her additional assignment does not involve any conflict of interest with the existing assignment. In case of any conflict of interest arisingat a later date from any entity wherein he is or has been a consultant, the IEM should inform the CEO and recuse himself/herself from that case.

Q15. What is the procedure of taking action against IEM, if any misconduct by IEM is observed?

Ans. In case of any misconduct by an IEM, the CMD/CEO should bring it to the notice of the Commission detailing the specific misconduct for appropriate actionat the Commission's end.

Q16. What is the procedure in case the dispute remains unresolved event after mediation by the panel of IEMs?

Ans. In case, the dispute remains unresolved even after mediation by the panel.
of IEMs, the organization may take further action as per the terms & conditions.
& conditions of the contract.

Q17. What are the threshold limits for Procurements/contracts to be within

the ambit of Integrity pact?

Ans. Only new procurement / construction / purchase of property / consultancy contracts / financial inclusion works may be brought in the ambit of integrity pact.

The following threshold limits are considered:

Details of works covered	Threshold limits – Rs.
Procurement of IT related works / Software / Hardware / Equipment's / Machineries / New Construction works / Purchase of new property / Other Non-IT procurements / Consultancy services / Financial Inclusion related works / others	300 Lakh

Q18. What is the ceiling on remuneration to be paid to IEMs?

Ans. In any organization, the IEMs shall be paid per sitting a fee of Rs.25,000/- or fees payable to Independent Board Members, whichever is less. However, in case, any organization, the fee payable to Independent Board Members is less than Rs.25,000/-, after due deliberation increase the fees payable to IEM, subject to the ceiling of Rs.25,000/- per sitting.

However, the maximum amount payable to IEMs in the calendar year shall not exceed Rs.3,00,000/- with respect to sitting fees.

Expenses on travel and stay arrangements of IEMs shall be equal to that of Independent Board Member.

Q19. Does the appointment and presence of IEMs in an organization affects the role of CVO in any way?

Ans. The role of the CVO of the organization shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms of the provisions of the CVC Act or Vigilance Manual if a complaint is received by him/her or directed to him/her by the commission.

Q20. The final responsibility for implementation of Integrity Pact in our organization is vested with.

Ans. The final responsibility for implementation of Integrity Pact vests with the CMD/CEO of the organization.

Q21. What is the review system of Implementation of Integrity Pact (IP)?

Ans. All organizations implementing Integrity Pact would undertake periodical review and assessment of implementation of Integrity Pact and submit progress report to the Commission. CVOs of all organizations would keep the Commission posted with the implementation status through their Annual report and Special reports, wherever necessary.

FREQUENTLY ASKED QUESTIONS ON BRANCH EXPANSION POLICY

1. Who is the owner of Branch Expansion Policy/Business Net work Policy ?

Ans: The Business Network Policy is owned by Planning and Businesss Intelligence Department. Prepared by Deputy General Manager (Planning & BI), Reviewed by General Manager (Planning & BI) and Approved by the Board.

2. What is the purpose of Business Network Policy ?

Ans: The purpose of the policy is to issue guidelines in respect of opening of new branches, shifting/ merger/ closure of existing branches, restructuring and optimizing the existing branch network, rationalisation of banking outlets and for setting up of ATMs/ BNAs/ Business Facilitators/ Business Correspondents and thrust on increasing digital banking touch points including opening of digital branches, in line with the regulations laid down by the RBI/ GOI.

3. What is the aim of Business Network Policy?

Ans: The Business Network Policy of the bank is aimed at-

- ✓ Opening new Banking outlets in States ,Districts etc, in India to have Pan India presence and improve the visibility of the Bank.
- ✓ Opening new banking outlets to increase the market share in Metro and Urban centres.
- ✓ Opening new banking outlets in Rural and Semi Urban centres including under banked centres to tap business potential.
- ✓ Opening new baking outlets in unbanked rural centres to further financial inclusion and ensure availability of banking services in rural areas.
- ✓ Aligning roadmap of Banking outlets for unbanked villages having population more than 5000.
- ✓ Rationalization of the existing banking outlets- Restructuring and optimizing the existing Banking outlet network
- ✓ Setting up of ATMs/BNAs, Thrust on increasing digital banking touch points
- ✓ Setting up Business Facilitators/Business correspondents/Ultra Small branches

4. What is the Scope of Business Network Policy?

Ans: The scope of the policy includes

a. Guidelines for opening of new banking outlets and conversion of existing banking outlets.
b. Guidelines for shifting, merger and closure of existing banking outlets.
c. Guidelines for rationalizing the existing banking outlet network.
d. Guidelines for opening of onsite/off site ATMs and Mobile banking outlets
e. Guidelines for setting up of Business Facilitators / Business Correspondents / Ultra Small branches etc.

5. What is the objective of the Policy ?

Ans: The Policy duly incorporating the guidelines of Reserve Bank of India in respect of Branch authorization serves as the corner stone for Bank to formulate the Annual Branch Expansion Plan for the Financial year, approved by the Board as part of its annual strategy for increasing its touch points in terms of Brick-and-Mortar branches and customer service points manned by fixed Business correspondents.

6. What is Banking outlets ?
Ans: As per revised guidelines of Rationalized Branch Authorization Policy of the RBI, a 'Banking outlet' is a fixed point service delivery unit, manned by either bank's staff or its Business correspondent where services of acceptance of deposits, encashment of cheques /cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least five days a week.

7. What is Part time Banking outlet ?
Ans: A banking outlet which does not provide delivery of service for a minimum of 4 hours per day and for at least 5 days a week will be considered a 'Part time Banking Outlet.

8. What is independent Banking outlets ?
Ans: All existing extension counters, Satellite offices, Part-shifted Branches, Ultra Small branches and Specialized branches of bank, subject to their satisfying the definition of Banking outlet shall be treated as independent Banking outlets or Part time banking outlet as the case may be.

9. Which delivery channels of Bank are not treated as Banking Outlets ?
Ans: ATMs, E-lobbies, Bunch Note Acceptor Machines (BNAM), Cash deposit Machines (CDM), E-Kiosks and Mobile Branches will not be treated as Banking outlets. Point of Sale (PoS) terminals where limited cash withdrawal facility is allowed by banks in terms of extant instructions without having an arrangement with the concerned entities as 'Business Correspondents' also, will not be considered as Banking Outlets.

10. Where permission of RBI is not required to open Banking Outlet ?
Ans: Domestic scheduled commercial Banks (other than RRBs) are permitted to open, unless otherwise specifically restricted, Banking Outlets in Tier 1 to 6 centres without having the need to take permission from Reserve Bank of India in each case.

11. What is the Tier wise classification of centres prescribed by RBI for opening of branches based on population?
Ans: Tier wise classification of centres based on population as per 2011 census is as under-
Tier 1 - Population-1,00,000 and above
Tier 2 - Population - 50,000 to 99,999
Tier 3 - Population - 20,000 to 49,999
Tier 4 - Population - 10,000 to 19,999
Tier 5 - Population - 5,000 to 9,999
Tier 6 - Population - Less than 5000

12. What is population group wise classification of centres as per RBI ?
Ans: The population group wise classification of Banking Outlet centres are as under (Based on census-2011) -
Rural centre: Population up to 9,999
Semi Urban centre: Population from 10,000 to 99,999

Urban centre: Population from 1,00,000 to 9,99,999
Metropolitan Centre: Population From 10,00,000 and above.

13. What is an under banked (District or State) centre ?
Ans: A District or State would be considered as an under banked centre, if the Average Population Per Branch Office (APPBO) is more than the national average.

14. What is unbanked Rural center (URC) ?
Ans: An unbanked rural centre (URC) is a rural (Tier 5 and 6) centre that does not have a CBS enabled Banking Outlet of a scheduled commercial Bank, a Small Finance bank, a Payment Bank or a Regional rural bank nor a branch of local area bank or licensed cooperative Bank for carrying out customer based banking transactions.

15. What is other customer service touch points ?
Ans: Onsite/Offsite Automated Teller Machines (ATMs) at centres/places identified by Bank (including SEZs) and mobile branches, which can be opened/operated at all centres as per extant guidelines,. are called as other customer service touch points, however they are not considered as banking outlets as per revised branch authorization policy of RBI.

16. What is meant by Offices ?
Ans: Administrative Offices (Head/Regional /Zonal Offices etc) Training Centres, Back Offices (Central Processing Centers (CPCs)/ service Branches), Treasury Branches and Call centres, which do not have any direct interface with the customers are called offices. These offices can be opened without prior permission of RBI under general permission.

17. Who approves Annual Banking outlet Expansion Plan?
Ans: Annual Banking outlet Expansion Plan is approved by Board, as part of Bank's annual branch expansion strategy.

18. What is the guiding factor for opening of Banking Outlets during the financial year ?
Ans: At least 25 percent of the total number of Banking Outlets opened during a financial year should be opened in unbanked rural centres.

19. What is the time given for opening an outlet in a URC (Unbanked Rural Centre)?
Ans: The time given to a bank for opening a Banking Outlet in a URC is one year. If a bank fails to adhere to the requirement of opening 25 % banking outlets in a year, appropriate penal measures, including restrictions on opening of Tier 1 branches, may be imposed by RBI.

20. Who helps in identifying a URC ?
Ans: State Level Banker Committees (SLBCs) shall play a constructive and proactive role and provide the list of all unbanked rural centres in the State. In co-ordination with SLBC, Banks may identify and choose the suitable URC for opening new BOs and get them earmarked in favour of Bank under its expansion plan.

21. Whose permission is required to undertake govt business at banking outlets/part time banking outlets ?

Ans: For undertaking government business at any of the banking outlets/part-time banking outlets, it would require prior approval of the Government authority concerned as also department of Government and bank accounts, Reserve Bank of India, Central Office.

22. What is the guidelines for Merger/Closure/Shifting of branches?

Ans: Merger/Closure and shifting of any rural Banking outlet as well as a sole semi urban Banking Outlet would require approval of the DCC/DLRC.

Shifting to alternate premises within the same centre to be authorized by General Manager (Estate Department) at Corporate Office before actual shifting.

23. What is the Procedure for Conversion of Branches ?

Ans: Banks may convert a specialized branch into another category of specialized branch or a General banking branch at their discretion. No amendment to license/authorization would be required. However banks should submit within fourteen days of every quarter, information relating to opening, closure, merger, shifting and conversion of branches in Proforma I and II to department of Statistics and Information Management, Banking Statistics division, (DSIM), Reserve Bank of India, Central Office, Mumbai.

24. What is the Broad methodology for identifying bankable centres?

Ans: The broad methodology adopted for identifying bankable centre should include-

a. Market demographic Trajectory – study of market density –Current household, projected market growth or decline.

b. Financial demand – available potential for products/services such as savings bank/Current Account, term Deposits, Jewel Loans , loans for various agriculture and allied activities. Various retail loans including mortgage loans.

c. Competitive climate – Comparison of the composition and strategic focus off competitors.

25. What are included in survey of a centre identified for opening of any Branch ?

Ans: The survey report of a potential business centre should encompass following points -

a. Profile of the potential centre based on the economic, demographic, competitive and social factors viz. population, household literacy level, per-capita/household income., infrastructure etc.
b. Define micro market parameters
c. Market share - Project market share of the Bank and its competitors vis-à-vis total available in the said micro market.
d. Customer survey / Market reports – Transaction mix / Product Mix / Availability of premises / Profitability.

26. Who is empowered to permit substitution of centre /Request for additional centres?

Ans: Normally substitution of centres for opening banking outlets would not be allowed. However under exceptional circumstances substitution of centres would be allowed. Executive Director (in charge of the portfolio) to approve requests for substitution of new centres in lieu of centres already approved where

the substitution /changes/modification sought is within the same Tier or from a higher tier to a lower tier population group.
MD and CEO and in the absence of MD and CEO, Executive Director in charge of portfolio to approve substitution of centres from a lower tier to a higher tier population group in exceptional cases.

27. What is the Guidelines for opening extension counters?
Ans: Extension counters can be opened within the premises of Institutions and of big offices / factories, hospitals, military units, educational institutions etc. Extension counters are not allowed to be opened at residential colonies, shopping complexes, market places and places of worship etc.
The extension counters shall carry out limited type of banking business, such as Deposit/withdrawal transactions, issuing encashment off DDs, collection of bills etc.

28. Who is the approving authority for opening of Extension Counters ?
Ans: MD and CEO and in the absence of MD and CEO, Executive Director (in charge of the portfolio) will be the approving authority for opening of Extension Counters.

29. What is the guidelines for shifting of Branches?
Ans: Prior permission for shifting has to be obtained as under-
a. Shifting to alternate premises within the same centre to be authorized by General Manager (in charge of the portfolio)/Deputy General Manager /DH (Planning and Branch Expansion Cell) at corporate office before actual shifting.
b. Shifting outside the centre (city/town/village) would require prior permission of Executive Director (in charge of planning and Branch Expansion cell) in respect of requests where the substitution / changes/modifications sought is within the same Tier or from a higher tier to a lower tier population group.
c. MD and CEO and in the absence of MD and CEO, Executive Director (in charge of the portfolio) would approve changes from a lower tier to a higher tier population group in exceptional cases. Necessary approval of DCC/DLRC to be obtained wherever required.

30. Who is the approving authority for upgradation of extension counters and satellite offices into full fledged branches?
Ans: MD and CEO and in the absence of MD and CEO, Executive Directors (in charge of the portfolio) to approve up-gradation of Extension counters and Satellite offices into full fledged branches

31. What are the factors that may determine retention of Branch ?
Ans: While considering, whether a branch needs to be retained, following triggers may be factored in-
a. Niche customers served by the branch.
b. High volume branch
c. Positive net profit contribution to the bank.
d. Provides good visibility.

32. What are the factors that may determine closure/merger of branch?
Ans: While considering merger/closure of branch, decision may be taken based on undernoted factors-

a. Non viable and loss making branches/ branches with marginal profit.
b. Geographic overlap with another branch on account of proximity of location and where branches cater to similar class of customers.
c. Declining population and household growth in the command area.
d. Deposit mix primarily oriented towards term deposits with infrequent customer visits resulting in reduced share of low cost deposits.

33. What are the guidelines for opening Onsite ATMs ?
Ans: Onsite ATMs are opened in our Bank in all newly opened branches as a policy. Besides, all existing branches are provided with onsite ATMs except in certain branches where space constraints do not permit location of an onsite ATM.

34. What are the guidelines for Off site ATMs ?
Ans: Scheduled commercial Banks are permitted to install Off-site / Mobile ATMs at centres / places identified by them, without permission from the Reserve Bank.

35. What is Business Correspondents / Business Facilitators ?
Ans: As per the mission document under PMJDY, DFS has directed that all the 6 lakh villages across the entire country are to be mapped according to service area of each bank to have at least one fixed point banking outlet to provide banking access to every village within a 5 KM radius/hamlet of 500 households in hilly areas, either through branch (brick & mortar) banking outlet or branchless banking outlet.. Branchless banking outlet comprises of fixed customer service points manned by Business correspondents (BC) agents, who act as representative of Bank to provide basic banking services.

FAQs on Burglary and House Breaking Policy

1) What are the assets of the bank is covered under Burglary and House Breaking Policy ?

Ans: Furniture, Fittings, Fixtures inclusive of Electrical fittings, Books, Stationery, Office Equipment including Electrical Equipment and such other machinery whilst Stored and/or installed and/or lying in the premises owned by and / or leased to the Bank which includes all Administrative Offices, Branches, Training/ Inspection/ Stationery Centres, Guest Houses, Extension Counters, Satellite Offices, ATMs, Residential Quarters etc. situated all over India.

2) What is the exemption clause in Burglary and House Breaking Policy ?

Ans: The premises shall not include any yard, garden, open space or out–building not connected with the Main Building occupied as other Offices and Residences. Foreign Branches are excluded from this policy.

3) What are the losses/damages/risks covered in Burglary and House Breaking Policy?

Ans: 1. Loss or damage to property or any part thereof that is kept/ stored / contained in Bank's owned / leased premises caused due to burglary or house breaking (theft following upon an actual forcible and violent entry and/or exit from the premises) and hold up.

2.Terrorism and theft risks

3.Damage caused to the premises resulting from burglary and / or house breaking of any attempted threat at any time during the period of insurance to be made good by Bank.

4. Both the offices and residences are already occupied by the Bank and to be occupied from time to time.

4) To Whom the Initial reporting is to be done on the occurrence of loss?

Ans: Initial reporting of the Bank's loss is to be made to the Banks' empanelled Insurance Brokers by the Branches/Zonal Offices, even prior to determination of the magnitude, real nature and the extent of loss,

a. On the occurrence of loss or b. On the detection of any loss or

c. Any events or acts that are likely to cause a loss to the Bank.

5) To Whom the documents are to be submitted After the initial reporting of the incident.

Ans: After the initial reporting of the incident the documents are to be submitted through e-mail (soft copy) to the empanelled insurance brokers under copy to CO: BOD (Originals to be shared to CO: BOD only- as & when intimated/requested by CO:BOD).

6) What are the documents to be submitted After the initial reporting of the incident?

Ans:

1. Completed claim form with policy number mentioned therein
2. Police FIR;
3. Records showing the value of the items lost or damaged (Individual items value) &
4. Non traceable certificate from the Police (If available)

7) What are precautions to be observed for settlement of claim?

Ans: To ensure hassle free settlement of our claims, it should be ensured that all guidelines relating to security matters are strictly adhered to without any omission. Branches / Offices need not take a separate burglary and House breaking policy for the assets notified herein.

8) What actions are to be taken in case of claim invoked and not settled ?

Ans: Particulars of claim invoked but not settled may be brought to the notice of Corporate Office & Insurance Broker for necessary follow up action and speedier settlement. It is reiterated that every care should be taken to guard Bank's assets from the above mentioned risks. For any clarification, branches may contact the Insurance Broker office.

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FAQs on fixation of cut off limit Policy 2023-25

1. What are the objectives of fixation of cut off limit policy?

Ans. The objective of the policy is to ensure that the procurement is done in a fair and transparent manner and the items are procured at most competitive prices by following Bank / CVC norms.

2. What are the Regulatory References of fixation of cut off limit policy?

Ans. guidelines issued by GOI/CVC/Bank from time to time with regard to Procurement of Goods & Services with “Cut Off” Limit shall automatically form a part of the policy.

3. What is Purchase as per fixation of cut off limit policy?

Ans. Purchases of IT/Non-IT related goods, Stationary items, furniture, fixtures, include tables, chairs, electrical light/fan, air conditioners, photocopiers, note sorting/ counting machines, works and services which are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training and maintenance etc.

4. What are the Services or Contract as per fixation of cut off limit policy?

Ans. It includes Furnishing & interior Decoration Contracts, Contracts relating to repairs to buildings/premises, Engagement of Architects, Management consultants, Project Management, Engineering services, finance, accounting and Taxation services, Forensic Audit, Training and development, Engagement of Professional Housekeeping / Maintenance / Security / Catering agencies, Repair /Maintenance of Machines / Equipment, Advertisement in Newspaper etc.

5. What are the Roles and Responsibility of a delegated authority?

Ans. Public procurement must conform to the following yardsticks-

- ✓ CVC recommended implementation of Integrity Pact (IP) in respect of all major procurements.
- ✓ Specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out.
- ✓ Procedure should be fair, transparent and reasonable.
- ✓ Selected offer should adequately meet the requirement in all respects.
- ✓ Price of the selected offer is reasonable and consistent with the quality required.
- ✓ Procurement should be undertaken with administrative and technical approvals and financial sanction from the Competent Authority.
- ✓ No work is split up merely to bring it within the powers of the lower Competent Authority.
- ✓ Procure through the agency of contractors, selected through publicly advertised or restricted tenders or quotations, effected on the basis of uniform conditions, and generally the lowest price quoted among valid tenders is accepted.
- ✓ No deviations from approved drawings, specifications and conditions of contract are permitted without the prior approval of Competent Authority.

6. **Who is the authority for Administrative Approvals as per fixation of cut off limit policy?**

Ans. Administrative approval is to be accorded by the Departmental Heads of different offices. He will examine all proposals, with a view to ensure that the proposals are-

- Necessary and all possible alternatives are fully explored.
- Proposal is in accordance with the current policy.
- Conformity with the approved scales and norms.
- Taken up in right order of priority and urgency.
- Related to budgetary provisions and carried out in accordance with approved procedure, rules and regulations.

7. **Who is the authority for Technical Approvals as per fixation of cut off limit policy?**

Ans. Technical Authority is exercised by Technical Officers / Consultants employed / engaged by the Bank. This is done before, during & after execution of the work.

8. **Who is the authority for Financial Approvals as per fixation of cut off limit policy?**

Ans. The Financial Authority for the purpose of this policy would be subject to the "Delegation of Powers on Capital/Revenue Expenditure & Authorizing loss on sale of assets" amended by the Bank from time to time.

9. **What is the Cut off Limit for Purchase of IT/ Non-IT related goods / Stationery items under capital expenditure?**

Ans. For purchase of non IT related goods (per occasion) above Rs. 20 Lakh administrative approval should be obtained from respective GM / Department Head at Corporate Office/FGM at FGM office and Zonal Manager at Zonal Offices / Principal at IMAGE, before placing the same to the sanctioning authority concerned for financial approval.

10. **What is the Cut off Limit for Purchase of IT/ Non-IT related goods / Stationery items under other expenditure?**

Ans. Above Rs. 2 Lakhs (excluding all Govt. taxes), administrative approval should be obtained from respective GM / Department Head at Corporate Office, FGM at FGMOs and Zonal Manager at Zonal Offices/ Principal at IMAGE.

11. **What is the Cut off Limit for Purchase of IT related goods & services?**

Ans. Purchase of IT related goods and services shall be as per the extant policy of Information Technology Department, from time to time.

12. What are the Cut off Limit for Purchase of goods and services through GeM portal?

Ans. Through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period. Direct Purchase Up to Rs. 25,000/-

- Through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. - L1 Purchase Rs. 25,000/- to Rs. 5,00,000/-
- Through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids – using online bidding. Above Rs. 5.00 Lakh.

13. What are the Cut off Limit for Purchase of IT related goods and services?

Ans. (1) Without inviting quotations- For small quantity of items wherein purchase at one occasion per item up to - Rs 1.0 Lakh for CO - Rs.0.75 Lakh for ZO/FGMO
(2) Through Competitive quotes from the market- - Above Rs 1.0 Lakh up to Rs 10.0 Lakh for CO
- Above Rs. 0.75 Lakh up to Rs 10.0 Lakh for others ZO/ FGMO
(3) Based on limited tender (from Panel Vendors / Panel Agency/ established market players). If panel vendors are not available, sealed quotes can be obtained from established/reliable Vendors/Agencies in the line of activity at a reasonable price. The established vendor/agency should satisfy one of the following conditions.
A. In the same line of activity for at least 5 years in the market.
B. Authorized distributor/agency/ dealer of Branded Products- Above Rs.10.0 Lakh up to Rs.2.0 Crore.
(4) Based on advertised Tender (through Newspaper, website etc.)- Above Rs. 2.0 Crore.
Above limits are not applicable where prior rate contract/approval is available. The rate contract already approved by Bank / GeM portal / any other Central procurement organizations can also be utilized for purchase of items, without inviting competitive quotes as per the procedure mentioned in the policy on Delegation of Powers.

14. What are the Cut off Limit for Purchase of Non IT related goods and services?

Ans. (1) Without inviting quotations- For small quantity of items wherein purchase at one occasion per item up to - Rs 1.0 Lakh for CO - Rs.0.75 Lakh for ZO/FGMO
(2) Through Competitive quotes from the market- - Above Rs 1.0 Lakh up to Rs 10.0 Lakh for CO
- Above Rs. 0.75 Lakh up to Rs 10.0 Lakh for others ZO/ FGMO
(3) Based on limited tender (from Panel Vendors / Panel Agency/ established market players). If panel vendors are not available, sealed quotes can be obtained from established/reliable Vendors/Agencies in the line of activity at a reasonable price. The established vendor/agency should satisfy one of the following conditions.
A. In the same line of activity for at least 5 years in the market.
B. Authorized distributor/agency/ dealer of Branded Products- Above Rs.10.0 Lakh up to Rs. 40.00 Lakh.

(4) Based on advertised Tender (through Newspaper, website etc.)- Above Rs. 40.00 Lakh.
Above limits are not applicable where prior rate contract/approval is available. The rate contract already approved by Bank / GeM portal / any other Central procurement organizations can also be utilized for purchase of items, without inviting competitive quotes as per the procedure mentioned in the policy on Delegation of Powers.

15. What is the provision for upgradation/ enhancements/ modification of equipment already purchased through the same vendor who initially supplied?

Ans. It may not be construed as purchase through single quote and purchase can be made without the need for obtaining competitive quotes, subject to the rate mentioned being reasonable.

16. What is the Cut off Limit for Purchase of Proprietary items?

Ans. Purchase of Proprietary items or items with limited source supply may be made without obtaining competitive quotes, subject to recording the reasons for the same. Small quantity of items wherein purchase at one occasion per item is up to Rs. 50,000/- at market rate.

17. What is the Stipulation for Purchase through GeM & Rate Contract?

Ans. It should be our endeavour to purchase all the items/ goods from GeM as per the directions of GOI.

18. What is the provision for Purchase of Branded Items?

Ans. purchases of Non-IT related items up to Rs. 5.0 Lakh, the Department Head/ Zonal Manager is authorized to finalize a particular Brand from the market on the recommendations of the Department concerned with reasoning and advantage.

19. What is the Stipulation for Purchase under repeat order?

Ans. Repeat order with the same vendor for Purchase of Non IT items / Furnishing works- for value not more than Rs. 5.0 Lakhs during the period not exceeding 6 months from the date of initial work order at the earlier accepted rate of original order, if market price has not decreased.

20. What is the provision for Purchase of Vehicle?

Ans. Cut off limit is not prescribed as the model of the vehicles keeps undergoing changes frequently for the model of the 2/4 wheeler vehicles. A corporate discount may be obtained directly from the dealer.

21. Provision for purchase of Security items?

Ans. A bench mark pricing to be obtained from the panel vendors, for the Bank as a whole, for the most common purchases of security items. The standardized rates shall be valid for all our branches for a period of 1 year or such extensions informed from time to time at Corporate Office Level.

22. What is the Stipulation for Purchase of non-proprietary items?

Ans. In exigency, Purchase of non-proprietary items relating to main banking activity on single quote basis it becomes mandatory to purchase certain specific equipment/ machinery etc. in more numbers for installing in all Currency Chests or Branches etc. For such items, costing less than Rs.25.0 Lakh per item, purchase of maximum 2 items of same / different brands is permitted on single quote basis, with full justification.

23. What are the provisions for purchase of Goods & Services from Local Vendor?

Ans. Mandatory Annual target of 25% of the procurement from MSME Sector.

- Sub-target of 4% out of 25% target of annual procurement earmarked for procurement from MSMEs owned by SC/ST entrepreneurs.
- Out of the total annual procurement from Micro and Small Enterprises, 3% shall be earmarked for procurement from MSMEs owned by women.
- Tender sets free of cost and exemption from payment of earnest money to registered MSMEs
- Payment to MSME's to be done within 45 days after the completion of work. After bill certified by the Architect/Consultant.
- where estimated value of procurement is Rs. 50 Lakh or less, and there is sufficient local capacity is available only local suppliers shall be eligible. The minimum local content shall be 50%.
- Where the estimated value to be procured is less than Rs. 5 Lakh shall be exempted.

24. What are the provisions for different kind of Non IT related contracts?

Tender Process	Furnishing & Interior Decoration Contracts incl. Contracts related to Repairs to buildings / premises and Horticulture works – Excluding all Govt. Taxes. - Per occasion
Without inviting quotations.	For small contracts per occasion up to Rs. 2.0 Lakh.
Through Competitive quotes from the market Quotation notice to be placed in the website /newspaper.	Civil/Interior Decoration works above Rs.2.0 Lakh and up to Rs. 10.0 Lakh. Electrical/AC works- above Rs. 2.0 Lakh and up to Rs. 6.0 Lakh.
Based on limited Tender (from Panel Vendors/ agency)	Civil / Interior Decoration works - Over Rs.10.0 Lakh and up to Rs. 80.0 Lakh.

	Electrical/AC works contracts -Over Rs.6.0 Lakh and up to Rs. 40.0 Lakh.
Based on advertised tenders (through Newspaper/ website etc.)	Civil/ Interior Decoration Works- Above Rs. 80 Lakh Electrical/AC works contracts - Above Rs.40.0 Lakh

Services:

Tender Process	Fees for Engagement of Architects, Management consultants, Policy consultants, Communication consultants, Advisory and project related Consulting services which include feasibility studies, Project Management, Engineering services, finance, accounting and Taxation services, Forensic Audit, Training and development etc. – Per project - Excluding all Govt. taxes
Without inviting quotations	Up to Rs. 1.0 Lakh for CO Up to Rs. 0.75 Lakh for ZO/ FGMO
Through Competitive quotes from the market (Quotation notice to be placed in the website)	- Rs. 1.0 Lakh to Rs. 25.0 Lakhs for CO - Rs. 0.75 Lakh to Rs. 25.0 Lakhs for ZO/ FGMO
Newspaper & Website Advertised Tender	Above Rs. 25.0 Lakh

Non Consultancy services-

Tender Process	Engagement of Professional Housekeeping/ Maintenance (Electrical/ Civil, AC etc.) / Security / Catering agencies etc. – Per month or per project- Excluding all Govt. taxes
Without inviting quotations.	- Rs. 1.0 Lakh for CO - Rs. 0.75 Lakh for ZO/ FGMO
Through Competitive quotes from the market (Quotation notice to be placed in the website)	- Over Rs. 1.0 Lakh - to Rs. 10.0 Lakhs for CO - Over Rs.0.75 Lakh- to Rs. 10.0 Lakhs for ZO/ FGMO
Newspaper & Website Advertised Tender	Above Rs. 10.00 Lakh

Repair /Maintenance of works-

Tender Process	Repair /Maintenance of Machines /Equipments (Electrical, Mechanical, AC etc.) - charges payable per month or per project (as applicable) excluding all Govt. Taxes.
Without inviting quotations.	For small contracts per occasion up to Rs. 2.0 Lakh.

Through Competitive quotes from the market Quotation notice to be placed in the website /newspaper.	Above Rs.2.0 Lakh and up to Rs. 6.0 Lakh.
Based on limited Tender (from Panel Vendors/ agency)	All Works contracts – Over Rs.6.0 Lakh and Up to Rs. 40.0 Lakh.
Based on advertised tenders (through Newspaper/ website etc.)	Above Rs. 40.0 Lakh

25. What are the stipulations for penalty as per cut off Policy?

Ans. Penalty may be imposed for the following reasons: -

- Not adhering to the delivery schedule.
- Not adhering to the specifications.
- Not adhering to the specifications & delivery schedule.
- Not adhering to warranty / AMC terms and conditions.

The quantum of which would vary from 0.5 % to 10% per week of delay which should be disclosed in the tender document/RFP/purchase order.

26. What is the process of Engagement of Courier services?

Ans. By limited tender from firms already engaged with other PSBs/ PSUs/ Corporates and those who have established all India network.

27. What are the process of Advertisement in Newspapers, Media?

Ans.

Awarding Contracts of Advertising	Advertisement- charges payable per occasion /per project (as applicable) excluding all Govt. Taxes
Without inviting Competitive quotations.	Rs. 1.0 Lakh
Through Competitive Quotes From the Market	Over Rs. 1 Lakh to Rs. 2.0 Lakhs
Based on Competitive Quotations (from only Empanelled agency with our Bank)	Above Rs 2.0 Lakh
Directly from Newspapers	No limit. Rate to be decided by GM's Negotiation Committee.

28. What are the stipulations of Miscellaneous Expenditure?

Ans.

Event Management pertaining to Official Functions	Charges payable per occasion /per project (as applicable) excluding all Govt. Taxes.
Without inviting Competitive quotations	Up to Rs. 1.0 Lakh.
Through Competitive quotes from the market (Quotation notice to be placed in the website /newspaper)	Over Rs 1.0 Lakh and upto Rs 5.0 Lakh

Tender in Newspaper/Website	Over Rs. 5.0 Lakh

29. Which are the contracts wherein "Cut Off" Limit is not recommended?

Ans. A. Maintenance / Repairs to Vehicles/Equipment.
B. Any emergency works wherein the Business of the bank is affected.
C. Maintenance/Repairs to machinery like Diesel Generator / Photocopier / Fax / IT/Water Purifiers etc.
D. AMC when the product is under OEM's control
E. Awarding of Contract on Nomination Basis

30. What are the Selection criteria for consultant under direct negotiation?

Ans. Selection of consultants by direct negotiations / nomination is permissible in terms of Rule 194 of General Financial Rules 2017, under exceptional circumstances, such as-

A. Natural continuation of previous work carried out by the firm.
B. In case of emergency situation, e.g. post natural disaster situation
Situations where the execution of assignment may involve use of proprietary
C. techniques or only one consultant has requisite expertise.
D. Special circumstances, it may become necessary to select a particular consultant where adequate justification is available.

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FAQs on COMPLIANCE POLICY-2023

Q 1.Why compliance should be ensured?

ANS:To ensure strict observance of all statutory, regulatory and other provisions and compliances prescribed by various statutory and other regulators from time to time.

Q 2. What is scope of compliance policy?

ANS: Assessing compliance risk related laws, regulations and standards which are specific to the financial services

Q 3. What are the different categories of compliances that a Bank has to ensure in its functioning?

ANS: Broadly there are three types of compliance functions namely: Statutory Compliance, Regulatory Compliance and Other Compliances, that Banks generally observe and ensure to comply.

Q4. What comes under Statutory Compliance?

ANS: Strict observance of Statutory Provisions contained in various legislations such as Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act etc. comes under Statutory Compliance.

Q5. What comes under Regulatory Compliance?

ANS: Strict observance of Regulatory guidelines issued from time to time by regulators such as RBI, SEBI, IRDA etc. comes under regulatory compliance.

Q6. What comes under Other Compliances?

ANS: Compliance of Standards and Codes Prescribed by IBA, FEDAI, FIMMDA etc. and also bank's internal policies and fair practices code, comes under other compliance.

Q7. Who is responsible for implementing the Compliance Policy in the Bank?

ANS:Compliance Department at Corporate Office is responsible for implementing compliance policy in the Bank, enterprise wise.

Q8. Who can Head the Compliance Department at Corporate Office as per Compliance policy of Bank?

ANS:A senior executive, preferably in the rank of CGM/General Manager or an equivalent position (not below two levels from the CEO), shall be designated as Chief Compliance Officer., who will bear overall responsibility for identification and management of the Bank's compliance risk and supervising the activities of all other compliance function staffs.

Q9.How the level of regulatory and statutory compliance will be assessed by the bank?

ANS: The level of regulatory and statutory compliance will be assessed through the following: Quarterly Online Compliance Certification (NICE)- Normalized individual Compliance Evaluator. As per Ease 4.0,"AP 25" bank has developed an in house portal-NICE jointly with HRM Department for compliance report and certification at individual level. This portal is live from 01.04.2022. As per Board approved Compliance Policy & Compliance Audit testing plan, compliance verification is carried out in 30% of total number of branches, including 5% repeat testing of High-risk category branches.

Q10. Who will be the Nodal Point of Contact between the bank and the regulator?

ANS: The Chief Compliance Officer shall be the nodal point of contact between the Bank and the regulators.

Q11.What is the periodicity of Compliance certificate Submission by branches?

ANS:Branches shall submit compliance certificate on quarterly basis.

Q12. Who will be the designate Officer as Compliance Officer at FGMO/Zonal office?

ANS:ZO shall designate officer in the rank of not less than Scale-II (Scale II / III) as Compliance Officer at Zonal Office. FGMO shall designate officer in the rank of not less than Scale III (Scale III/IV) as compliance officers at FGMO, who will report to CCO on compliance matter.

Q13. What are the duties of Compliance Officer at FGMO/Zonal Office?

ANS: The Compliance Officer at FGMO/Zonal Office will submit on-line Compliance report on status/extent of Compliance to CO/Compliance Department at quarterly **i**ntervals**.** The compliance officer at FGMO, in addition to the FGMO level compliance functions, will monitor the proceedings of Zonal Level Compliance Committee reports of the Zones coming under their jurisdiction.

Q14. Who will perform the role of Compliance officer in Subsidiaries?

ANS: In respect of Subsidiaries the President/Managing Director of these entities will designate the second in command/suitable Officer to perform the role of Compliance Officers for the respective entities.

Q15. Who will be the Compliance Officer at branches?

ANS: ABM/Second line official will be the compliance officer at branches. In Single man branches, the BM/Officer in charge of the branch will perform the role of compliance officer.

Q16. What are the duties of Compliance Officer at branches?

ANS: The Compliance Officer at branches shall submit the quarterly online compliance report on Compliance/non-compliance of various issues to CO: Compliance Department. In addition, Compliance Officer in each branch shall submit a Monthly Compliance Certificate to Zonal Office.

Q17. Who designates Compliance officer in Foreign Branches?

ANS: The Compliance Officer will be designated by respective CEOs/Appointing authorities in consultation with Corporate Office and for Gift city branch ABM shall be designated as Compliance Officer.

Q18. What are the duties of Compliance Officer at Foreign branches?

ANS: The Compliance Officer will ensure that all regulatory guidelines of the Host country and Home country are complied with. They shall submit monthly/quarterly compliance report to CO/International division.CO/ International division will oversee functions in coordination with the Foreign branches and report compliance to Co/Compliance Department.

Q19. What is Compliance Risk?

Ans: Compliance Risk is the risk of legal or regulatory sanctions, material financial loss or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to its banking activities.

Q20. What is Legal Risk?

ANS: Legal Risk is the risk of financial or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to your business, its relationships, processes, products and services.

Q21. What is Reputational Risk?

ANS: Reputational risk refers to the potential for negative publicity, public perception or uncontrollable events to have an adverse impact on a Bank's reputation, thereby affecting its revenue.

Q22. Define some of the tools for identification of Compliance Risk.

Ans:

1. Deficiencies on compliance aspects as reported in Risk Based Internal Audit of Branches.
2. Deficiencies on compliance aspects as reported in Concurrent Audit Reports.
3. Deficiencies on compliance aspects as reported in inspection / audit reports of Zonal Offices / FGMOs / various Departments at Corporate Office.
4. Feedback received from Zonal Level Compliance Committees on quarterly basis.
5. Calendar of reviews submitted to Board and Board Level Committees by various CO Departments.
6. Various guidelines / circulars received from RBI / Govt. / IBA vis-a-vis Action Taken Report by the concerned CO Departments.

7. Monthly feedback report from CO departments on warnings / show-cause Notices / penalties imposed and paid.

8. Deficiencies on compliance aspects observed during visit of Branches / Zonal Offices / FGMOs by the ZO / FGMO / CO officials.

9. Control returns / statements submitted by ZOs to CO and by various Departments of Corporate Office to RBI.

10. Feedback received from various levels during meeting / workshop etc.

11. Information collected through online Compliance templates from Branches and Administrative Offices.

12. Control Gaps pointed out by RBI in Risk Assessment Report.

13. Audit findings in statutory audit reports LFAR.

14. Online compliance report checking by officers from Branch / ZO / FGMO / CO departments

15. Tranche III – Compliance Testing.

16. Offsite testing results.

Q23. What is the relationship exists between Internal Inspection (audit) function and compliance function?

Ans: At the top management / senior management level supervision of compliance function and internal audit function will be well segregated.

General Manager (Inspection & Audit) will perform the Senior Management function in the matter of internal inspection whereas Compliance Functions will be carried out by Compliance Department under supervision CCO in Top Management grade.

Q1. What is the Risk culture statement of the bank?

Ans: Encouraging a holistic approach to the management of risk and return throughout the bank, within the risk management frame work; and continuously monitoring and managing the risk across the bank‖

Q2. What is Near Miss Event?

Ans: The term Near Miss Event is an operational loss event, where the event did not conclude as a loss or damage, but has potential to do so. Eg. The amounts lost and recovered before the close of business the same day may be treated as near miss events. Branch Managers are responsible to submit data in BBMIS portal (Report ID 507), as and when the events occur.

Q3. What is the operational risk appetite of the Bank?

Ans: One Percentage of Gross income of previous year excluding credit fraud loss is the operational risk appetite of the Bank. In case of any breach in the limit, it has to be reported to ORMC and RMC with necessary action plan and then obtain ratification from Board.

Q4. What is Operational Risk Management framework?

Ans: Operational Risk Management is the process of identification, assessment & measurement, monitoring, and mitigation of Operational Risk on a regular basis, consistently and timely.

Q5. What is Risk Identification?

Ans: Risk identification relates to the Identification of Operational Risks across various products and processes. The Bank will regularly identify operational risks inherent in all its existing as well as new products/processes/activities/systems Risk Control Self- Assessment shall be adopted by the Bank as a primary tool for process and methodology for identifying and assessing of risk and controls.

Q6. What are the categories of Operational risk?

Ans: In order to provide clarity and a consistent language around Operational Risk Management, the Bank, shall classify Operational Risk loss into two primary categories: **Loss events and Business Lines**.

Q7. How is risk categorized in terms of Severity and Frequency Matrix?

Ans: The operational risk exposure is assessed using matrix of severity of impact and frequency of occurrence. Severity is the loss amount/ potential loss amount that the operational risk event is exposed to when the risk event materializes. Frequency is the number/ potential number of error events that the product type / risk type point is exposed to all risk events are categorized under one of the four categories, namely high frequency-high severity, high frequency-low severity, low frequency- high severity, low frequency-low severity in the decreasing order of the risk exposure.

Q8. What is the threshold for all operational risk loss events?

Ans: The threshold for all operational risk loss events is Rs.10000.00, which need to be reported immediately to the CO:RMD department for analysis and for reporting to ORMC/Top Management. The Business Unit shall undertake a detailed root cause analysis (RCA) along with the proposed corrective action and submit to CO:RMD for monitoring. Other Operational Risk loss events below the threshold limit need to be collected at regular intervals i.e. on quarterly basis by CO:RMD department from all the departments at corporate office and branches. The consolidated report shall be submitted to ORMC & RMC on quarterly basis.

Q9. How the bank will account for the losses?

Ans: The Bank will account for the losses in two main GL codes.

1. Operational Risk Losses due to frauds
2. Operational Risk Losses due to non-fraud events

Q10. What is KRI?

Ans: KRIs are early warning signals, to monitor and operational risks that are reaching beyond acceptable levels. CO: RMD shall also be responsible for implementation of Key Risk Indicator (KRI) framework and communication of the results of the KRI monitoring to ORMC by way of reports. CO: RMD shall also be responsible for ensuring that breaches of acceptable tolerance levels for the KRIs triggers ‘alerts to the concerned stakeholders like Business Heads/Support Function Heads, Senior Management, etc.

Q11. Why Monitoring of operational Risk Process is essential?

Ans: Monitoring of Operational Risk process is essential for adequately managing the Risk. CO:RMD shall regularly monitor the Operational Risk profile and material exposures to losses on a quarterly basis. The risks identified by the Business units through RCSA shall be monitored through Key Risk Indicators (KRIs) by the respective functional departments and reviewed by CO:RMD.

Q12. What is credit spurt monitoring and what is threshold?

Ans: Credit spurt monitoring shall be done on a quarterly basis by ORM Department with a threshold grade of 10% increase in advance, and Zonal Offices shall do credit spurt analysis on a weekly basis for all accounts. An increase of more than 10% in gross advances of a branch over previous week is considered as- Credit Spurt for zones.

Q13. What are the various measures adopted by the bank to mitigate/manage Key operational risk?

Ans: Risk mitigation encompasses the various measures adopted by the Bank to mitigate/ manage key Operational Risks and tracking of mitigation mechanism for the risks that are to put in place for the risk levels to stay within acceptable tolerance levels. The Bank views risk mitigation as complementary to, rather than a replacement for, internal operational risk control. The Bank shall control / mitigate the operational risk broadly through Internal Control, Business Continuity Planning and Insurance.

Q14. What are the internal control measures to mitigate risk?

Ans: The internal control measures to mitigate risk is as undermentioned:

1. Loss due to internal factors like employee fraud or product flaws, will be mitigated through strong internal auditing procedures.

2. The framework of formal, written policies and procedures will be reinforced through a strong control culture that promotes sound risk management practices.

3. Annual review of the Whistle Blower Policy and effective implementation for unearthing unethical practices/ incidents.

4. While travelling in group by the same carrier, number of top executives (i.e. MD & CEO, EDs and GMs) should not be more than 8.

5. Employees working in identified sensitive area of operations (viz. treasury, currency chest, branches, etc) are to avail themselves of certain days of mandatory leave in a financial year. The same to be guided as directive issued by CO:HRM Department from time to time.

6. Job rotation should be carried as per directives issued by CO: HRM Department

7. The Bank has an independent Vigilance department and Anti fraud cell for Fraud prevention, detection and investigation.

8. In addition to the above risk mitigation methods, CO:RMD also provides periodic trainings to the Bank‘s employees to generate awareness and communicate any updates about Operational Risk Management.

9. e-Pathashala, a mobile application is operational for e learning of employees of the Bank

10. Offsite Monitoring Software is operational for all Branches / Offices.

11. Enterprise Fraud Risk Management (EFRM) solution has been integrated with various channels of the Bank on Real time or Near Time Basis, to help prevention or early detection of frauds.

12. The Bank has limited outsourced activities; however as outsourcing also entails various types of risks including operational risks, the Bank has put in place a policy on Outsourcing Policy to this effect.

13. Bank has put in place a structured review process to manage/ mitigate inherent risks relevant to new products / processes and changes in existing products / processes.

14. Premises and Security Department lays down and monitors the physical security standards of the Bank.

15. The Bank has IT Security Policy, Fraud risk Management Policy and various other guidelines on systems and procedures to mitigate the information technology security related risks.

Q15. What are the measures through Business Continuity plans to mitigate risk?

Ans: Losses that might arise from business disruptions due to telecommunication or electrical failures are mitigated by establishing redundant backup facilities.

Individual Units will develop contingency arrangements and Business Continuity Plans (BCP) as per the Business Continuity Policy of the Bank to ensure continuity of operations in the event of a disaster / disruption, so as to restrict direct and indirect loss that could be incurred in the event of severe business disruption

Q16. How risk can be mitigated through insurance policy?

Ans:

1. Incidental losses/ losses on account of natural disasters are insured and mitigated.

2. The insurance is provided by a third-party entity. In the case of insurance through captives and affiliates, the exposure has to be laid off to an independent third- party entity, for example through re- insurance that meets the eligibility criteria.

3. The insurance policy may exclude any fine, penalty, or punitive damages resulting from action of any regulatory authority.

Q17. What is Internal Fraud?

Ans: Losses or potential losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity / discrimination events, which involves at least one internal party.

Q18. What is External Fraud?

Ans: Losses or potential losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.

Q19. What are the losses related to Employment Practices and Workplace Safety?

Ans: Losses or potential losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity / discrimination events.

Q20. What are the losses related to Clients, Products & Business Practices?

Ans: Losses or potential losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.

Q21. What are the losses related to Execution, Delivery & Process Management?

Ans: Losses or potential losses from failed transactions processing or process management, from relations with trade counterparties and vendors.

Q22. What is the threshold level?

Ans: In simple terms a threshold level is a measure which determines the seriousness/probability of a risk materializing. Thresholds determine how well the Bank's operational activities are managed.

Q23. What are key risk indicators and name the categories of risk indicators?

Ans: These are early warning signals, which enable management to monitor and mitigate operational risks that are reaching beyond acceptable levels. These are statistics and / or metrics, which can provide insight into a bank's operational risk profile and its changes.

Branches have to attend to the outcome thrown by In house application on Key Risk Indicators developed by CO:RMD.

As per the risk appetite, thresholds would be set for each Key Risk Indicator for the following categories.

i. **Red**: Highlights the need for immediate resolution

ii. **Amber**: A potential problem, and which require further review and analysis

iii. **Green**: No immediate concern.

Q24. What are the preventive/ lead indicators?

Ans: Preventive/ lead indicators are KRI that indicate increased probability of happening of a risk event and are useful in initiating preventive measures. Using staff turnover again as a fairly simple example, this indicator would measure the risk of processing errors by employees who are fairly new to the task, especially in specialized areas like treasury, corporate credit, etc. A preventive KRI would be the tracking of the number of key personnel not undergone training. Preventive / Lead indicators reflect to an extent, the probability of occurrence of a risk /Loss event.

Q25. What are detective/ lag indicators?

Ans: Detective/ lag indicators are indicators that are triggered once a risk / loss event occurs.

Q26. How KRI is identified?

Ans: The starting point of identification of KRI is identification of risks. This can be achieved by conducting an RCSA exercise through which various operational risks are identified for product/ process in business lines and are assessed for probability and impact. Loss data analysis is a source of identification of key risks. The inherent risk rating & residual risk rating of operational risk would serve as an indicator in identification of KRI. The Bank would also look at Key Performance Indicators (KPI's) to identify risk indicators which will essentially track risk drivers which could affect the business objectives. Control deficiencies identified during the RCSA exercise also serve as a base to identify KRI.

Q27. What are the responsibilities of Business Unit Head/ Branch Managers in terms of Operational Risk?

Ans: Business Unit Heads are responsible for managing the operational risks. They are ultimately responsible for implementation of sound risk management practices and any resulting impact for operational losses. To support this responsibility, they will have the following responsibilities related to operational risk management.

Loss Events- Identification of loss events within the businesses and regular reporting of these events, the details, amounts and circumstances to ORMD on a complete and timely basis.

Risk & Control Self-Assessment (RCSA)- Responsible for the timely completion of self-assessments exercise rolled out to the branches

Key Risk Indicators (KRI)- Submit KRI data in CORE software and report to Zonal Operational Risk Officers and/or ORMD

Near Miss Events- Branch Managers are responsible to submit data in CORE Software and BBMIS (507) template as and when the events occur Risk Ownership - Take ownership of the operational risks faced in their departments/businesses

Root cause analysis- Assist in Root cause analysis of Fraud, Loss events &Near Miss events

Provisions- Provide provisions for Fraud & Loss events in conjunction with the Inspection team / Vigilance department / Accounts Department

Risk Mitigation- Develop strategies for the mitigation of risk where required (or managing those risks deemed to be acceptable).

Q28. What is NPPAC?

Ans: NPPAC is New product process Approval Committee. Risk Management Department is required to assess the Operational Risk inherent in New products/processes/activity which are proposed to be launched by the bank. Considering numerous advantages embedded in switching over to digital mode, NPPAC portal is introduced by CO:RMD. This portal is useful for tracking the status of the product/process at various committees and ensure timely submission of review note (6 months post launch).

Q29. Which is the prescribed approach by RBI for capital computation for operational risk?

Ans: Basic Indicator Approach is the RBI prescribed approach for (BIA) for computing the capital requirement for operational risk.

Q30. What is Residual Risk?

Ans: Residual Risk is the risk that is not sufficiently eliminated after considering the control mechanisms or mitigating characteristics of the existing control. The residual risk score would be derived by dividing the Inherent Risk Score with Overall Control Score.

Q31.What are the elements of operational loss events?

Ans: Any operational loss event would have three elements viz loss event type, causes of the loss and the loss effect.

Q32. What are the loss event types?

Ans: Internal Fraud, External Fraud, Employment Practices and Workplace Safety, Clients, Products & Business Practices, Damage to physical assets, Business disruption & system failures, Execution, Delivery & Process Management.

Q33. Name two Examples of operational risk loss-events that manifest themselves in market risk.

Ans:

i. Market losses resulting from trading products for which the dealer had no authorization.
ii. Unwanted positions resulting from the inappropriate entry and acceptance of Orders into electronic trading systems.

Q34. What are the roles and responsibilities of risk management committee?

Ans:

i. Regularly review various Operational Risk related issues and incidents, and focus on any important issues requiring attention at the policy or process level.
ii. Review profiles of Operational Risk throughout the organization.
iii. Approve and review the development and implementation of Operational Risk Methodologies and Tools.
iv. Monitor and oversee the implementation of the Operational Risk Management Framework in the Bank.
v. Ensure and assess the effectiveness of internal control systems of the Bank.
vi. Review the Operational Risk Management Policy and recommended to the Board for approval on yearly basis.

Q35. What are roles and responsibilities of ORMC?

Ans:

i. Receive and review reports/ presentations from the business lines and other areas about their risk profile and mitigation programs.
ii. Analyze frauds, potential losses, non-compliance, breaches etc. and recommend corrective measures to prevent recurrences.
iii. Review the risk profile, understand future changes and threats, and prioritize action steps.
iv. Monitor and ensure that appropriate operational risk management framework is in place.
v. Review and manage potential risks which may arise from regulatory changes/ or changes in economic / political environment in order to keep pace with the required changes.
vi. Discuss and recommend suitable controls measures for managing operational risk.

vii. Discuss and recommend suitable controls/ mitigations for gaps identified through RCSA (Risk and control self assessment) exercise and approve RCSA plan coverage.
viii. Review and approve the development and implementation methodologies for Key Risk Indicators.
ix. Analyze operational loss data in Eight Business Line and Seven Loss Events (8*7 matrixes) under frequency and severity. • Inculcate operational risk culture and awareness across the Bank.
x. Ensure adequate resources are being assigned to mitigate risks as needed.

Q36. What are specific activities of the CO: RMD ?

Ans: Risk and Control Self- Assessment- CO: RMD shall be responsible for designing the RCSA framework, training the departments, facilitating and ensuring self-assessments for identifying risks and controls periodically in the business and support functions in the Bank. Action points emanating from RCSA results may be implemented by the respective Functional/Supporting Department, FGM office/Zonal office and as per the agreed timeline. Results of these assessments must be compiled and communicated to the ORMC on periodic basis. CO: RMD is also responsible for maintaining RCSA documentation for review by external and internal audits. For support functions like Human Resource, Accounts department etc, RCSA exercise will be conducted once in 24 months, unless there is substantial change or deficiency in the functions impacting its risk and control profile.

Q37. What is KRI portal?

Ans: An In-house application on Key Risk Indicators is developed for monitoring KRIs at field as part of dynamic monitoring. Data flow in KRI portal is automated and uploaded on monthly basis.

Q38: What are loss events?

Ans: Identification of loss events within the businesses and regular reporting of these events, the details, amounts and circumstances to CO: RMD on a complete and timely basis (BBMIS 507 template). This assumes elevated attention in view of RBI’s revised draft guidelines on minimum capital requirements for Operational risk.

Q39. Define Risk ownership, Root cause analysis, Provisions, Risk mitigation?

Ans:

i. Risk Ownership - Take ownership of the operational risks faced in their departments/businesses.
ii. Root cause analysis - Assist in Root cause analysis of Fraud, Loss events & Near Miss events.
iii. Provisions - Provide provisions for Fraud & Loss events in conjunction with the Inspection team / Vigilance department / Accounts Department.
iv. Risk Mitigation – Develop strategies for the mitigation of risk where required (or managing those risks deemed to be acceptable).

Q40. What is Operational Risk Appetite of the Bank (Risk Tolerance)?

Ans: Overall losses due to operational risks excluding credit related operational loss of current financial year (in INR crore) - 1% (One percentage) of Gross income of previous year

Q41. What is the role of Audit & inspection department in managing operational risk?

Ans: The internal audit department is responsible for the following:

(1) Perform regular reviews of the Operational Risk management processes and measurement systems and the internal/external validation of the Operational Risk Management Framework.

(2) Share audit findings and observations with CO: RMD as a background for facilitating risk assessments.

(3) Report any non-compliance for the policy requirements to the ORMC/RMC/ACB

(4) RCSA outcome and KRI to be perused by Branch Inspector & observation to be provided.

Q42. What is the minimum capital requirement required for operational risk as per latest RBI guidelines?

Ans: As per RBI's draft guidelines dated 15.12.2021 on "Minimum Capital Requirements for Operational Risk", existing BIA will be replaced with the new standardized approach (Basel III Standardized Approach) with effect from 01.04.2023.

Q43. What are the key elements in Bank's RCSA process?

Ans: Key elements in the Bank's RCSA process include:

I. Identification and assessment of inherent risks;

II. Identification of the specific controls;

III. Assessment and rating of the controls;

IV. Assessment of residual risk;

V. Monitoring and

VI. Reporting

Q44. How risks identified will be classified?

Ans: Risks identified will be classified in as People risk, Processes risk, Systems risk or External events.

Q45. Give examples of operational losses caused by a common underlying trigger?

Ans. All operational losses caused by a common underlying trigger or root cause shall be grouped into one operational loss event. Two examples of losses with a common underlying trigger or root cause, which should be grouped into a single loss event:

• A natural disaster causes losses in multiple locations and/or across an extended time period.

• A breach of a bank's information security results in the disclosure of confidential customer information. As a result, multiple customers incur fraud-related losses that the bank must reimburse. This is sometimes accompanied by remediation expenses such as credit card re-issue or credit history monitoring services.

Q46. What are examples of Operational Risk?

Ans:

i. Systems
ii. People
iii. Process
iv. External Events

Q47. What are examples of People Risk?

Ans.

i. Man Power Shortage
ii. Unethical Behavior
iii. Internal Fraud
iv. Skill Deficiency
v. Customer Complaint on employee behavior
vi. Employee Attrition

Q48. What are examples of Process Risk?

Ans:

i. Regulatory Penalities
ii. Documentation Errors
iii. KYC/ AML Failures
iv. Service Complaints
v. External Fraud

Q49. What are examples of System Risk?

Ans.

i. System bugs/ Program Errors
ii. Failed Transactions
iii. Digital banking failure
iv. Hardware failure

Q50. What are examples of External Events Risk?

Ans:

i. Natural Calamities
ii. Theft/ Robbery
iii. Antisocial Elements
iv. Cyber Attack

What will be the reserve price for first sale?

- ✓ For the first sale Realizable Value will be the Reserve Price.
- ✓ Where two valuations have been obtained Reserve Price should be the highest of Realizable value mentioned in the two reports.

When can sale through Private Treaty be enforced?

Private Treaty is for all practical purposes a Resale, can be resorted to after having exhausted public auction mode at least twice.

What would be the sharing pattern among the member banks under consortium arrangement if recovery is there from sale of assets by invocation of SARFAESI Act?

As per the SARFAESI Act, any secured lender is not entitled to exercise the power of enforcement of Securities under Section 13 (4) of the Act unless Secured Creditors representing not less than 60% in value of the amount outstanding (the total amount due to be payable) agree/consent for such action under Section 13 (9) of the Act. This consent is required only at the stage of taking possession and further proceedings and not at the stage of issuance of Demand Notice. Under consortium arrangement, the Securities are charged between the Member Banks according to the pattern of finance either as Working Capital or Term Loan or both. Generally, the exposure of Commercial Banks is for the working capital, with the term lending institutions (FIs) extending finance for acquiring Fixed Assets. The charge on assets are also under the same pattern, ie., the Banks/FIs extending finance for fixed assets get the first charge on all fixed assets and Banks extending working capital finance get first charge on current assets and second charge on Fixed Assets. In normal Recovery Proceedings, the 2nd Charge holders get only residual value, if any after complete settlement of dues to the 1st Charge holders. However, in the case of recovery under SARFAESI Act, as consent of 2nd charge holder is also required, the 1st Charge Holder / 2nd charge holder under consortium have started following a practice of apportioning the sale proceeds in an agreed ratio. The approving authority for such proposals (apportioning the sale proceeds at a specified ratio as agreed among the lenders) is as under:

Details	Approving Authority
For accounts sanctioned upto COLCC (GM) level	Respective sanctioning authority

For accounts sanctioned upto COLCC (GM) level	Respective sanctioning authority

What is Swiss Challenge Method?

Swiss Challenge Method (SCM) is a transparent price discovery mechanism with features of both an open auction and a closed tender for an asset. The proposal for Swiss Challenge Method can be considered only after having exhausted public auction mode at least twice.

What is policy e-auction service provider?

Ministry of Finance (MOF) Dept of Financial Services (DFS) in the year 2012 advised all Public Sector Banks / DRTs / DRATs to resort to e-auction mode of sale to control cartels / groups since general public were not allowed to freely participate in these auctions.

The concept of e-auctions was introduced with a view to conduct free, fair and transparent auctions. The procedure suggested was that after issue of sale notice for auction, the concerned Bank shall arrange for e-auction through any of the service providers with whom the Bank has executed necessary agreement.

Therefore, with effect from August 1st 2012, e-auction mode has come to be adopted in for DRT as well as SARFAESI auctions.

After a series of discussion all member Banks agreed to include MSTC Ltd as e-auction service provider for all PSBs to provide common landing platform e-Bikray.

What is fee payable to recovery agent?

Table (a)

Recovery	Amount payable on the amount realized on sale of assets and also on recovery made for the upgradation/closure of accounts.
Recoveries up to Rs. 1.00 lakh	10 %
Above Rs.1.00 lakhs and up to Rs.25.00 lakhs	Rs.10,000/- plus 6 % over and Above Rs.1 lakh
Above Rs.25.00 lakhs and up to Rs.100.00 lakhs	Rs.154000/- plus 5 % over and Above Rs. 25.00 lakhs
Above Rs.100 lakhs	Rs.529000/- plus 3 % over and Above Rs. 100 lakhs

**The total fee payable per account is capped at Rs.15.00 lakhs

(b) Unsecured Loans: - For Salary loans, personal loans etc. where no security is available the fee payable is fixed at **10.00 %** of the recovery. (Revised from 2.50%) The total fee payable under this category shall not exceed Rs.10.00 lakhs.

Authority for cost of insurance for unit/RP cover –

The Competent Authority for approval of cost insurance for unit's /RP liability cover is FGM. But for SAM Large / LCB / other Branches headed by DGM/AGM - Branch Head.

Can approve full write off of accounts classified as fraud/Malfeasance/ Wilful Default/ Non cooperative borrower/under investigation by CBI/PIL:

Management Committee of the Board (MCB)

Can consider full write off in all cases irrespective of whether provision is available or not within their discretionary powers. Cases where no provision is available can also be considered by COLCC (GM) and above :

Cases where no provision is available can also be considered by COLCC(GM) and above.

Is there a NPA Management Policy for Overseas Branches and Gift City Branch?

The Recovery Policy for foreign Branches, is spelt in the following 4 parts

1. Policy for Singapore Branch
2. Policy for Sri Lankan Branches
3. Policy for Gift City Branch
4. Others – Common for all the Foreign Branches and Gift City Branch.

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1) **Who is a Beneficial Owner of an account?**

Ans: a) If the Customer is a Company the beneficial owner is the natural person, who whether acting alone or together or through one or more judicial persons, has/have a **<u>controlling ownership interest</u>** or who exercise control through other means.

For the Purpose of this Sub clause:

1. **"Controlling Ownership Interest‖**: It means ownership of/ entitlement to more than 10% of Shares or capital or profits of the Company.

2. Control shall include the right to appoint majority of directors or to control the management or Policy decisions by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

b) If the Customer is partnership firm, the beneficial owner is the natural person, who whether acting alone or together or through one or more judicial person, has/have ownership of entitlement to more than 10 percent of the property or capital or profits of the partnership.

c) If the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s) who whether acting alone or together, or through one or judicial person has/have ownership of entitlement to more than 15 percent of property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term "body of individuals' includes societies, where no natural person is identified under (a),(b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

d) If the Customer is a trust, the identification of beneficial owner shall include identification of author of the trust, the trustee the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

2) **What are the Officially ValidDocument?**

Ans: Officially Valid Document (OVD) means :

1) Passport

2) The driving license

3) Proof of possession of Aadhaar number

4) The Voter‗s identity card issued by the Election Commission of India

5) Job card issued by NREGA duly signed by an officer of the State Government

6) Letter issued by National Population Register containing details of name and address.

If the OVD furnished by the customer does not have updated address, the following documents or equivalent e -documents thereof shall be deemed to be OVDs for the limited purpose of proof of address.

a) Utility bill not more than two months old.(Electricity, telephone, post paid mobile phone, piped gas, water bill)

b) Property or Municipality Tax receipt.

c) Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address

d) Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, Public sector Undertaking, Scheduled commercial banks financial institutions and listed companies.

The customer shall submit OVD with current address with in a period of three months specified as proof for current address.

If the OVD presented by Foreign national doesn‗t contain the details of address, the documents issued by Govt. Departments of foreign jurisdiction and letter issued by Foreign Embassy or Mission in India shall be accepted as a proof for address.

3) **What is the meaning of Suspicious Transaction?**

Ans: Suspicious transaction means transaction as defined below including attempted transaction whether or not made in cash which to a person acting in good faith:

a) Gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in schedule to the Act regardless of the value involved or

b) Appears to be made in circumstances of unusual or unjustified complexity; or

c) Appears to not have economic rationale or bona-fide purpose; or

d) Gives rise to a reasonable ground of suspicion that it may involve financing of activities related to Terrorism.

4) What is FATCA?

Ans: FATCA means Foreign Account Tax Compliance Act (FATCA) of the United States of America(USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers of foreign entities in which U.S. tax payers hold a substantial ownership interest.

5) What is the meaning of "Regulated Entities"?

Ans: Regulated Entities means

a) All Scheduled Commercial Banks, Regional Rural Banks, Local area Banks, All Primary(Urban) Co operative Banks, State/Central Co - operative Banks and any other entity which has been licensed under Sec 22 of Banking Regulation Act,1949 which as a group shall be referred as 'banks'

b) All India FinancialInstitutions(AIFIs)

c) All NonBanking Finance Companies (NBFC)s, Miscellaneous Nonbanking Companies(MNBCs)& Residual non bankingCompanies(RNBCs)

d) All payment system providers (PSPs)/System Participants (SP)s & Prepaid Payment Instrument issuers.

e) All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.

6) What are Key elements of KYCPolicy?

Ans: The KYC policy includes the following Four Key elements.

a) Customer Acceptance Policy;

b) Risk Management;

c) Customer Identification Procedures;

d) Monitoring of Transactions.

7) What is periodic updation in Accounts?

Ans: Bank shall adopt a risk based approach for periodic updation of KYC. However, periodic updation shall be carried out at least once in every two years for High risk customers, once in every eight years for Medium risk customers, once in every ten years for low risk customers from the date of opening of account/last KYC updation.

i. Individual Customers:

a) No change in KYC information: In case of no change in the KYC information, a self- declaration from the customer in this regard shall be obtained through customer�much email- id registered with the Bank, customer‛s mobile number registered with the Bank, ATMs, digital channels (such as online banking / internet banking, mobile application), letter etc.

b) Change in address: In case of a change only in the address details of the customer, a self-declaration of the new address should be obtained from the customer through customer's email-id registered with the Bank, customer's mobile number registered with the Bank, ATMs, digital channels (such as online banking / internet banking, mobile application of Bank), letter etc., and the declared address should be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc. Further, branches at their option, may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, for the purpose of proof of address, declared by the customer at the time of periodic updation, if required.

c) Accounts of customers who were minor at the time of opening account on their becoming major: In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD standards are available with the branches. Wherever required, branches may carry out fresh KYC of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major.

ii. Customers other than individuals:

a) No change in KYC information: In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the Bank, ATMs, digital channels (such as online banking / internet banking, mobile etc.), letter from an official authorized by the LE in this regard, board resolution etc. Further, branches shall ensure during this process that Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to- date as possible.

b) Change in KYC information: In case of change in KYC information, branches should undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

8) What is the account Opening procedure for Politically Exposed Persons (PEP)?

Ans: Bank shall have the option of establishing a relationship with PEPs provided that

a. Sufficient information including information about the sources of funds of accounts of family members and closed relatives gathered on PEP.

b. The identity of the person shall have been verified before accepting the PEP as a Customer.

c. The decision to open an account for a PEP is taken at the level of Zonal Office in accordance with the Banks' Customer Acceptance Policy.

d. All Such accounts are subjected enhanced monitoring on an on-going basis.

e. In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, approval from Zonal Office is to be obtained to continue the business relationship;

f. The CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

9) What is the Procedure for Customer Due Diligence for an Individual?

Ans: For undertaking CDD, Bank shall obtain the following from an individual while establishing an account based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity

a) The Aadhaar number where,

A. He is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016);or

B. He decides to submit his Aadhaar number voluntarily to a bank or any RE notified under first proviso to sub-section (1) of section 11A of the PML Act;or

C. The proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and

i) PAN No or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962

ii) Such other documents including in respect of nature of business and financial status of the customer or the equivalent e-documents thereof as may be required by the Bank.

10) What are the due diligence procedure for opening an account of Sole Proprietary firms?

Ans: For Opening an account in the name of Sole Proprietary firms, CDD of individual shall be carried out. In addition two of the following documents or e- documents there as a proof for business/ activity in name of Proprietary firms are required:

a. Registration Certificate
b. Certificate /License issued by Municipal authority under Shop & establishment act.
c. Sales& income tax return.
d. CST/VAT/ GST certificate (provisional/final).
e. Certificate/registration document issued by Sales Tax/Service Tax/ Professional Tax authorities.
f. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
g. Complete Income Tax Return (not just the acknowledgement) in the name of the sole Proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.

h. Utility bills such as electricity, water, landline telephone bills, etc.

In cases, where Bank is satisfied that it not possible to furnish two such documents, Bank may, at its discretion, accept only one of those documents as proof of business/activity.

Provided, Bank undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm and shall confirm and satisfy itself that the business activity has been verified from the address from the proprietary concern.

11) What is the Meaning of Designated Director?

Ans: Designated Director means person designated by the Regulated Entity to ensure overall compliance with obligation imposed under chapter IV of PML act and rules shall include:

a) The Managing Director or a Whole time director duly authorised by the Board of Directors, if RE is a Company.

b) The Managing Partner if the RE is a partnership firm

c) The Proprietor, if the RE is a proprietorship concern.

d) The Managing Trustee, if the RE is a trust

e) A person /individual who controls or manages the affairs of the RE, if the RE is an unincorporated association or a body of individuals

f) A person who holds the position of senior management or equivalent designated a 'Designated Director' in respect of Cooperative Banks & Regional rural Banks.

12) What is the meaning of Digital KYC?

Ans: Digital KYC means capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out along with latitude& longitude of the location where such live photo is being taken by an Authorised of the RE as per provisions contained in the Act.

13) What is meaning of Non Profit Organisations?

Ans: Non Profit Organisation means any entity or organization , constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-Tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013).

14) What do you mean by Principal Officer?

Ans: Principal Officer means an officer nominated by Regulated entity, responsible for furnishing information as per Rule 8 of the Rules. Bank should appoint a senior management officer to be designated as Principal Officer. Bank should ensure that the Principal Officer is able to act independently and report directly to senior management or to the Board of directors. Principal Officer shall be located at Head Office / Corporate Office of the Bank and shall be responsible for monitoring& reporting all transactions and sharing of information as required under the law. The Principal Officer will also be responsible for timely submission of CTR, STR, CWTR and reporting of counterfeit currency notes and all transactions involving receipts by non-profit organisations of value more than Rupees Ten Lakh or its equivalent in foreign currency to FIU-IND.

15) What is Video based Customer Identification Process?

Ans: Video based Customer Identification Procedure(V CIP) is an alternate method of customer identification with facial recognition and customer due diligence by an authorized official of the bank by undertaking seamless, secure, live, informed consent based audio – visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such process complying with prescribed standards and procedures shall be treated on par with face to face CIP.

16) What is "IGA"?

Ans: "IGA" means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.

17) What are the due diligence norms for Self Help Groups(SHGs)?

Ans: a) CDD of all the members of SHG shall not be required while opening the saving bank account of SHG.

b) CDD off all office bearers shall suffice.

c) Customer Due Diligence (CDD) of all the members of the SHG may be undertaken at the time of credit linking ofSHGs

FAQ ON KYC POLICY -2023-24

Prepared by C.Gandhimathi, SM/FIC, STC, Trichy

Vetted by C Ravindra Reddy, STC Vijayawada

1. **How a Corporate Agent undertakes distribution of Life Insurance, General Insurance and Health Insurance Business of different Insurers registered with IRDAI?**

A Corporate Agent undertakes distribution of Life Insurance, General Insurance and Health Insurance Business of different Insurers registered with IRDAI

a) A Corporate Agent (Life), may have arrangements with a maximum of nine life insurers to solicit, procure and service their insurance products, as per IRDAI latest gazette notification dated December 06, 2022.
b) A Corporate Agent (General), may have arrangements with a maximum of nine general insurers to solicit procure and service their insurance products, as per IRDAI latest gazette notification dated December 06, 2022. Further, the Corporate Agent (General) shal solicit, procure and service retail lines of general insurance products and commercial lines of such insurers having a total sum insured not exceeding rupees five crores per risk for all insurance combined.
c) A Corporate Agent (Health), may have arrangements with a maximum of nine health insurers to solicit, procure and service their insurance products, as per IRDAI latest gazette notification dated December 06, 2022.
d) In the case Corporate Agent (Composite), the conditions as specified in clauses (a) to (c) shall apply provided that a Corporate Agent (Composite) may have 7 arrangements with insurers in excess of the ceilings prescribed in (a),(b) and (c), subject to the condition that the total number of arrangements with life, general and health insurers, shall not exceed twenty –seven at any point of time, as per IRDAI latest gazette notification dated December 06, 2022.

2. **What is the scope of Policy on Bancassurance?**

Bank under Registration of Corporate Agents Regulations, 2015 shall have to submit to IRDAI specific policy and guidelines approved by the Board of Directors for the purpose of soliciting, procuring and servicing insurance business under life, general and health segments. This Policy document is primary guiding document encompassing:

a) Manner of adopting philosophy of open architecture.
b) Approach to be followed in having single or multiple tie-ups.
c) Available product mix for customers.
d) Manner of soliciting and servicing insurance products.
e) Efficient Grievance Redressal Mechanism.
f) Reporting in compliance to regulatory guidelines.
g) Compliance of IRDAI ‘Code of Conduct’ for Corporate Agents.
h) Review of the Policy.

3. **What is Open Architecture Model in Bancassurance Policy?**

   Under Open Architecture model, Bank shall endeavor to identify appropriate insurance partners for getting into strategic alliances under each segments viz. Life, General and Health, through which Bank shall explore the opportunities to offer best of the Insurance Products to its customers and simultaneously maximize fee based income for distribution of Insurance products.

4. **What are the benefits that Bank aims to derive from Open Architecture Model?**

a) Customers will have wider choice of products under one roof of the Bank.
b) Retention of our clientele by providing multiple products to our clients under one roof.
c) Augmentation of valuable Non-Interest Income in form of commission through distribution of TPPs.
d) Customers will also get the advantage of competitive pricing for similar product features.
e) Healthy competition amongst Insurers will help in more customer focused approach and lead to better service to Bank's customers.

5. **What are the various Corporate Agency arrangements under the verticals of Life Insurance Business?**
   a) Life Insurance Corporation of India.
   b) SBI Life Insurance Company Limited.
   c) Aditya Birla Sunlife Insurance Company Limited.

6. **What are the various Corporate Agency arrangements under the verticals of General Insurance Business?**

a) United India Insurance Company Limited.
b) Chola MS General Insurance Company Limited.
c) M/s Universal Sompo General Insurance Company Limited.

7. **What are the various Corporate Agency arrangements under the verticals of Health Insurance Business?**

a) Niva Bupa Health Insurance Company Limited.
b) Chola MS General Insurance Company Limited.
c) M/s Universal Sompo General Insurance Company Limited.

8. With which Insurers our Bank has tie-up arrangement for Group Credit Life Insurance coverage?

a) Kotak Life Insurance Company.
b) PNB Metlife insurance.
c) Aditya Birla Sunlife Insurance Co. Ltd.
d) Tata AIA Life Insurance Co Ltd. (Only claim settlement of covered cases, no fresh business)
e) LIC of India. (Only claim settlement of covered cases, no fresh business)

9. With which Insurers our Bank has tie-up arrangement for Group Critical Illness coverage?

a) Chola MS General Insurance Co Ltd.
b) Universal Sompo General Insurance Co Ltd.
c) Niva Bupa Health Insurance Co Ltd.

10. Who is the authority to review the existing arrangement and business prospects and can approve fresh engagement/ disengagement of insurance partners?

MD & CEO may review the existing arrangement and business prospects and can approve fresh engagement/ disengagement of insurance partners. The information of such additions/ modifications in tie-ups will be placed to the Board within 3 months from the date of addition/ modification.

11. What are the various type of Life Insurance Products to be sold & serviced by our Bank as per the extant policy?

Under Life Insurance, Bank shall market Traditional Endowment and Money Back Policies; Term Plans; Single Premium Plan; Whole Life Plan; Whole Life with Endowment option; Child’s Education; Child’s Marriage; Pension and Annuity 11 Plans; Key man policies; ULIPs. Bank would also offer simple Group Credit Life products to compliment certain asset products of the Bank like Housing loan, Education loan, Clean loans etc.

12. What are the various type of General Insurance Products to be sold & serviced by our Bank as per the extant policy?

Under General Insurance, Bank shall canvass Fire and Standard Perils, Marine Insurance, Group Personal Accident Insurance, Group Medical, Travel insurance, Theft, Burglary, Workmen Compensation Policy, Professional Indemnity, Cyber Security; Farmer care; Loan Secure Insurance against Critical Illness and other policies. Bank shall also cover general insurance risks for retail as well as group of customers.

Bank shall solicit, procure and service retail lines of General Insurance products and commercial lines of such insurers having a total sum insured not exceeding Rupees Five crores per risk for all insurances combined.

13. What are the various type of Health Insurance Products to be sold & serviced by our Bank as per the extant policy?

Under Health Insurance, Bank shall market health insurance products like Individual / Group Health insurance, Individual / Group Personal Accident Plan, Top-up and Super Top-up Health Insurance plans and Customized / Co-branded Health Insurance products either with our General Insurance partners or an Independent Health Insurance Company.

14. With which regulatory body Bank is registered as a Corporate Agent for soliciting business under Insurance Products?

Bank is registered with IRDAI as a Corporate Agent under "Registration of Corporate Agents Regulations, 2015" which came into force from 1st April, 2016. The exclusive Corporate Agency code for the Bank is CA0108 which was renewed on 01-Apr-2022 for a period of 3 years till 31-Mar-2025.

15. What is SP with regard to Bancassurance Policy?

Specified Person who will solicit insurance business in compliance to regulatory guidelines of IRDAI.

16. What is the prescribed system that SPs will follow for soliciting business from prospective customers?

The SPs will follow the prescribed system of **NEED ANALYSIS, BENEFIT ILLUSTRATION AND SUITABILITY ASSESSMENT** for prospective customers to offer products matching their needs.

17. Under which guidelines of IRDAI, Bank will make payment for commission, brokerages/ incentives?

Section 10(1)(ii) of the BR Act, 1949 or any other such guidelines issued by IRDAI.

18. Who can act as a Specified Person?

The employees holding a valid COMPOSITE LICENSE issued by IRDAI will act as a Specified Peson.

19. What is the timeframe by the Bank for the redressal of grievances related to Insurance products?

Bank shall take adequate steps for redressal of grievances of the clients within 14 days of receipt of such complaint

20. What is the escalation matrix for customer grievance in Insurance related products?

a) First Level: Bank Branch
b) Second Level: Nodal Officer at Zonal Office Level
c) Third Level: Nodal Officer at Field General Manager Office Level
d) Fourth Level: Nodal Officer at Corporate Office Level
e) Final Level: Principal Officer at Corporate Office Level

21. What are the services offered by our Bank under Wealth Management Services (WMS)?

a) Mutual Funds
b) Demat and Trading services
c) Alternate Investment Funds (AIF)
d) Portfolio Management Services (PMS)
e) Market Linked Debentures (MLD)

22. What are Equity Mutual Funds?

Equity Mutual Funds are mainly invested in the Stock market. They are also called as "Stock Funds". Equity Funds generate higher returns when compared with other fixed-income instruments such as FDs and Debt Funds, however, there is always risk associated with returns. These funds best suited to those investors who are willing to see growth along with higher returns. These funds are further categorized into large-cap funds, mid-cap funds, small-cap funds, sectoral funds, index funds, etc.

23. What are Debt Mutual Funds?

In Debt Mutual Funds investments are made in debt or fixed income securities such as government securities, corporate bonds, and money market instruments. Investors will invest in these funds because they are more risk 3 averse and want to maintain stability in their asset portfolio. And these Debt funds come up with tax deductions and are highly liquid. They are "Safe investment instrument" There are different kinds of Debt funds such as Guilt funds, credit risk funds, floater funds, etc.

24. What are Hybrid Mutual Funds?

Hybrid funds are both the mixture of Equity and Debt funds. The investors invest in these funds to avail the benefits of investing both Equity and Debt. It enables investors to have a diversified portfolio and can have access to different asset classes. The different kinds of Hybrid funds are balanced hybrid funds, Aggressive hybrid funds, and conservative hybrid funds.

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FAQs on Jewel Loan Policy

1. What is the advantage of having Jewels with People?

A. Jewels are the most liquid and precious asset which serves as a dependable and acceptable form of security to raise loans for meeting their immediate financial requirements.

2. Jewel loans are sanctioned against which items?

A. Jewel loans can be sanctioned by the branches against gold ornaments and articles & the gold coins (Gold Coins of 24 carat fineness with 99.999% purity sold by our Bank and other banks up to 50 grams only).

3. What are the different forms of Gold?

A.

Ornament means an object, in a finished form meant for personal adornment or for the adornment of any idol or deity or any other object of religious worship, made or manufactured from gold whether or not set with stone or gems (real or artificial), or pearls (real, culture or imitation) or with all or any of them and includes parts of pendant or broken pieces of ornament.

Article means anything, (other than ornament in a finished form), made or manufactured from or containing gold and includes any gold coin and broken pieces of an article but does not include **primary gold**.

Primary gold means gold in any unfinished or semi-finished form and includes ingots, bar blocks, slabs, billets, shots, pellets, rods, sheets, foils and wires.

4. Jewel loans are sanctioned for which sectors?

A. Jewel Loans can be sanctioned as Short Term Loans or Kisan Credit Card or Term Loans or Overdraft for various sectors / purposes given below

- ✓ Agriculture
- ✓ Jewel loan for MSME
- ✓ Non-priority Jewel loan (including staff jewel loan)
- ✓ Overdraft against Gold Jewels

5. What are the facilities available under Jewel Loan Agriculture?

A. 1) Working Capital for

- (i) Crop Cultivation. (ii) Repairs to Farm Assets. (iii) Allied activities like Dairy, Fisheries, and Poultries etc. (iv) Food and Agro Processing (v) Repayment of debt taken from Non Institutional Lenders.

2) Term loan –for investment credit under Agriculture and Agri Allied activities.

6. What are the Pre-requisites for extending Jewel loans by branch?

A. The branches desiring to introduce jewel loans should get prior sanction from Zonal office. After getting sanction for suitable limit from Zonal Office, the branch should arrange for jewel safe, weighing balance/machine and such other tools/materials, as may be required, for carrying out jewel loan transaction.

7. What is the criterion for selection of Jewel appraiser?

- ✓ The appraiser should have experience for about 10 years in assessing the weight, value and the fineness of gold in the ornaments either with stones studded or without stones.
- ✓ He should be from a nearby place and from a family of goldsmith.
- ✓ Branch Manager must ascertain through local enquiries the conduct and character, family background etc.
- ✓ Must have studied at least up to 8th standard and must be conversant with local language.
- ✓ Age should be above 30 years but should not exceed 60

However, if no suitable appraisers are available, the following relaxations may be considered by the Zonal Manager after satisfying with the suitability of the candidates.

- Age up to 5 years for empanelment (i.e. above 25 years)
- Allowing to continue in the panel upto 65 years for already empanelled appraisers
- Experience of 5 years

8. How many Jewel appraisers to be empanelled in the branches?

A. Branches should ensure that the panel has not less than two appraisers

Jewel Loan Business	No of Panel Jewel Appraisers
More than 150 Cr	Minimum of 4
75 Cr to 150 Cr	Minimum of 3
Upto to 75 Cr	Minimum of 2

9. How the Jewels accepted as security are valued?

A. Gold jewellery accepted as security/ collateral should be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd.

10. What is the minimum carat fineness required to sanction Jewel loan?

A. Jewels below 18 Carat fineness should not be accepted as security. If the fineness is less than 22 carat and upto 18 carat, the same should be translated to 22 carat by deducting for copper/ silver and other impurities.

11. What is the lending rate (Maximum Permissible Amount of Loan) under Jewel loan?

A. **For Agri Jewel Short Term loan- Bullet Repayment product**, the lending rate is 85%(maximum permissible amount of loan) of the average of the market price of 22 carat ornamental gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd.
B. **KCC Gold Plus / KCC Marine Gold**, the maximum lending rate is 90%
C. **For Agri Medium Term loan, Jewel loan MSME and Non-Priority** - 70% of average of the market price of 22 carat ornamental gold.
D. **For OD against Gold Jewels -** 75% of average of the market price of 22 carat ornamental gold

12. What is the maximum number of Jewel loans that can be sanctioned per borrower/CIF?

A. The Number of Jewel Loans per borrower/CIF irrespective of purpose and mode of repayment outstanding at any point of time should not exceed “TEN”

13. What is the maximum Jewel Loan per borrower with Bullet Repayment?

A. The maximum Jewel loan limit with bullet repayment is Rs.35.00 lakh per borrower / CIF

14. When the Jewels should be re-appraised?

A. As per the extant guidelines of CO: Inspection and Audit Department, overdue loans of two years and above and 15% of other loans selected at random should be reappraised, once in a year, by an appraiser other than the regular appraiser. Undelivered jewel packets should be reappraised once in a year.

15. What is 100% verification of Jewels?

- ✓ The content of all the jewel packets pledged to the bank as security are to be verified for weight and quality.
- ✓ Appraisers from different branches are to be engaged for verification and the Appraiser should not have been engaged by the Branch on pervious occasion(s).
- ✓ One Officer designated by the Branch Manager shall oversee the verification. In respect of the single officer branches, Zonal Office to depute an Officer.
- ✓ The verification will be on quarterly basis for all the loans sanctioned during every quarter, to be completed by the end of the first month of the next quarter.
- ✓ Zonal Office shall obtain compliance certificate from all branches and the consolidated certificate to be submitted to CO: Inspection and Audit Department within 15 days.

16. How much Loan to Value (LTV) to be maintained for Jewel loan non-agriculture purpose?

A. LTV of 75 per cent shall be maintained throughout the tenure of the loan for all loans extended against pledge of gold ornaments and jewellery for non-agricultural end uses.

17. What is Hallmarking?

A. Hall marking is the accurate determination and official recording of the proportionate content of precious metal in Gold. Hallmarks are thus official marks used in many countries as guarantee of purity or fineness of gold jewellery. Hallmarking scheme for gold jewellery was launched by Bureau of Indian Standards (BIS) in the year 2000.Bank provides additional per gram lending rate of Rs.50/- for Hallmark ornaments over normal type.

18. What is the lending rate for IB loan against Sovereign Gold Bond?

A. For Sovereign Gold Bond product, the lending rate is 70% of the average of the market price of 24 carat ornamental gold for the preceding 30 days as quoted by the India Bullion and Jewelers Association Ltd. The loan to value (LTV 75%)to be maintained throughout the tenure of the loan against SGB

19. What are the Different methods / tests to identify the purity of gold?

A. **Touchstone Test:** Gold/ornaments may be rubbed on a touchstone. The gloss and colour of gold are distinct from those of their base or alloy metals and should, by experience, be noticed. Rubbing on the touchstone may also disclose any spurious substance inside, if the ornaments are merely coated with gold lining/plating.

Nitric Acid Test: Nitric Acid does not make any impression on pure gold; its effect on sovereign gold is very little; but on gold of inferior quality, its reaction is discoloration of the metal to coppery red - the extent of discoloration being dependent on the proportion of the alloy. The discoloration will vary according to the metal used for the alloy. A drop of nitric acid, transferred from the bottle container by a glass rodor tube on the touchstone where gold is rubbed, or even on the jewel itself should disclose the genuineness or otherwise of the gold content of the ornaments.

Gold Purity Testing Machine (Karat Meter): Selected branches are provided with Gold Purity Testing Machines as an additional safety measure.

20. When to levy custodial charges for Agri Jewel loan?

A. Custodial charges shall be collected by the branches @ Rs 500/- plus GST per packet of undelivered jewels per annum in all the jewel loan accounts, where the loan is fully repaid or even where a small balance of less than Rs.1000/- in the account is retained, as per details given below:

- 19th month of availment in the case of Short Term Loans and
- 42nd month of availment in the case of Medium Term loans (or)
- One year from the date of adjustment of the jewel loan "whichever is earlier"

21. How much fees to be paid for Jewel re-appraisal?

A. The Reappraisal expenses of Rs.5/- per packet shall be borne by the Bank with minimum of Rs.500/-

22. What are the features of Jewel Shoppe branches?

- ✓ Providing an exclusive officer and designating them as JL Champions.
- ✓ Providing an exclusive clerk.
- ✓ Minimum of 2 empanelled Jewel appraisers per branch.
- ✓ Attractive ambience
- ✓ Air conditioning
- ✓ TAT of less than 20 minutes
- ✓ Additional Glow Sign Board with narration as "JL Shoppe Branch"
- ✓ Adequate publicity

23. Which Digital products have been launched for Jewel loan in Mobile Banking?

- ✓ "Ind Digi Agri Jewel Loan (Re-pledge)"
- ✓ "Ind Digi Agri Jewel Loan (New)"

24. When we have to auction Jewels?

A. For overdue Jewel Loan accounts preferably 18 months from the date of disbursement in case of Agri Jewel Loan sanctioned as Short Term Loan and 15 months in case of Non Agri bullet repayment, bank should get permission from Zonal office and auction the jewels after issuing a notice to the pledgers

25. Which details should be included in the auction notice?

- ✓ Name and address of the borrower, amount due, brief description of the jewels etc
- ✓ The auction is conducted on 'as is what is' basis and the Bank does not undertake any responsibility with regard to the quality and specification of the jewels being auctioned. It is at the risk of the successful bidder/purchaser.
- ✓ The bank reserves its right to reject any bid without assigning any reasons whatsoever.
- ✓ A minimum price should be indicated for every jewel, taking into consideration their present market value/price.

26. Who will approve to empanel an appraiser who is a registered valuer under Wealth Tax?

The approval to be accorded by CO: RBD if the jewel appraiser is a registered valuer under Wealth Tax (Tax Amendment) Rules, 2009.

27. What is the appraiser fee for jewel loans sanctioned at various centres?

Location of the Branch	**Fees structure**
Metro and Class I cities	Rs.5/- per thousand subject to a maximum of Rs.500/- per loan.
All other Centre	Rs.3/- per thousand subject to a maximum of Rs.300/- per loan.

28. What is Trigger LTV?

- ✓ For effective monitoring and to maintain the stipulated LTV ratio during the tenure of the loan, Bank has set a “trigger LTV”, (the point where the monitoring will commence) for Agri Jewel Loan schemes. This trigger LTV will help Branches to prevent loans from breaching the Regulatory LTV.
- ✓ For agriculture Jewel loans, trigger LTV for monitoring is set at 4 % lower than the regulatory LTV.

29. What is the Guideline / Procedure for Handing Over Spurious / Fake / Alleged / Stolen Jewels to Police Authorities?

FAQs on Jewel Loan Policy

The procedures / guidelines laid down by our CO: Legal Department are to be followed for handing over Spurious / Fake / Alleged / Stolen Jewels to Police Authorities.

- A complaint in writing shall be preferred immediately before Police Station having jurisdiction over the area, in which, the Branch is situated. On the basis of the Complaint filed by the Branch, the Officer in charge of a police station may initiate investigation/inquiry.
- The Officer in charge of the police station is empowered under Section 91 of Code of Criminal Procedure to summon any person to produce any document or material for the purpose of investigation, inquiry, trial or other proceeding.
- The Officer in charge of the police station may require the Branch to produce the spurious / fake / alleged / stolen jewels for the purpose of investigation under the above provision.
- The Branch on receipt of summons under the above provision is liable to handover the spurious / fake / alleged / stolen jewel to the Officer in charge of police station in compliance with the above provision against acknowledgement after obtaining approval of the Zonal Manager.
- The acknowledgement should contain the description, quantity, the weight, purity of the spurious / fake / alleged / stolen jewels handed over shall be clearly enumerated to facilitate identification of the same.
- The acknowledgement and / or mahayar (to be witnessed by two persons) shall be kept with the Branch, as part of its records to enable them to give a report to borrowers seeking the status of the jewels.
- In certain cases, the Officer in charge of the police station may issue summons under section 91 of Code of Criminal Procedure in respect of criminal proceedings initiated at the instance of complaint by third parties requiring non spurious jewels for the purpose of

investigation or production of the same as evidence before the Courts. In such cases also, on receipt of summons, the procedure enumerated above shall be followed under intimation to the Borrower.

30. What are the salient features of JL nomination facility for redemption of jewels pledged?

- ✓ There shall be one nominee for one Jewel Loan.
- ✓ The nominee shall not be a minor.
- ✓ Only home branch of Jewel Loan account shall capture the nominee details.
- ✓ CO: Legal department has incorporated the necessary clauses in Application for Agricultural Loan against Pledge of Gold Ornaments (F 120D –Revised).
- ✓ The incorporated clause shall facilitate settlement of the loan in case of demise of Borrower expeditiously and shall protect our Bank's interest in case of legal disputes.
- ✓ The said nomination facility is purely voluntary and is at the discretion of the borrower. Branches shall educate the customers about the availability of facility.

31. What is the insurance coverage for jewels held in custody?

- ➢ The Bank has taken a blanket insurance policy, whereby cash, jewels and certain specified securities are insured up to a specified limit per branch. Of which the following clauses are insured in respect of Jewel Loan.
- ✓ Criminal act of panel jewel appraiser.
- ✓ Losses due to stolen jewels pledged by the customer and returned under police / judiciary directions.
- ✓ Coverage of spurious jewels pledged by the customer as a security for loan availed and it being spurious, fake, counterfeit, and/or sham

- ✓ Other incidents On occurrence of loss or on the detection of any loss or on any events or acts that are likely to cause a loss to bank, notwithstanding the non-determination of the magnitude, real nature and the extent of loss, at the point of time, branches should immediately send an e-mail to bodinsurancecell@indianbank.co.in narrating the incident.

FAQs on Social Media Policy

Q1. What is Social Media?

Ans: Social Media is place/ platform on the World Wide Web, where people come together to primarily connect with friends and like-minded people. Together, they attempt to know, explore and form opinions on varied topics like personalities, politics, business, finance, sports, entertainment, arts, shopping, lifestyle, etc. These opinions, then, form the base of important decisions.

Q2. Why Social Media is important for the Bank?

Ans: Over the last decade and a half, the unprecedented growth of social media in a very short span has made it an immensely lucrative communication platform. As per the 2021 statistics released by leading social data research and analytics firm, Statista, India has over 518 million social media users with social media websites, of which 448 million are active users. YouTube and Facebook accounted for the largest penetration, at nearly 89% and 76% respectively. Further, about 97 million users in Facebook fall in the age bracket of 18-24 years. It is envisaged that in the next five years, the social media user base shall breach the 1175 million mark and the social network user penetration, as a percentage of the India's population, shall rise from the present 54.58% to about 67.4%. All this makes social media, from Indian Bank's perspective, an immensely potent channel to not just be on but to also leverage from.

This media has been included, thus, into Indian Bank's existing mix of communication channels for its inherent potential seen across all walks of society in general and our target segments in particular.

Q3. What are the intent / purpose of Social Media policy of the Bank?

Ans:

1. This policy is intended to help staff members, customers, stakeholders and general public make appropriate decisions about the use of social media technologies such as networking sites (for example, Facebook, Instagram, LinkedIn, Myspace, etc.), Blogs & Micro Blogs (for example, Twitter), Collaborative Projects (for example, Wikipedia), Content Communities (for example, YouTube, Pinterest, Daily Motion, etc.), Virtual Game Worlds and similar message boards, podcasts and forums.
2. This policy outlines the roles of owner and stake-holding departments, standards required for staff members to observe when using social media, disclaimers applicable from Bank's side, the circumstances to monitor the use of social media and the related action in respect of breaches of the policy.
3. This policy supplements existing and subsequent official versions of Information Technology Policy 2021-22, Information Systems Security Policy, Version 1.0, 2021-22 and other related policies as published by the Bank from time to time.
4. This policy does not form part of any contract of employment and it may be amended at any time.

Q4. What is the coverage and scope of Social Media Policy?

Ans: Coverage of the Policy:
This policy covers staff members of the Bank, working at all levels, scales and capacities (collectively referred to as staff members in this policy), consultants, trainees, part-time, contractual, temporary and agency staff. The Marketing Department, CO: Chennai shall conduct an annual orientation programme for Key Management Personnel of all the third parties (Consultants, Contractual, Trainees, Temporary and Agency staff, etc.) engaged by the Bank with the support of Bank's empaneled Public Relation Agency. The Marketing Department shall obtain details of third party partners engaged by the Department/Offices before conducting the programme.

Scope of the Policy:

- Staff members are expected to comply with this policy at all times to protect the privacy, confidentiality and interests of the Bank and its services, employees, partners, customers and competitors and other stakeholders.

- Breach of this policy may be dealt under the existing Disciplinary Procedures as underlined by CO: HRMD. All staff members are hereby put on notice that any violations of rules and regulations quoted herein will be taken as prejudicial to the interest of the Bank and will be treated accordingly.

- Breach of policy may be dealt with under the contractual agreement entered between Bank and the consultants, contractual staff, temporary staff, agencies, etc. The department/ office of Indian Bank entering into contract with third parties shall incorporate a clause referring to the responsibilities of third parties within the scope of this policy.

Q5. Who can use the Social Media Platforms on Bank's Name?

Ans: Only those staff members, who are duly authorized by competent authority to act within set capacities, are permitted to post material on a social media platform on Bank's name or on behalf of the Bank. Other staff members can only respond in form of comments. Any breach of this restriction will amount to gross misconduct.

Q6. Describe Social Media usage for Work-Related Issues/ Concerns?

Ans: Bank recognizes the importance of internet in shaping public thinking about the Bank and its services, employees, partners and customers. Also, it recognizes the importance of staff members joining in and helping shape industry conversation and direction through interaction on social media platforms. However, Staff members are responsible for self-compliance with this policy and consistency of its application. Staff members should ensure that they take time to read and understand this policy in conjunction with other policies stated under clause 1.3.

Any breach of this policy should be reported to CO: Marketing Department. Questions regarding the content or application of this policy should be directed to CO: Marketing Department.

Q7. Which guidelines are to be strictly adhered while using social media in work context?

Ans: The following guidelines are to be strictly adhered to while using social media in work context:

1. The response/s made by Staff member to the original post made by the authorized account/s of Indian Bank, must be within the realm of professional and business application and be clearly of work-related relevance. It must strictly be restricted to his/ her respective sphere of job/ assignment and must be on the lines given below:
   - Features of Products & Services and Procedures to open/operate/close them
   - Information about branches, ATMs, Zonal Offices, Corporate Office, Nodal Offices, Business Correspondents, Subsidiaries and sponsored banks (e.g. Address, Phone Numbers, Fax Numbers, Email IDs, IFSC Codes, MICR Codes, CBS Codes, Working Hours, Holidays, etc.)
   - Publicly Available Information of General Nature (e.g. Customer Care numbers, Details of Ombudsman, Details available on official sites of Indian Bank, RBI, SEBI, IRDA, PFRDA, UIDAI, etc.)

2. Staff members are permitted to interact only on official social media platforms. Current approved official social media platforms of Indian Bank are:
   https://www.facebook.com
   https://www.twitter.com
   https://www.instagram.com
   https://www.youtube.com
   https://www.linkedin.com

This list may be updated by CO: Marketing Department from time to time.

3. Before using social media for work-related issues/ concerns, staff members must have read and understood this policy, in conjunction with the policies mentioned under 1.3.

Q8. Which Social Media platforms/sites are available to follow Indian bank?

Ans: Bank, as on date, has official presence on the following Social Media Platforms:

1. www.twitter.com/MyIndianBank
2. www.youtube.com/IndianBank
3. www.facebook.com/MyIndianBank
4. www.linkedin.com/IndianBank
5. www.instagram.com/myindianbank

Q9. What are the objectives of Bank's Social Media Channels?

Ans: Objectives of Bank's Social Media Channels include but does not restrict to:
- ✓ Managing the Online Reputation of the Bank
- ✓ Spreading awareness about product / service-related information through posts, campaigns, etc.
- ✓ Facilitating Customer Interactions
- ✓ Administering polls and gauging market expectations
- ✓ Managing Social-Media related Media Matters
- ✓ Assessing User feedback and suggesting suitable actions to drive brand acceptability.
- ✓ Paving way for Social Media Banking.

Q10. What constitutes Social Media Governance matrix?

Ans: CO: Marketing Department is the owner department and General Manager/ Department Head (Marketing) has overall responsibility for the effective implementation of this policy. The Social Media Governance Matrix involves the following stake-holder departments:
- ❖ CO: Marketing
- ❖ CO: Customer Service Cell
- ❖ CO: Corporate Communication & Public Relations
- ❖ CO: DBD
- ❖ CO: ITD
- ❖ CO: HRM/ HRD
- ❖ CO: Audit/Inspection
- ❖ CO: Legal

Q11. What are the general rules for Social Media Usage by Staff members?

Ans: Whenever a staff member is using social media, it should be in accordance with this policy and he/ she must adhere to the following general rules: -

DOs:
- Always write in the first person, identify yourself and your role and use the following disclaimer "The views published is personal and does not necessarily represent the opinion or the position of Indian Bank".
- Keep professional and personal lives separate.
- Include proper references, if quoted, in context of the post.
- Before posting a link to contents appearing on third party website, ensure that the terms and conditions of that website permits such external use. All links must be clearly placed, prompting the user to visit a third party's website at his/ her own risk and discretion.
- Read the terms of use/acceptance guidelines of the social media site which is going to be used for posting content and ensure to comply with them.

- Pay special attention to intellectual property and personal data protection before posting.
- Be honest and open in communicating, being mindful all the time of the likely impact of the post on the perceptions of the Bank.
- Before contribution on any social media platform, observe the activity on the platform for a while before launching, to get a feel of the style of contributions, the nature of the content and any 'unwritten' rules that other contributors might be following.
- Provide value by intelligently developing and sharing content so that Bank may be associated with what is published; thus, the opinions that are posted could strengthen the values and personality of the Bank.
- In a heated discussion, try to be conciliatory and respectful. Quote facts to restore normalcy and correct misrepresentations. Contribute constructively by forwarding logic and rationale in a calm and mature manner.
- Ensure activity on this Page during office hours complement and/or support current role and is used in moderation. The use of social media should take place substantially out of normal working hours.
- Inform an officer not below Scale IV of CO: Marketing Department if you feel harassed, bullied or offended by material posted or uploaded by a colleague onto the social media page(s).
- Always consider others' privacy

Staff Members are further encouraged to like the posts made on all official channels of Indian Bank share them further as per the respective channels (share on Facebook and LinkedIn, retweet/ quote tweet on Twitter, repost or story share on Instagram, etc.). This improves the brand visibility and positions the Bank in a favorable light among its target segment/s.

DON'Ts:

× Do not upload, forward, share or post a link/ content that can potentially lead to communication that is abusive, obscene, discriminatory, harassing, derogatory, indecent, threatening, disruptive or defamatory in nature to any individual, national harmony or bank's image. Refrain from posting suspicious links.

× Do not disclose commercially sensitive, anti-competitive, private or confidential information. If unsure about the propriety of a post or whether the information wished to be shared falls within one of these categories, discuss this with an officer not below Scale IV of CO: Marketing Department.

× Do not upload, forward or post a link to chain mail, junk mail, cartoons, jokes or gossip.

× Do not canvas for any donation, lottery or third party marketing/business promotional activities/affairs on the page/s

× Do not use pseudonyms or false names on the page.

× Do not create groups, alternate profiles, blogs etc. by tagging Indian Bank or logo of Bank as part of the profile, group, blog etc. names as it may mislead the general public about the official status of the site, group, blog etc. Any of the existing names in contravention of above guidelines are to be either changed/modified or deleted.

- × Do not escalate heated discussions. Do not add fuel to a volatile social environment.
- × Don't discuss topics that may be provocative in nature, e.g. politics, religion, etc.
- × Do not position yourself as an expert.
- × Do not discuss about colleagues, competitors, customers or suppliers without their prior approval.
- × Do not share sensitive personal data or information of a person on the Social Media Page/s. Sensitive personal data consists of information relating to:
  - ➢ Password;
  - ➢ Financials such as details related to Bank Account/ Credit Card/ Debit Card or other payment instrument;
  - ➢ Physical, physiological and mental health condition;
  - ➢ Sexual orientation;
  - ➢ Medical records and history;
  - ➢ Biometric information;
  - ➢ Any detail relating to the above clauses as provided to body corporate for providing service; and
  - ➢ Any of the information received under above clauses by body corporate for processing, stored or processed under lawful contract or otherwise.

Q12. Can the use of Social Media platform by its staff members be monitored by Bank?

Ans: Yes. The following are points to be noted under monitoring use of Social Media Websites under this Policy:

- ✓ Staff should be aware that any use of social media platforms (whether or not accessed for work purposes) may be monitored and, where breach of this policy is found, action may be taken under the existing Disciplinary Procedures as underlined by CO: HRM.
- ✓ Bank reserves the right to restrict or prevent access to certain social media platforms if personal use is considered to be excessive. Monitoring is only carried out to the extent permitted or as required by law and as necessary and justifiable for business purposes.
- ✓ Misuse of social media platforms can, in certain circumstances, constitute a criminal offence or otherwise give rise to legal liability against staff member and Bank. It may also cause embarrassment to bank and its customers.
- ✓ In particular, uploading, posting, forwarding or posting a link to any of the following type of material on a social media platform, whether in a professional or personal capacity, will amount to gross misconduct (this list is not exhaustive):
  - o Pornographic material (that is, write-up, images, films and video clips of contents that are sexually explicit or arousing in nature);
  - o A false and defamatory statement about any person or bank;
  - o Material which is offensive, obscene, criminal, discriminatory, derogatory or may cause embarrassment to Bank, Staff members and Customers;

- Confidential information about Bank, Staff member and Customers;
- Any other statement which is likely to create any liability (whether criminal or civil, and whether for Staff member or Bank); or
- Material in breach of copyright or other intellectual property rights, or which invades the privacy of any person.

Bank shall deploy suitable online reputation management tools to gather and evaluate the activities of staff members on the official social media platforms of the Bank against the laid down procedures in this policy and address them as per the existing Disciplinary Procedures as underlined by CO: HRM which can also likely result in summary dismissal of the staff member concerned.

Where evidence of misuse is found, bank may undertake a more detailed investigation, involving the examination and disclosure of monitoring records by those nominated to undertake the investigation and any witnesses or staff members involved in the investigation. If necessary, such information may be handed over to the police or other related bodies/ agencies in connection with a criminal investigation.

If any staff member notices any use of social media by other members of staff in breach of this policy, it has to be reported to CO: Marketing Department.

Q13. Which is the repository of all the complaints lodged by customers through any channel?

Ans: Within Indian Bank, Customer Grievance Redressal System (CGRS portal of the Bank) is a single repository of all the complaints lodged by customers through any channel for Lodgement, Resolution, effective Monitoring, Tracking of complaints (Digital and Non Digital).

Q14. What is a complaint as per Bank's Grievance Redressal Policy (GRP)?

Ans: As per our Bank's Grievance Redressal Policy (GRP) Complaint means "Representation in writing or through electronic means containing a grievance alleging deficiency in services on the part of the Bank, an employee, or Bank's Vendor (third party or partner that the Bank may have tied up for delivery services)".

Q15. "Which are the 6 resources that form part of the social media interaction grid?"

Ans: The following 6 resources form part of the social media interaction grid:

1. **Customer / Prospect/ User** - Any user who interacts with Indian Bank and comment/posts/ messages on social media platform about Indian Bank.
2. **Social Media Platform** – The Social Media platform (i.e. Facebook, Instagram, Twitter(now X), etc.) where the Customer/ Prospect/ User interacts with Indian Bank or posts about Indian Bank.
3. **Social Media Agency (SMA)** – Agency/ Service Provider selected by Bank to provide social media management services as per agreed mandates.

4. **Indian Bank Social Media Team (IB-SMT)** – The team from CO: Marketing, Indian Bank that oversees the Bank's activities on Official Social Media channels, including managing the Social Media Agency.
5. **CO: Customer Service Cell (CO: CSC)** – The nodal department of Indian Bank that manages all complaints/ grievances and their redressal.
6. **Resolver Group** – All departments/ field offices/ other units of Indian Bank that play a role in responding to the Customer/ Prospect/ User interacts with Indian Bank or posts about Indian Bank.

Q15. When a Customer / Prospect / User interacts with Social Media Platforms and a Comment / Post / Message is received on Social Media Handles of the bank, the same can be broadly classified under how many categories?

Ans: It can be broadly classified under 2 categories: (i) General (all types except complaint) and (ii) Complaint.

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FAQs on Outsourcing Policy

Q1.What is outsourcing?

Ans: 'Outsourcing' may be defined as a bank's use of third party (either an affiliated entity within a corporate group or an entity that is external to the corporate group) to perform activities on a continuing basis that would normally be undertaken by the bank itself, now or in the future.

Q2.What is the need and purpose of outsourcing in Banking Sector ?

Ans: Outsourcing is an alternative and cost effective way of acquiring and developing the desired services & financial products in a cost effective manner by partnering with the specialised service providers, who are well established in their domain. External service providers or outsourcing agency are generally used in non-core line of banking business or in the area like technology, where banks lack expertise such as IT & software. Banks are increasingly using outsourcing as a means of both reducing cost and accessing specialist expertise which may not be available internally for achieving strategic aims.

Q3.What is the Objective and applicability of Bank’s outsourcing Policy?

Ans: The objectives of the policy is to inform the administrative offices of the procedures involved in outsourcing an activity, activities which can be outsourced and authorities who are vested with the administrative and financial powers for sanctioning the outsourcing proposals. It is applicable to all the administrative offices and business units of the Bank.

Q4.What is the structure of Bank's Outsourcing Policy?

Ans: Bank‘s Outsourcing Policy is divided in to two parts. The first part deals in Outsourcing Policy for IT related services, whereas the second part deals in Outsourcing Policy for Non IT (Financial)services.

Q5.What are the benefits of Outsourcing for Banks?

Ans: The benefits of outsourcing include efficiencies in operations, increased ability to acquire and support current technology and tide over the risk of obsolescence, increased time availability for management to focus on key management functions, shorter lead time in delivering Services to customers, better quality of services, and stronger controls among others.

Q6.What is the misconception regarding Outsourcing?

Ans: It is widely held that outsourcing at times affects quality of customer service, as the work force deployed in outsourcing is not loyal to the parent Institution. The technical support of outsourced tasks is also impaired many a times. The staff of the parent Institution is in a better position to understand the customer needs and their priorities than the work force deployed by outsourced agents. To overcome these criticisms leveled against outsourcing, it is necessary to exercise control at strategic points by devising an appropriate supervisory mechanism over the outsourced activities.

Q7.What are the main areas of outsourcing under IT related services in Banks?

Ans: Depending upon the institution's overall strategic plan and corporate objectives, Bank generally outsource the following categories of IT services.

1. Activities related to IT systems, which require specific skills and expertise.
2. Non-critical activities related to IT systems, which provide cost-benefit to the Bank.

Common areas in technology operations where Banks generally outsource include:

1. Technology Infrastructure Management, Maintenance and Support.
2. Application Development, Maintenance and Testing.
3. Provision, implementation, monitoring, hardware, software, Data centre infrastructure, network connectivity, ATM related services etc.

Q8. What are the main Non- IT (Financial) services that can be outsourced under the Policy by the Banks?

Ans: Financial Services which may be outsourced under the Policy are-

I. Processing of applications (loan origination, credit card), document processing, marketing and research, supervision of loans, Data Entry, Capture of Data, data processing, Cash Remittances(including Cash Management Services for ATMs), Data collection for Deposits/Advances other than those required for KYC Compliance, Guarding of Currency Chests where State Government fails to provide security, back office related activities, Digitization of Bank documents / records ,Scanning and other backend functions of the Bank can be outsourced.

II. To have a better administrative control, activities such as Sweeping, Cleaning, maintaining and upkeep of Branches and offices of the Bank, Building Maintenance Services, House

Keeping, Electrical, AC Maintenance, Courier Services, Catering and/ or Associated services like administration of Canteen / Mess, Record Management, Security Services, etc., can also be outsourced under this policy.

III. MD & CEO may authorize to undertake any other activity as a part of outsourcing arrangement within the overall guidelines of Policy keeping in mind GOI and RBI guidelines.

Q8.How service provider selection is done?

Ans. Functional Department at Corporate Office may identify functions to be outsourced through IT Department along with necessary controls and solicit responses from prospective bidders as per the cut-off policy in vogue. Proposals submitted by service providers would be evaluated in light of the organization needs and any differences in the service provider proposals as compared to the solicitation would be analyzed carefully.

The functional departments should ensure that the contract (Service Level Agreements outsourced vendors should contain the following clauses:

- Visit by RBI Staff (recognize the right of the RBI to conduct an inspection of service provider of a bank and its books and accounts by one or more of its officers or employees), On- site / Off-site monitoring and inspection / scrutiny by supervising authority.
- Submission of EPF paid details of the outsourced employees.
- Contingency Plan, testing thereof to Maintain Business Continuity
- Third Party Auditing (External Auditing) on the performance of the outsourced vendors
- The workers employed by outsourced agencies are provided adequate salary as per Minimum Wages Act, Medical and PPF facilities etc.
- Departments deploying vendors should not be assigned the job of rating them. Hence rating and vetting will be done by assurance function Department as under:

Outsourcing risk assessment Activity	**Rating Dept.**	**Vetting Dept.**
Non-IT related	CO: Compliance	CO: Risk

activities/services	Dept	Management
IT related activities / services	CO: Inspection Dept	CO: ISSD
Outsourced activities of assurance functional departments (RMD, ISSD Inspection and Compliance)	CO: BOD	CO: ITD

On completion of vetting, CO: RMD will have the responsibility of compiling the individual score and arriving at composite risk profile of outsourced activity. The composite risk profile of outsourced activity so obtained will be placed to ORMC and RMC.

Q9. What are the Activities that should not be outsourced as per RBI guidelines?

Ans: The activities which should not be outsourced as per RBI guidelines are-

- Core Management functions,
- Compliance function like determining compliance with KYC norms for opening deposit accounts,
- Decision making functions like according sanction for loans (including retail loans)and
- Management of investment portfolio.

Q10.What is the Regulatory Reference regarding outsourcing by banks?

Ans: Outsourcing of financial services by a bank does not require the prior approval of RBI whether the Service Provider is located in India or outside India. On boarding outsourcing agents only after proper due diligence and risk assessment for which a standardized template should be used across the Bank and final clearance to be given by BOD. The inventory related to outsourced activities /agents shall be maintained by BOD.

Q11.What is materiality of outsourcing as per outsourcing Policy?

Ans: Materiality of outsourcing is the quality of the system, which, if disrupted, shall have the potential to significantly impact the business operations, reputation or profitability. Materiality of outsourcing would be based on the

- level of importance to the Bank of the activity being outsourced,
- potential impact of the outsourcing on the Bank on various parameters such as earning, solvency, liquidity, funding capital and risk profile,
- likely impact on the Bank's reputation and brand value, ability to achieve its business objectives, strategy and plans, if the Service Provider fails to perform the service,
- cost of the outsourcing as a proportion of total operating costs of the Bank and
- Aggregate exposure to that particular Service Provider, in cases where the Bank outsource various functions to the same Service Provider.

Q14.What is the Role of the Board in Outsourcing Policy?

Ans: The Board of the Bank has powers for

I. Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements.

II. Laying down appropriate approving authorities for outsourcing depending on risk and materiality.

III. Undertaking regular review of outsourcing strategies and arrangements for their continued relevance and safety & soundness and

IV. Deciding on business activities of a material nature to be outsourced and approving such arrangements.

Q15.What are the roles of Senior Management at Corporate Office as per Outsourcing Policy?

Ans: Department wise role has been defined under outsourcing policy to certain CO: Departments which are as under-

CO: Risk Management Department

I. Evaluating the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board,

II. Communicating information pertaining to material outsourcing risks to the Board on an annual basis,

III. Ensuring that contingency plans, based on realistic and probable disruptive scenarios, are in place and tested and

IV. Undertaking periodic review of outsourcing arrangements to identify new material outsourcing risk as they rise.

V. An Annual Review Note to the Board would be placed comprising the list of activities outsourced, the details of sanctions made, amount involved, review details, etc.

VI. Conduct subsequent Risk assessment / Risk review on annual basis in Outsourcing Portal in coordination with BOD department.

CO: O&M Division

I. Developing and implementing sound and prudent outsourcing policies and procedures commensurate with the nature, scope and complexity of the outsourcing.

II. Reviewing the effectiveness of policies and procedures on an annual basis.

CO: Inspection Department

Ensuring that there is independent review and audit of outsourced activities annually in compliance with set policies. Scope of audit relates to validity of SLA & contracts and conditions of RFP / SLA and contracts.

CO: Banking Operations Department

CO: BOD in consultation with functional department to classify the outsourcing activity as "Critical" or "Noncritical. All critical activity outsourced to be reviewed quarterly basis and Non-critical activities to be reviewed on Half-yearly basis.

The Compliance Officer

As per the AML Policy of the Bank, Compliance officer of the Bank is responsible for making currency transactions reports and suspicious transactions reports to FIU-IND or any other competent authority in respect of the Bank‘s customer related activities carried out by the Service Providers on account of outsourcing.

Q16. Who is the Approving authority for Outsourcing Proposals under Outsourcing Policy?

Ans: Any proposed new activity to be outsourced, within the purview of this

Outsourcing Policy of the Bank, would be placed to CO: Risk Management Department by/through the respective functional departments at Corporate Office for assessing the perceived operational risk, at the initial stage itself, As such, before obtaining administrative approval. Zonal Offices /Branches (through Zonal Office) would route all the new proposals to CO: Risk Management Department through the respective functional department at Corporate Office.

Administrative approval

The administrative approval would be given by the respective functional Department Head at Corporate Office, taking into account the suggestions of CO: Risk Management Dept., if any, in this regard. The functional department at Corporate Office would also get clearance for those new activities from the Support Group of ORMC before implementing (bringing the activity to live).

Financial Approval

A reference to "Delegation of Powers Policy" of CO:ITD, amended from time to time, shall be made for ascertaining the financial powers delegated to authorities at different levels for taking decisions on outsourcing of **IT-related activities.**

A reference to Policy on "Delegation of Powers of capital and Revenue Expenditure" issued by CO: Premises, Expenditure and Estate Department, amended from time to time, shall be made for ascertaining the financial powers delegated to authorities at different levels for taking decisions on outsourcing of **Non-IT related activities.**

Q17. What is the maximum period for which an activity can be normally outsourced?

Ans: Normally all outsourced activities are to be limited to 3 years of contract, with an option to review every year, with an appropriate clause for termination / extension. Proposals for activities involving a time period beyond three years shall require administrative approval from Management Committee of the Board, irrespective of the cost involved.

Q18. Why the evaluation of risk is mandatory while outsourcing any activity by Bank?

Ans: In terms of RBI Guidelines on managing risks in outsourcing, Banks are expected to adopt sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourcing activities.

The failure of a Service Provider in providing a specified service, a breach in security/

confidentiality or non-compliance with legal and regulatory requirements by either the Service Provider or the Bank can lead to financial losses or loss of reputation for the Bank and could also lead to systemic risks within the entire banking system in the country and hence proper risk evaluation is necessary while outsourcing any activity.

Q19. What are the key risks that need to be evaluated by the banks while outsourcing?

Ans: The key risks in outsourcing that need to be evaluated by the banks are:

1. Strategic Risk

The Service Provider may conduct business on its own behalf, which is inconsistent with the overall strategic goals of the Bank.

2. Reputation Risk

Poor service from the Service Provider, its customer interaction not being consistent with the overall standards of the Bank.

3. Compliance Risk

Privacy, consumer and prudential laws not adequately complied with.

4. Operational Risk

Arising due to technology failure, fraud, error, inadequate financial capacity to fulfil obligations and /or to provide remedies.

5. Legal Risk

This includes but is not limited to exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements due to omissions and commissions of the Service Provider.

6. Exit Strategy Risk

This could arise from over-reliance on one firm, the loss of relevant skills in the Bank itself preventing it from bringing the activity back in house and contracts entered into wherein speedy exits would be prohibitively expensive.

7. Counterparty Risk

Due to inappropriate underwriting or credit assessments.

8. Country Risk

Due to the political, social or legal climate creating added risk.

9. Contractual Risk

This is arising from whether or not the Bank has the ability to enforce the contract.

10. Concentration and systemic Risk

Due to lack of control over a Service Provider, more so when overall banking industry has considerable exposure to one Service Provider.

CO: Risk Management Department would ensure effective management of these above risks by reviewing the process, people and system at least once a year..

Q21. What is the purpose of centralized list of outsourced agents?

Ans: If a Service Provider's services were terminated by the Bank, IBA would be informed with reasons for termination. IBA is maintaining a caution list of such Service Providers for the entire banking industry for sharing of information amongst banks. The latest updated caution list is being maintained by CO: Credit Division. The concerned Departments should refer to CO: Credit Division before finalising any Outsourcing activity.