



# IBS VIGYAN

## VISIONING BANKERS



### Evangelistically Speaking

Dear Stakeholders,

Dronacharya trained more than hundred princes from Kaurava and Pandava clan on archery. Only one Ekalavya could match the trainees in archery and even outsmart them. He went through self-learning, with Dronacharya as his manasa guru. This story came up in my mind as the training sessions for the new batches commenced for the certification programmes of IIBF. I have earlier also articulated on the low pass percentages in these examinations. I carry a surmise that many aspirants take to self-learning as an easier option in preparing for the examinations, contributing to the low pass percentages. Let an Ekalavya inspire you, but it might do good to understand the complexities that form part of the course content and the need for a guru in learning them.

These days, the Master Directions of RBI often run into hundreds of pages. In order to update the banking professionals on the nuances of these directions, RBI conducts training programmes across their Regional Training Centres, NIBM, and L&D centres of select Commercial Banks. This reflects that RBI itself recognises the need for physical training sessions to familiarise the professionals on the underpinnings of their directions. This also reflects the complexities in various areas, be it credit, risk management or banking operations. Against this background, the Banks have tasked IIBF to augment the content of their certification programmes, so that the certifications validate minimum upskilled levels of the professionals.

It is against this background that IBS sticks to live sessions for all programmes. Viewing of recorded sessions is provided as an additional option, mainly for revising or clarifying any topic. But to my dismay, many aspirants choose to miss the live interactions and fall back on recorded sessions. Therefore, I pored over Bhagavad Gita on what the Lord has to say about the need for a Guru. One sloka attracted me.

*tad viddhi praṇipātena paripraśhnena sevayā  
upadekṣhyanti te jñānam jñāninas tattva-darśhina  
(4:34)*

Learn the Truth by approaching a master. Inquire from him with reverence and render service unto him. Such an enlightened Saint can impart knowledge unto you because he has seen the Truth. The Absolute Truth cannot be understood merely by our own contemplation.

It is the hands-on experience in their respective domains in banking (akin to seeing the Truth) that renders our faculties to qualify themselves as guru. Hence, my repeated exhortation to all career aspirants to derive full benefit from live interactions with the faculties than be inspired by the lone Ekalavya!

Looking forward to a sustaining engagement with all.

Sincerely yours

**Satheesh Kumar. S**  
Managing Director

## Curated Cube

A pause means a temporary stop. A pivot means a central point on which something turns, as in a fulcrum. To the ordinary person, these may not mean much. The equity investor would always be guessing if the index is in a pivot mode or pause mode. For every investor who conjectures on a pause in the market, a diverse set of investors would view the level as a pivot. These diverse views impart depth to the market.

These two words from a Central Banker would be sending guidance about the interest rate trajectory. Hence the need to choose the correct word and back it with appropriate action. These nuances in monetary policy communication were vividly articulated by former RBI Governor Shri Shaktikanta Das in his inaugural address at the High-Level Policy Conference of Central Banks from the Global South on 21st November 2024. Major part of his speech covered balancing inflation and growth. He attributed the efficacy of RBI's policy measures in overcoming the pandemic shocks to the Flexible Inflation Targeting (FIT) provided in the Fiscal Responsibility and Budget Management (FRBM) Act. He also detailed that RBI carried the surmise that the shocks from the pandemic would be transitory. He complimented the Government for backing RBI's monetary policy measures addressing the demand-pull side with adequate fiscal measures to counter cost-push inflation pressures. He flagged this shared responsibility as a takeaway for other nations from the Global South.

*(Cube gives a third dimension in geometry. Curated Cube endeavors to conflate events in the market over the past month.)*

He likened communication of monetary policy to a bridge between confusion and clarity. He chronicled the changes in communication standards from RBI from the early nineties rendering the communication process more eloquent and prescient that served in anchoring the expectations of the market. His observations were echoed by the Deputy Governor Dr Michael D Patra in his speech the next day at the same conference. He delineated on the efforts from Alan Greenspan in imparting transparency and consistency to communication from the Federal Open Market Committee (FOMC). Dr Patra brought out the "curve fitting the Central Bank" as a sign of maturing markets backed by transparent communication of monetary policy.

The third part of Shri Shaktikanta Das's speech dealt with Crisis Management. He highlighted that unlike many developed economies, RBI did not facilitate monetizing the fiscal deficit emanating from the pandemic related fiscal measures, in keeping with the tenets of FRBM framework. There was no dilution in collateral standards while infusing liquidity into the markets through Commercial Banks.

His speech underpinned that Central banks need to work towards more robust, realistic and nimble policy frameworks that use monetary, prudential, fiscal and structural policies synergistically to achieve the desired outcomes.

### CAIIB - JUNE 2025 - ADMISSION STARTED

**DATE OF COMMENCEMENT - 22/01/2025 (JAIIB - ADMISSION OPEN)**

Online Zoom Classes, Whatsapp/Telegram support, Recorded Videos & Mock Test Series

## FOURTH PILLAR

### **COLLATERAL FREE AGRICULTURE LOAN LIMIT:**

At present banks have been extending collateral-free agricultural loans up to ₹1.60 lakh per borrower. Keeping in view the inflationary condition and rise in agricultural input costs, the RBI has decided to enhance this limit to ₹2.00 lakh per borrower, which will benefit the small and marginal farmers.

**PM VIDYALAKSHMI SCHEME:** As per National Education Policy 2020, adequate financial assistance should be made available to meritorious students in both public and private higher education institutions. Under the PM Vidyalakshmi scheme, a student who gets admission in any quality higher educational institution will be eligible to get collateral-free as well as guarantor-free loan from banks and FIs to cover full amount of tuition fees and other expenses related to the course.

**e-DAAKHIL:** Govt. of India has launched a portal named e-Daakhil to facilitate and streamline the consumer grievance redressal process. This is an efficient and convenient way through which consumers can approach the related consumer forum, without travelling to that place and making themselves physically present to file grievances. This has been successfully implemented in all the states and UTs in India.

**PAN 2.0 :** It is an e-governance project of Income Tax Department for re-engineering the business processes of taxpayer registration services. PAN 2.0 project will enhance the quality of PAN services through latest technology. The key features of the project are (i) Unified portal, (ii) Enhanced user experience, (iii) Comprehensive use of technology for paperless processes, (iv) QR code feature (v) Allotment/updation/correction of PAN will be done free of cost and e-PAN will be sent to the registered email ID. However, for physical PAN a charge of ₹50 plus mailing charge will be levied, and (vi) Global Standard for secure and seamless services.

**SUNSET CLAUSE:** A sunset clause is a provision in a law, regulation, or contract that limits the validity, enforceability, or applicability of something to a specific time period. The term comes from the idea that the law expires, like the sun sets. Sunset clauses have been regularly used in India in tax and fiscal laws (like in tax holidays and regulations for exchange control). Sunset clause is an acknowledgement by lawmakers that the law is not indefinite and is not made for eternity. It is an admission that circumstances change over time and that the laws of the land should reflect this. The provision of such a clause also encourages lawmakers to push for and implement such new laws that have limited negatives/downside to them. There are three types of Sunset clauses, (i) Sunset Clause – Which are specific to certain laws and provisions saying that the law will expire after a particular date; (ii) Sunset Law – It is a type of omnibus law that provides for the expiry of all other laws after a certain date; and (iii) Reauthorisation Clause – A clause that warrants a review and renewal of certain laws after a specific time period.

**DECLINING IN NUMBERS OF ATM:** The sharp increase in digital transactions during past few years has led banks to shut down ATMs. September 2023 and 2024 figures of ATMs in India are 2.19 lakh and 2.15 lakh respectively. As per RBI report the ATM penetration in our country still remains low with only 15 ATMs available for 1 Lakh population. Apart from users' preference towards UPI, the cap on free ATM transactions, ATM interoperability as well as the slow growth in interchange fee have made ATMs a non-lucrative business in banking.

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

## INQUISITIVELY SPEAKING

1. What is the maximum exposure limit for Indian Banks financing NBFCs that are engaged in providing Gold loans?

- a) 5% of Tier 1 Capital
- b) 7.5% of Tier 1 Capital
- c) 5% of total Capital
- d) 7.5% of total Capital

2. Which of the following organisation releases the Annual Corruption Perception Index ranking of countries by their perceived levels of corruption?

- a) World Bank
- b) WTO
- c) Transparency International
- d) UNO

3. If a bank crosses the lending limit prescribed for a specified borrower, then the provisioning requirement on the excess amount would be ... percentage points higher than the normal. Additionally, the bank is required to assign a risk weight of .... Percentage points over and above the applicable risk weight for the incremental exposure to that borrower.

- a) 2, 50
- b) 3, 50
- c) 3, 75
- d) 3.5, 75

4. An AI/Machine Learning based model named ..... Is being piloted by the Reserve Bank Innovation Hub which enables detection of mule bank accounts in an efficient manner.

- a) Chakshu AI/ML
- b) Connect 2 Regulate
- c) Mule Identifier AI
- d) MuleHunter AI

5. Recently a former chairman of which reputed international bank was sentenced to death for corruption, which is one of its first kind in banking history?

- a) Venezuela Bank
- b) Bank of China
- c) Banco De Mexico
- d) Foreign Trade Bank, North Korea

6. As per SEBI's recent guidelines, Indian Mutual Fund Schemes may invest in overseas Mutual Funds or Unit Trusts provided such overseas funds have a maximum of ... % exposure to Indian securities relative to their net assets.

- a) 25%
- b) 35%
- c) 45%
- d) 50%

7. Investors who are eligible to invest through the FAR route in Sovereign Green Bonds, does not include:

- a) Foreign Portfolio Investors
- b) Non-Resident Indians
- c) Foreign Nationals
- d) Overseas Citizens of India

### ANSWER KEY

**1. B 2.C 3.C 4.D 5.B 6.A 7.C**

### Stretch n Speak

**NFRA:** National Financial Reporting Authority

**UCIC:** Unique Customer Identification Code

**QHEI:** Quality Higher Education Institution

**SORR:** Secured Overnight Rupee Rate

**FAR:** Fully Accessible Route

**HVLDE:** High Value Listed Debt Entities