



IBS VIGYAN

VISIONING BANKERS

Evangelistically Speaking



Dear Stakeholders,

The Civil Services selection results have sprung few surprises. The narratives from some of the success scripters have been on the need to stay focussed,

understand perspectives and ability to take positions on issues. Even when physical interaction is getting disrupted, many of their heuristics have been on calisthenic learning only, getting mud on the shoes. As schools are set to open across many states, discussion is shifting from learning losses to learning recovery. The concept of Gap Year prevailing among affluent British from 17th century is also being discussed. But, the reality is that the gap year that has been thrust upon the students has left majority of them looking for low level employment than using for self-learning. Amidst this adrift in pedagogy and learning, the concept of design thinking is also being articulated. The recently concluded Certification examinations of IIBF have again established that a Certified Associate must be capable of imprinting his capabilities in the organisation than be an academic. The faculties at IBS keep striving to bring in design thinking approaches to drive in conceptual clarity in career aspirants, which alone will push them to distinction grades in the examinations and also stand them in good stead at the on-the-job sphere.

Looking forward to a meaningful and sustaining engagement, HAPPY DIWALI greetings from Team IBS.

Sincerely Yours
Sateesh Kumar. S
Managing Director

Reflectively Speaking

The Curated Cube on Account Aggregators was a standout among the run-of-the-mill press coverages, for its brevity and clarity. Congratulations.

(Anoop Biswal, AGM, Canara Bank)

IBS Vigyan presentation is attractive to eyes and cerebrum as well. Readers will love to read. Editing and DTP is international standards. Wish the organization get attention from all concerned. Further, I wish it becomes a standard magazine in Financial sector.

(G. Babu, Retired CM PNB, Hyderabad)

Read IBS VIGYAN which stands for Readable, Educative, Acceptable, Descriptive, Initiative Best / Banking Solutions, Visible, Informative, Generous, Youthful, Admirable Bulletin from IBS

(Dr Jagannathan, USA, Retired AGM, IOB)

August issue was very refreshing. Well compacted information. MD's outlook on transformations in Edtech industry reveals that he is well grounded.

(Vikram Khosla, CM, PNB)

CURATED CUBE

Awarding Nobel peace prize to Dmitry Murakov of Russia and Maria Ressa of Philippines has been widely applauded. Both have had their tribulations in upholding freedom of press in their respective countries. RBI Governor took a leaf out of this to state that he is not a prisoner of any rule book in steering monetary policy. Though one MPC member Prof. Jayanth R Varma demurred in continuing with the accommodative stance, the Committee has left policy rates unchanged. Oil prices could be the roiling factor in managing inflation. The fallout from default by Evergrande in the Chinese market appears to have waned itself.

The decline in India's external debt to GDP, which stood at USD 571.3 billion, to 20.2% as on June 2021 against 21.1% in March is encouraging. More comforting is the decline in government debt and increase in non-government debt in the mix. Short term debt to Forex reserves too declined to 16.8% from 17.5%. Commercial borrowings constituted 37.4% while NRI deposits were at 24.8% of the debt. External sector has been robust with merchandise export exceeding USD 30 billion for six consecutive months till September.

Governments fillip in the form of Performance Linked Incentives (PLI) for champion sectors has been well received. The high frequency indicators, including the likes of GST collections and Toll collections indicate that the recovery is going to be broad-based. The stock markets have also reflected confidence in the recovery.

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

FOURTH PILLAR

Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital - Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas.

Compliance with Reserve Requirements

(i) The funds collected by various branches of the bank or other banks for the issue and held pending finalisation of allotment of the Additional Tier 1 Preference Shares will have to be taken into account for the purpose of calculating reserve requirements.

(ii) However, the total amount raised by the bank by issue of PNCPS shall not be reckoned as liability for calculation of net demand and time liabilities for the purpose of reserve requirements and, as such, will not attract CRR / SLR requirements. The amount of capital funds that can be raised overseas

Not more than 49% of the eligible amount can be issued in foreign currency and/or in rupee denominated bonds overseas. "Eligible amount" in this context shall mean the higher of:

(a) 1.5% of RWA and

(b) Total Additional Tier 1 capital as on March 31 of the previous financial year

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FOURTH PILLAR

Monetary Policy Committee (MPC)

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting on October 8, 2021 decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent. The reverse repo rate under the LAF remains unchanged at 3.35 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent. The MPC also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

India Debt Resolution Company Ltd (IDRCL)

The government has set up an asset management company (AMC) named India Debt Resolution Company Ltd (IDRCL) with a paid-up capital of Rs. 80.5 lakh on an authorized capital of Rs 50 crore. IDRCL will work in tandem with the National Asset Reconstruction Company Ltd (NARCL) to clean up bad loans.

Micro, Small and Medium Enterprises

The definition of micro, small and medium enterprises is as under:

(i) A micro enterprise is an enterprise where the investment in plant and machinery or equipment does not exceed ₹1 crore and turnover does not exceed ₹5 crore;

(ii) A small enterprise is an enterprise where the investment in plant and machinery or equipment does not exceed ₹10 crore and turnover does not exceed ₹50 crore; and

(iii) A medium enterprise is an enterprise where the investment in plant and machinery or equipment does not exceed ₹50 crore and turnover does not exceed ₹250 crore.

A composite loan limit of ₹1 crore can be sanctioned by banks to enable the MSME entrepreneurs to avail of their working capital and term loan requirement through Single Window.

Cluster based approach to lending is intended to provide a full-service approach to cater to the diverse needs of the MSE sector which may be achieved through extending banking services to recognized MSE clusters. Banks are mandated not to accept collateral security in the case of loans upto ₹ 10 lakh extended to units in the MSE sector.

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

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INQUISITIVELY SPEAKING

1 As per Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Banks shall report a credit card account as 'past due' to credit information companies (CICs) or levy penal charges, viz. late payment charges, etc., if any, only when a credit card account remains 'past due' for more than _____ from the payment due date mentioned in the credit card statement.

- a) Fifteen days
- b) Ten days
- c) Five days
- d) Three days

2 Deposit insurance claim is payable by DICGC, in which of the following events?

- a) winding up of a bank
- b) amalgamation of a bank
- c) reconstruction of a bank
- d) any of the above

3 Government of India has extended the 'Stand Up India Scheme' up to _____

- a. 2023
- b. 2024
- c. 2025
- d. 2027

4 In case of Securitization of Standard Assets, the minimum ticket size for issuance of securitisation notes shall be _____

- a) Rs.1 crore.
- b) Rs 2 crore
- c) Rs 5 crore
- d) Rs 10 crore

Answer Key

- 1. (d)** Three days
- 2. (d)** any of the above
- 3. (c)** 2025
- 4. (a)** Rs 1 crore

Stretch n Speak

CCO	Chief Compliance Officer
FPI	Foreign Portfolio Investors
MTF	Medium Term Framework
StCB	State Co-operative Bank
IFSCs	International Financial Services Centres

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