



IBS VIGYAN

VISIONING BANKERS

Evangelistically Speaking



Dear Stakeholders,

IBS VIGYAN was launched as a two-way learning update. The intensity

with which it has been received and the feedbacks that have poured in have enriched our learning immensely. We earnestly believe that the readers will continue to enrich themselves through this engagement.

After an year's foray into digital mode of teaching, academicians are collating opinion on the receptivity of students. The children's short attention span and the missing of taught - taught interactions have emerged as two big challenges. Similar is the reading attention span of a professional. Therefore, while there have been several requests to increase the content, we would prefer to confine to our mission of "Visioning Bankers" and limit VIGYAN to four pages for the present.

Mixed comments have also poured in about the simplicity of design and need for more artistry in presentation. Without getting into Aristotle's triumvirate of Ethos, Pathos and Logos, we assure you that we shall continuously strive to present the content in appropriate appeal.

The revelations from academic surveys and researches on the efficacy of interactive learning reinforces our commitment to stick to Live Sessions in upskilling professional Bankers for the various programs of IIBF through our "SMILE" approach, which is articulated on our website.

Looking forward to a meaningful and sustaining engagement.

Sincerely Yours
Satheesh Kumar. S
Managing Director

Reflectively Speaking

As the sub title rightly indicates, "IBS VIGYAN" will go a long way in Visioning Bankers. The first issue is itself a pointer to the value unfolding to both seasoned and fledgling bankers alike. In both presentation and content, the issue is attractive and enriching. As one who has been associated with IBS for long, I have been impressed with the dynamic and focussed response evinced by Shri Satheesh Kumar and his team to the kaleidoscopic shifts in various aspects of Banking. My best wishes to IBS Team.

(P.C.Thomas, General Manager (Retired), State Bank)

Very informative and wide coverage of what is happening in the Banking world. Digitization is changing banking industry dynamically. Every banker will have to re-skill himself continuously and rapidly. IBS VIGYAN can play a big role in this re-education.

(Suresh Kunnoth, Product Manager, TCS BaNCS)

"Being brief is being beautiful"! Yet, adequately long to get the essence! That appears to be the theme behind IBS VIGYAN. A bouquet of topics to choose from even for the uninitiated.

"Tell me I may listen, show me I may see, walk with me I may learn" Felt that IBS VIGYAN is taking me to wisdom by my little finger.

(Major General K.Narayanan)

Keep it Simple, Stupid is in fact a design principle followed in the last century by the US Navy. IBS Vigyan is curated precisely to do this for those who have got anything to do with the financial sector, from the aspirant to the veteran. I am really impressed with the start. Well begun is almost done!

(Adikesavan.S. Chief General Manager, State Bank)



CURATED CUBE

What is Curtains Down for PMC Cooperative Bank could be Curtain Raiser for Centrum's Small Finance Bank. If this results in minimum erosion of wealth of the falling entity, it will bode well for the market.

Another attempted confidence building measure from RBI was to stick to Uniform Price Auction for majority of tenors of Bond Issuances. Yet, the new ten - year benchmark bond issue saw a coupon cut off at 6.10%, 25 basis points higher than that of the existing benchmark bond. The Retail Direct Gilt (RDG) facility will facilitate direct participation of Individuals in Gilt Trading.

The Minutes of the Monetary Policy Committee brought to focus the discomfort of the members in the limited efficacy of the continued dovish stance of RBI and also the complexities in trade-offs among inflation, growth and real interest rates.

RBI can draw comfort that Peoples Bank of China has reduced the Reserve Requirement Ratio by fifty basis points to join the league of central banks pumping liquidity into the system. Meanwhile economists are reminding what Richard Cantillon postulated in 18th century that injecting liquidity is no sure-shot recipe for growth. Yet, stock markets across the globe seem to have taken growth for granted, be it USA, Germany, Brazil and so on. Indian markets are no exception with market capitalization exceeding the GDP and PE multiples scaling new highs.

CMIE data estimates 15 million job losses for May 2021, which is the highest in recent past.

The increase in volume and value of pledged gold ornaments being auctioned by lenders also reflects the rising inequality in distribution of income in the economy. It might sound ironic that this widening disparity is staring on Bankers when we are into the 52nd anniversary of Bank Nationalization. Despite all efforts towards inclusive growth, the have-nots remain outside the formal institutional framework of affordable credit, leaving ample playing ground for the private moneylenders. Will the revised norms encouraging Banks to join hands with NBFCs through co-lending activity in microfinance arrest this insidious divide? If only the spurt in stock prices of Equitas and Ujjivan Small Finance Banks validate this, it would augur well for the economy.

Cube gives a third dimension in geometry. Curated Cube is an endeavor to pack together the events in the market over the past month.

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FOURTH PILLAR

- The banking sector has recorded its highest ever profits of Rs 1,02,252 crore in FY2021, a year when the economy was battered by the pandemic. This is a significant turnaround compared to a net loss of nearly Rs 5,000 crore for the industry in FY2019.
- NPAs of Banks may rise to 9.8% by March 2022 as per the latest Financial Stability Report of RBI.
- All Primary (Urban) Co-operative Banks having asset size of ₹5000 crore or above, shall appoint a Chief Risk Officer (CRO).
- Scheduled Commercial Banks (including Small Finance Banks), are permitted to borrow in a day to the extent of 125% of their capital funds in the Call /Notice money market.
- For Scheduled Commercial Banks(including Small Finance Banks) the fortnightly average borrowings outstanding under Call/ Notice money should not exceed more than 100% of their capital funds.
- Under Term Money, Scheduled Commercial Banks (including Small Finance Banks) can borrow as per Internal Board approved limit within the prudential limits for inter-bank liabilities.
- Payment Banks and Regional Rural Banks, are permitted to borrow in a day to the extent of 125% of their capital funds in the Call /Notice /Term money market.
- For Payment Banks and Regional Rural Banks, the fortnightly average daily borrowings outstanding under Call/ Notice/Term money should not exceed more than 100% of their capital funds.
- Co Operative Banks are permitted to borrow in the Call/ Notice/Term money market up to 2% of their aggregate deposit as at the end of March of the previous financial year.
- Primary Dealers are permitted to borrow under Call/ Notice/Term money market on a daily average in a reporting period up to 225% of their Net Owned fund (NOF) as at the end of March of the previous financial year .
- As per Section 194 Q of the Income Tax Act 1961 any person, being a buyer who is responsible for paying any sum to any seller (being a resident) for purchase of any goods (including capital goods), where the value or aggregate of such values, exceeds ₹50 lakhs in any P.Y., shall deduct TDS @ 0.1% (5% in case PAN is not furnished) applicable from 1st July, 2021.
- If a Term Deposit(TD) matures and proceeds remain unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.
- Retail and Wholesale trade also is now included as MSMEs for the limited purpose of classification under Priority Sector Lending.
- Banks / Financial Institutions are encouraged to cease, and also encourage their customers to cease, entering into new financial contracts that reference LIBOR as a benchmark and instead use any widely accepted Alternative Reference Rates (ARR), as soon as practicable and in any case by December 31, 2021

Fourth Pillar strives to position beyond the three pillars of Basel and is culled from the Four Estates

Bank Promotion Online Coaching - IBS brings you the perfect blend of Online Coaching and interactive live sessions through its pantheon of highly experienced faculty who fit well into a multi-cultural environment. The collective experience of our faculties exceeds 1000 years.



Inquisitively Speaking

1) The PSL limit for loans against Negotiable Warehouse Receipts (NWRs) / electronic Negotiable Warehouse Receipts (eNWRs) issued by regulated warehouses as a preferred instrument for availing such finance by the farmers, is _____lakh per borrower.

- a) ₹50
- b) ₹60
- c) ₹75
- d) ₹100

2) RBI has permitted the cash withdrawal in respect of Full KYC PPIs of _____ per transaction with an overall limit of _____per month perPPI from ATM & PoS Terminals.

- a) ₹1,000, ₹10,000
- b) ₹2,000, ₹10,000
- c) ₹3,000, ₹20,000
- d) ₹5,000, ₹50,000

3) Prudential limits for outstanding borrowing transactions in Call, Notice and Term Money Markets have been issued by RBI in exercise of the powers conferred under section _____of the Reserve Bank of India Act, 1934.

- a) 45 U
- b) 45 V
- c) 45 W
- d) 45 Z

4) Which among the following is NOT TRUE in respect of appointment of Managing Director in a Primary Urban Cooperative Bank?

- a) His Minimum Term on first appointment will be 3 years
- b) His maximum continuous tenure shall be 15 years.
- c) Minimum Qualification is Graduation.
- d) He can be a member of a Municipal Corporation or Local Body

Answer Key

- 1. (c) ₹75
- 2. (b) ₹2,000, ₹10,000
- 3. (c) 45 W
- 4. (d) He can be a member of a Municipal Corporation or Local Body

Stretch n Speak

- 1. **TLTRO** Targeted Long Term Repo Operations
- 2. **RBIA** Risk Based Internal Audit
- 3. **CFT** Combating of Financing of Terrorism
- 4. **SHCIL** Stock Holding Corporation of India Ltd
- 5. **RSETI** Rural Self Employment Training Institutes