

RBI Circular- April

1. The rate of interest on Government of **India Floating Rate Bond 2034** (GOI FRB 2034) applicable for the half year April 30, 2023 to October 29, 2023 shall be 7.93 per cent per annum.

It may be recalled that FRB 2034 carries a coupon, which has a base rate equivalent to the average of the Weighted Average Yield (WAY) of last three auctions (from the rate fixing day i.e., April 30, 2023) of 182 Day T-Bills, plus a fixed spread (0.98 per cent).

2. The Reserve Bank of India has been regularly conducting **Consumer Confidence Survey (CCS)**. The May 2023 round of the survey is being launched. The survey seeks qualitative responses from households, regarding their sentiments on general economic situation, employment scenario, price level, households' income and spending. The survey is conducted regularly in 19 cities, viz., Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Nagpur, Patna, Raipur, Ranchi and Thiruvananthapuram. The results of this survey provide useful inputs for monetary policy.

The agency, M/s **Hansa Research Group** Pvt. Ltd., Mumbai has been engaged to conduct the survey of this round on behalf of the Reserve Bank of India.

3. Data on **sectoral deployment of bank credit** for the month of March 2023 collected from 40 select scheduled commercial banks, accounting for about 93 per cent of the total non-food credit deployed by all scheduled commercial banks. On a year-on-year (y-o-y) basis, non-food bank credit registered a growth of 15.4 per cent in March 2023 as compared with 9.7 per cent a year ago.

Highlights of the sectoral deployment of bank credit are given below:

- Credit to agriculture and allied activities rose by 15.4 per cent (y-o-y) in March 2023 as compared with 9.9 per cent a year ago.
- Credit to industry registered a growth of 5.7 per cent (y-o-y) in March 2023 as compared with 7.5 per cent in March 2022. Size-wise, credit to large industry rose by 3.0 per cent as compared with 2.0 per cent a year ago. Credit growth of medium industries was 19.6 per cent as against 54.4 per cent a year ago. Credit to micro and small industries registered a growth of 12.3 per cent in March 2023 (23.0 per cent a year ago).
- Within industry, credit growth to 'basic metal and metal products', 'chemical and chemical products' and 'petroleum, coal products and nuclear fuels' accelerated in March 2023 as compared with the corresponding month of the previous year while that to 'food processing', 'infrastructure' and 'textiles' decelerated/contracted.

- Credit growth to services sector accelerated to 19.8 per cent (y-o-y) in March 2023 from 8.7 per cent a year ago, due to the improved credit offtake to 'Non-Banking Financial Companies (NBFCs)' and 'trade'.
 - Personal loans registered a growth of 20.6 per cent (y-o-y) in March 2023 as compared with 12.6 per cent a year ago, primarily driven by 'housing loans'.
4. The **framework on countercyclical capital buffer (CCyB)** was put in place by the Reserve Bank in terms of guidelines wherein it was advised that the CCyB would be activated as and when the circumstances warranted, and that the decision would normally be pre-announced. The framework envisages the credit-to-GDP gap as the main indicator, which may be used in conjunction with other supplementary indicators.
- Based on the review and empirical analysis of the CCyB indicators, it has been decided that it is not necessary to activate CCyB at this point in time.
5. RBI recently has undertaken a comprehensive review of the system of processing of applications for **registration as Core Investment Companies (CICs)** to make the registration process smoother and hassle free.
- Accordingly, the application form has been revamped to make it structured and aligned with the extant CIC regulations.
 - Also, the number of documents to be furnished along with the application form has been reduced to 18 from the existing set of 52 documents to make the registration process user-friendly
6. RBI recently issued detailed guidelines for acceptance of 'green deposits' by banks and NBFCs wherein the funds could be used for financing activities like renewable energy, green transport and green buildings.
- Applicability: Scheduled Commercial Banks including Small Finance Banks(excluding Regional Rural Banks, Local Area Banks and Payments Banks), All Deposit taking Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs)
 - The framework shall come into effect from June 1, 2023

MCQ for Practice

Q1. What is the rate of interest on Government of India Floating Rate Bond 2034 (GOI FRB 2034) applicable for the half year April 30, 2023 to October 29, 2023?

- (a) 6.93
- (b) 7.93
- (c) 8.93
- (d) Reporate
- (e) None

Ans.(b)

Q2. RBI recently issued detailed guidelines for acceptance of 'green deposits' by banks and NBFCs, the framework will come into effect___

- (a) 1 april, 2023
- (b) 1 June, 2023
- (c) 1 september, 2023
- (d) 1 december 2023
- (e) None

Ans(b)

Q3. Consumer Confidence survey is conducted by_-

- (a) Hansa Research Group
- (b) RBIH
- (c) RBI
- (d) Ministry of consumer affairs
- (e) All of these

Ans(a)

