



# OFFICERS' NEWS

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*All office bearers, activists, members and well wishers of SBIOA, Bhubaneswar Circle offer their love, adulation and Best wishes for all your future endeavours.*

## Editorial

The much awaited results of the last financial year came up. As has become usual, the investors did not respond too enthusiastically and the share prices tumbled heavily despite posting historically the highest profit of Rs.14,105/- crores at a growth rate of 20.5% YOY. Our deposits grew at 15.24% and advances grew at 20.70 % improving the Credit Deposit ratio from 78.51% to 82.42 %. On the other side our operating profit fell by 1.56%, return on Equity decreased from 16.05% to 15.94%, Gross NPA increased from 4.44% to 4.75%, net NPA increased from 1.82% to 2.10% YOY. NPAs of more than 4000 crores were upgraded of which Rs.1132/-crores were by cash recovery alone. Restructuring had to be done in power, steel and pharma sector to allow the industries reasonable opportunity to tackle temporary issues which can change next financial. Practically it is a mixed bag. But most of the related figures for quarter end showed improvement on December quarter. That leads us to believe that the worst might be over and the things will look up in the coming times. Surprisingly the SBI share value tanked nearly 8%, the highest for a day since March'2011, aided by the general downturn of share market fuelled by global considerations. It is reported that we have lost nearly a quarter of our market value and ICICI and HDFC have gained 6% and 49% respectively, during April 2011 to May 2013. While erosion of market value is a serious concern, we have to take heart that the fundamentals are as strong as ever and an upward turn in economy will certainly provide the needed boost for upward revision in share prices.

We have been advised that the UFBU met the IBA on 23rd May afternoon on wage negotiation and took up the following issues.

1. Wage negotiation should be expedited in a time bound manner.
2. The number of representatives participating in the talks with IBA needs to be reviewed and revised.
3. The procedure of discussion by IBA with UFBU constituents should not undergo any change and the earlier pattern to continue.
4. Based on UFBU's letter to IBA, the compassionate ground appointment scheme should be introduced at the earliest as it has been already delayed inordinately.
5. The problems faced by employees and officers of Banks covered by the southern grid based clearing system should be resolved to avoid unwarranted risk to staffs and forced working on holidays.
6. 5 day working should be introduced at the earliest.
7. The IBA should intervene in the matter to normalise industrial relationship in SBI.
8. IBA should issue proper guidelines to Banks to advise the staff to strictly adhere to KYC norms so that the Banks and the staff do not become vulnerable at a latter stage.

The next round of discussion is likely to be held on 7 th June at IBA Office, Mumbai.

The bank is going through the process of promotions in various grades. We are sure the good works done by the officers will be recognised and the deserving will get the rewards. We are sure a large number of you will be promoted to higher grades. We wish all the candidates the very best.

***We all only live once. So we are obligated to make good use of the time that we have and to do something that is meaningful and satisfying. - Julian Assange***

What we think of as "normal" is constantly evolving. Somewhere along the line, it became normal for people to prioritise work at the expense of everything else. It became normal to suffer a chronic shortage of sleep because of long work hours and conference calls scheduled in other time zones. At some point, people accepted that it is normal to sit in an office chair for eight hours a day. We decided that careers are more important than relationships. We don't think there's anything odd about paying with our health for money, and then using the money to tend to our health.

"It's work," is a non-negotiable reason to spend dinner texting under the table, skip family events, and, most of all, to avoid the difficult work of asking uncomfortable questions in the general vicinity of "Who am I, what am I doing here, and what does it all mean?"

Work lends purpose to life, and contributes to an economic machine that we benefit from-but only up to a point. At the end of the day here we are, marking time until we turn to dust. What the hell to do with all the long hours that are in fact so short? Evolving a system of goal posts and rewards helps to enthuse people to do things. Except that somewhere along the way, we've lost sight of the point. The point is to make life more, not less, enjoyable. Those of us who don't ask questions will join the rat race and stay there. The rest of us will be known as "losers", and spend our lives being made to feel bad for not matching the parameters defined as "success". If we continue not to feel bad about it, we will simply be ignored.

Someone I know joined a company known for creativity, innovation and fantastic products. It was a plum job with immense prestige and great pay. Three years later he put in his papers; he never got more than four hours of sleep, spent vast amounts of time on airplanes, and had a boss from hell. He absolutely hated his plum job.

I have another friend who seems to have found a nice balance between a satisfying work life and a creative, social, love-filled personal life. He fits in overseeing nine offices of a company he founded, spread over several countries, with being a fantastic father to his children, a wonderful husband to his wife, and a rock solid friend to his friends. He finds pleasure in both

work and his personal life, and has the energy and the preternatural cheeriness to handle the stresses and pitfalls. He's happy.

But this man is unusual. Most of us have limited energy, limited emotional bandwidth, and limited capacity for doing something difficult over a long period of time. The majority of average people push themselves beyond what is reasonable for them, in an attempt to emulate the outliers. For women, this means the extra demands of bearing children and, despite a few exceptions where men pitch in, also raising them. In most countries women also expect themselves to have spotless houses, abundant tables, and maintain ties with extended families.

This doesn't sound like accomplishment or achievement to me - it sounds like a nightmare, or a form of oppression. It sounds like the surrender of calm and contentment, the sur-render of a form of time that is vastly underrated: free time.

This doesn't apply to people who find hyperactivity to be genuinely pleasurable. I'm talking about those who experience their full and busy lives as a constant pressure to perform in ways that may not have anything to do with what they would have enjoyed doing. Those who find that their bodies are breaking down under the stress of sedentary or overactive lives, but cannot give up the carrots of social approval for the benefit of good health. Those who can't remember what sex or love is like. Those who wake up at the end of their lives thinking: I would have liked to do something else. Technology has physically liberated us from the office but at the same time put us on a longer, more insistent leash of ringtones and beeps.

A palliative nurse named Bronnie Ware wrote a book, *The Top Five Regrets of the Dying*, based on her conversations with people at the end of their lives. The two most common regrets were: 1) I wish I'd had the courage to live a life true to myself, not the life others expected of me; and 2) I wish I hadn't worked so hard.

Almost everyone has to work. Everyone has to die. Ask the questions, answer them honestly, and make your choices. Maybe, at some point, happiness will be normal.

## VIGILANCE MONSTER

R C PATRA

ORGANISING, SECRETARY

In our mythological story we read about monster who is an imaginary figure having dreadful image. He is not satisfied with minimum food and relishes torturing innocent human beings without any reason. Sometimes he might be doing some good by catching hold of nuisance elements, killing them and, in the process, brought peace in the area. But, by and large, he remained a headache for entire mankind. Every day, National and local daily News papers are publishing about vigilance raid, CBI raid, CBI investigation and Hon'ble Courts verdict on vigilance matters in front pages. It is a good sign to create awareness among the people and to pin down the wrong doers. Many prominent individuals and organisations like freedom fighter and social activist-cum-reformist Anna Hazare, Arvind Kejirwal and his Aam Aadmi Party, Baba Ramdev, Naveen Patnaik, Narendra Modi and Nitish Kumar have been continuing their crusade against corruption. There have been stringent laws against corrupt and scamsters.. Involvements of top brasses have been coming to the surface viz fodder scam, Hawla scam, Bellary mining scam, Ketan Parekh and stock market scam, Telgi stamp paper scam, Harshad Mehta scam, Satyam scam, Bofor's scam, Caolgate scam, common wealth scam, submarine kickback, Adrasha housing project scam, IPL scam, 2G Spectrum and recent Chopper purchase scam and Railgate scam. Involvement from all section of peoples like politicians, Bureaucrats, Builders, Defence personnel, Public sector personnel, Private Sector personnel, Engineers, Doctors, Private and public sector Bank personnel and Judiciary personnel are being well-documented..

States are not far behind in comparison to the infamous stride at National level in these aspects. Our State Odisha has unabashedly made progress in this matter both in committing corruption and fraud and also in nabbing and exposing the involved persons. During present Government Bureaucrats, Politicians, Police personnel, Doctors, Engineers, Contractors, Builders, Mine owners and touts are being caught by vigilance sleuths. Special courts, Fast track courts have been set up for speedy disposal of these cases. Common peoples are happy and satisfied as nobody, however mighty he is, escape from the dragnet of investigation agency. Confiscation of properties acquired out of ill-gotten wealth by Fast track Court and Vigilance Court is another milestone of present era. Even people of past those who misused power during their incumbency have been brought to vigilance ambit..

Our Banking Industry has not been lagging much behind above board as far as vigilance cases are concerned. Cobrapost exposure has painted black in face of banking industry. Last five years we have been observing more vigilance cases framed against banking personnel. Our bank State Bank of India has not escaped the deplorable trend... More and more people are coming under its scrutiny due to accounts turning into NPA. ATM related problems, FAKE PATTA, KCC/ AGRI LOANS, TRACTOR LOANS, HOUSING LOANS and irregularities in various LOANS. We have a vigilance department exclusively dealing with this matter. Its role is to appraise the higher authority on any mistake happening in any Branch/ Establishment/Circle. The department follows the guidelines of Central Vigilance Commission (CVC). The department issues circular and guidelines from time to time for its employees for enlightening them from refraining from some practices and as such, facilitate smooth running of bank works. Anybody violating Bank's extant norms are coming under its scrutiny and any omission and commission done by him will be penalized in due course.

After visualizing the present growth and causalities in Vigilance and CBI cases in our Bank, it puzzles our mind that whether the integrity of present employees are doubtful or our employees are not very much acquainted with work culture of present computer environment or they are not properly trained or they are succumbing to compulsion of higher authorities or ambitious or they are not able to co-op with work pressure or shortage of man power or lax in control and scrutinize process. Whether it is possible that the employees work in vigilance department not well conversant with the process or the attitude of higher authorities changed vis-à-vis earlier decision taking authorities. Some black sheeps are responsible for the '**Damocles sword**' hanging over entire work force.

Keeping a safe distance from vigilance monster we must imbibe the proverb "**A stitch in time saves nine**". If we do not obey the traffic rules will face the accident. Never work in pressure or without any black and white order. Stick to the circular instructions and do not be more pro-active. Take the valuable advice from experienced senior colleagues who have deep knowledge in the relevant matter. Do not hesitate to learn where age is no bar. Never give patronage to employees engaging in fraudulent activities rather be a whistle-blower. Many hurdles may come in your work but try to defy that or come over that. Those are brave who can only swim in troubled water. Keep your temptation under control otherwise will be easy prey for vigilance monster.

*Edifice of Association/Federation stands on probity, fraternity and unity.  
Our unity long live*

## IMPORTANT JUDGEMENT IN NPA MANAGEMENT

### **SARFAESI Appeals can be filed only in DRT's whose jurisdiction secured property is situated**

Of late, there is a growing trend among the borrowers/guarantors to challenge the proceedings initiated by our Bank under the provisions of the Sarfaesi Act before the Ld.DRT's. As a consequence of this, the number of Sarfaesi Appeals filed against the Bank in different DRT's, HC's and Civil Court are showing a steep upward movement. Though the jurisdiction of the civil courts are being ousted through Section 34 of the Sarfaesi Act, instances of issue of *ex parte* - stay orders by civil courts are also not uncommon. Adding more worries, the borrowers/guarantors are also going for "forum shopping" by filing Sarfaesi Appeals before various DRT's citing various causes of actions as per their convenience.

Amidst of such concerns, an important judgement of the Hon'ble High Court of Delhi is of much significance and relief to us in dealing with the Sarfaesi Appeals. The Hon'ble High Court of Delhi has held in *Amish Jain vs ICICI Bank Ltd* that borrowers can file Sarfaesi Appeals only before the DRT within whose jurisdiction the property/secured assets against which the Sarfaesi action is taken is situated and in no other DRT.

In the aforesaid case, the borrower filed Writ Petition against the order of DRT dismissing the Sarfaesi Appeal filed by him for the reason that it has no jurisdiction to entertain the Appeal. While the case came up for hearing, the Hon'ble High Court of Delhi constituted Full Bench to decide the following jurisdictional issue:-

"whether the Appeal under S.17 of the Sarfaesi Act can be filed not only in DRT having jurisdiction where the mortgaged property is situated but also in DRT having jurisdiction where the branch of the Bank which has disbursed the loan is situated as well as in all DRTs which would have jurisdiction in terms of S.19 (1) of DRT Act".

The main contention of the borrower/petitioner is that Sarfaesi Appeal can be filed where the authorized officer of the Bank is situated. The borrower/petitioner further contended that the appeal can be filed before the DRT having jurisdiction

wherever the cause of action wholly or in part has accrued.

After analyzing the various legal provisions underlining the right of appeal provided to the borrower/aggrieved party under the Sarfaesi Act, the Hon'ble Court observed that the right of appeal under S.17(1) of the Act is only against measures under S.13(4) of the Act and not against notice under S.13(2) of the Act. In order to take possession of the secured assets, the Bank needs to approach the Chief Metropolitan Magistrate or District Magistrate having jurisdiction over the assets where the secured asset is situated. The jurisdiction to entertain an appeal against such action will be of the DRT having jurisdiction over the area where the secured asset is situated and over the area whose the Chief Metropolitan Magistrate or District Magistrate has been approached for so taking over the secured assets.

The Hon'ble High Court further observed that while dealing with the appeal, if DRT finds that the measures taken under S.13(4) are not in accordance with the Sarfaesi Act and Rules, the DRT is authorized to declare such measures to be invalid and restore the possession of the secured assets to the borrowers. The DRT having no jurisdiction over the Chief Metropolitan Magistrate/District Magistrate would not be entitled to direct such restoration of possession. The principle applicable to a suit for enforcement of mortgage i.e. of it being maintainable only in the Courts within whose jurisdiction the mortgaged property is situated would apply here also. The provisions of S.19 of DRT Act and Rule 6 of DRT Rules are intended for application before the DRT for recovery of money and which can be filed in the DRT within whose jurisdiction any part of the cause of action has accrued and would have no application to an action for enforcement of security interest under the Sarfaesi Act. The DRT Act is not containing any provision for territorial jurisdiction of an appeal as under S.17 (1) of the Sarfaesi Act, even if it were to be construed not as an appeal and as an original application. The jurisdictional provision under S.19 (1) of the DRT Act is only for applications by the Bank for recovery of debt from any person.

An application by a Bank for recovery of debt can by no stretch of imagination be equated with an appeal under S.17 (1) of the Sarfaesi Act.

The Hon'ble High Court has declared that the cause of action for the appeal under S.17 (1) of the Sarfaesi Act is the taking over of the possession/management of the secured asset and which cause of action can be said to have accrued only within the jurisdiction of the DRT where the secured asset is so situated and the possession thereof is taken over.

In view of this judgement, the borrowers/guarantors can file Sarfaesi Appeal only in DRT's in whose jurisdiction the secured asset is situated and the possession thereof is taken over. In cases, where the borrowers/guarantors file the Sarfaesi Appeal before DRT's which doesn't have jurisdiction to entertain such appeals, our Branches may file necessary counter statement for dismissal of such appeals. Hope, this judgment will act as a deterrent against those borrowers who are taking multiple proceedings against our Bank at different judicial forums.

#### **QUICK SUCCESS SERIES : NPA MANAGEMENT, CAPITAL ADEQUACY & BASEL**

In line with the international practices and as per the recommendations made by the Committee on the Financial System (Chairman Shri M. Narasimham), the Reserve Bank of India has introduced, in a phased manner, prudential norms for income recognition, asset classification and provisioning for the advances portfolio of the banks.

#### **Non Performing Assets**

A non performing asset (NPA) is a loan or an advance where,

- ❖ Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan. (Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank)
- ❖ The account remains 'out of order' in respect of an Overdraft/Cash Credit (OD/CC). An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period,

- ❖ The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- ❖ The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- ❖ The installment of principal or interest thereon remains overdue for one crop season for long duration crops. "long duration" crops would be crops with crop season longer than one year.

@ Advances against term deposits, NSCs eligible for surrender, IVPs, KVPs and life policies need not be treated as NPAs, provided adequate margin is available in the accounts. Advances against gold ornaments, government securities and all other securities are not covered by this exemption.

#### **Categories of NPAs**

**Substandard Assets:** A substandard asset would be one, which has remained NPA for a period less than or equal to 12 months.

**Doubtful Assets :** An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months.

**Loss Assets:** A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly.

@ The outstanding in the account based on drawing power calculated from stock statements older than three months would be deemed as irregular. A working capital borrowal account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower's financial position is satisfactory.

@ An account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

@ All the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/ investment or part thereof which has become irregular.

@ The bills discounted under LC favouring a borrower

may not be classified as a Nonperforming advance (NPA), when any other facility granted to the borrower is classified as NPA.

### **Accounts where there is erosion in the value of security/frauds committed by borrowers**

- i. Erosion in the value of security can be reckoned as significant when the realizable value of the security is less than 50 per cent of the value assessed by the bank, Such NPAs may be straightaway classified under doubtful category and provisioning should be made as applicable to doubtful assets.
- ii. If the realizable value of the security is less than 10 per cent of the outstanding in the borrowal accounts, the existence of security should be ignored and the asset should be straightaway classified as loss asset.

### **Government guaranteed advances**

- 1) The credit facilities backed by guarantee of the Central Government though overdue may be treated as NPA only when the Government repudiates its guarantee when invoked.
- 2) State Government guaranteed advances and investments in State Government guaranteed securities would attract asset classification and provisioning norms if interest and/or principal or any other amount due to the bank remains overdue for more than 90 days.

### **PROVISIONING NORMS**

#### **1) Loss assets**

Loss assets should be written off. If loss assets are permitted to remain in the books for any reason, 100 percent of the outstanding should be provided for.

#### **2) Doubtful assets**

- 100 percent of the extent to which the advance is not covered by the realisable value of the security.
- In regard to the secured portion, provision may be made on the following basis, at the rates ranging from 25 percent to 100 percent of the secured portion depending upon the period for which the asset has remained doubtful:

Up to one year	: 25%
One to three years	: 40%
More than three years	: 100%

- In cases of NPAs with balance of Rs. 5 crore and above stock audit at annual intervals by external agencies would be mandatory.

Collaterals such as immovable properties charged in favour of the bank should be got valued once in three years.

### **3) Substandard assets**

- A general provision of 15 percent on total outstanding.
- The 'unsecured exposures' which are identified as 'substandard' would attract additional provision of 10 per cent, i.e., a total of 25 per cent on the outstanding balance.

### **4) Standard assets**

- (a) Direct advances to agricultural and SME sectors - 0.25%.
- (b) Advances to Commercial Real Estate (CRE) Sector - 1.0%
- (c) All other loans and advances - 0.40%
- (d) Housing loan at teaser rates i.e. at comparatively lower rates of interest in the first few years, after which rates are reset at higher rates - 2.00% .

(The provisioning on these assets would revert to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates if the accounts remain 'standard'.)

### **CAPITAL ADEQUACY NORMS**

@ The Bank for International Settlement (BIS) is established at Basel (Switzerland).

@ (Basel accord-I) adopted in 1988. Basel- I considered only Credit risk and Market Risk.

Operational Risk was not considered at all (now included in Basel II )

@ Finally in 2004 the revised capital adequacy framework was published as Basel – II.

### **Three Basic Pillars of Basel II**

1. Minimum Capital Requirement
2. Supervisory Review Process
3. Market Discipline

Three Risk under RWA (Risk Weighted Asset)

1. Credit Risk
2. Market Risk
3. Operational Risk

### Definition of Capital

**Tier 1:** Core capital - Common Equity; Retained Earnings & Disclosed reserves

**Tier 2:** Supplementary capital (limited to 100% Tier 1); Undisclosed reserves; Revaluation reserves; General provisions / general loan loss reserves (< or = 1.25% of RWA under SA / 0.6% of RWA under IRB); Hybrid instruments (IPDI); Subordinated debt (lower Tier 2)

**Risk-weighted assets** = Net Adjusted Exposure (Asset value) x RW (Risk weight)

### Definition of a Corporate under Basel-II in India:

- All exposures above Rs. 5 crores are to be treated as Corporate. Also, those borrowers having an average (3 years' average) turnover of Rs. 50 crores & above are also to be treated as Corporate, irrespective of the aggregate limit sanctioned.

# All exposures other than Corporate are treated as Retail.

### Capital Adequacy Ratio (CAR) prescribed

8% by the Basel Committee,

9% by RBI,

10% by Narasimhan Committee

13% by the SBI Board

Capital Charge ((allocation)) under Basel --

RBI Guidelines

#### 1) Credit Conversion Factors (CCFs)

- ✓ Documentary LCs – 20% (Nondocumentary - 100%);
- ✓ Financial Guarantees- 100% [Performance Guarantes - 50%]
- ✓ Unutilised limits - 20% (CC/OD & TLs with drawdown schedules up to 1 year), - 50% (TLs with drawdown schedules beyond 1 year)

( The borrowal accounts complying with the unconditional cancellability clause would attract zero per cent Credit Conversion Factor on the portion of the undrawn commitment which is defined as

Sanctioned Limit less Outstanding both for fund and non fund based limits. )

### Identified external credit rating agencies

- Domestic-CARE, CRISIL, FITCH India, ICRA
- International- Moody's, S & P, Fitch

### Rating by External Agencies Risk Weight (RW)

AAA	20%
AA	30%
A	50%
BBB	100%
BB & below	150%
Unrated	100%

### Risk weights assigned to various assets

- Central Government guaranteed – 0%
- State Govt. Guaranteed – 20%
- Scheduled banks (having min. CRAR) – 20%
- Non-scheduled bank (having min. CRAR) - 100%
- Commercial Real estate loans / NBFCs (ND-SI) – 100%
- Capital Market Exposures– 125%
- Restructured/ rescheduled advances – 125%
- Staff Home Loans/PF Lien noted loans – 20%
- Consumer credit (Personal Loans including loans against gold and gold jewellery/ Credit Card Receivables) -125%
- NPAs with provisions
  - <20% - 150%
  - 20 to < 50% - 100%
  - 50% and above - 50%

Basel II provides banks with a menu of approaches for quantifying the different types of risk under Pillar 1

#### • Credit Risk

1. Standardised Approach
2. Foundation Internal Ratings Based Approach
3. Advanced Internal Rating Based Approach

# SBI/ SBI groups have adopted SA on 31/03/08.

#### • Market Risk

1. Standardised Approach

2. Internal Models Approach

• Operational Risk

3. Basic Indicator Approach

4. Standardised Approach

5. Advanced Measurement Approaches

**RBI guidelines for adopting different approaches**

Approach	The earliest date of making application by banks to the RBI	Likely date of approval by the RBI
Internal Models Approach (IMA) for Market Risk	April 1, 2010	March 31, 2011
The Standardised Approach (TSA) for Operational Risk	April 1, 2010	September 30, 2010
Advanced Measurement Approach (AMA) for Operational Risk	April 1, 2012	March 31, 2014
Internal Ratings-Based (IRB) Approaches for Credit Risk (Foundation- as well as Advanced IRB)	April 1, 2012	March 31, 2014

**SARFAESI Act (2002)**

(Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act)

- 1) Applicable to NPA only
- 2) A secured creditor can take possession of the secured assets and sell the same without recourse to the courts.
- 3) If the sale proceeds are not adequate, the bank can file a suit with DRT for recovery of the balance.
- 4) In case of joint loans by banks, creditors covering at least 75% of the advances should agree to serve

the notice through one of the banks.

- 5) The financial assets can be sold to a securitization company.
- 6) The authorized officer empowered to issue notices to the borrowers is SMGS IV or above.

**SARFAESI Act are not applicable**

- a) Lien on any goods.
- b) A pledge of movables.
- c) Any conditional sale, hire-purchase or lease or any other contract in which no security interest has been created.
- d) Any security interest for securing repayment of any financial asset up to Rs. 1 lac.
- e) Any security interest created on agricultural land.
- f) Any case in which the amount due is less than 20% of the principal amount and interest thereon.

**Time frame for different activities under SARFAESI Act :**

1. Time to be allowed to the borrower / guarantor in demand notice to repay the dues - 60 days from the date of notice.
2. Time within which the borrower can submit representation / objection to the above notice - 60 days from the date of notice.
3. Time within which the Bank has to convey its decision against the above representation / objection - 7 days from the date of receipt of the representation / objection .
4. Minimum Time Bank has to permit for the borrower to repay the debt, while issuing the sale Notice - 30 days from the date of notice.
5. Time within which Borrower can file a petition in the DRT against Bank for having taken possession of property - Within 45 days from the date of action of the Bank.
6. Maximum time within which DRT has to pass the order for the above - Within 4 months from the date of application in the DRT.
7. Time within which the Bank / Borrower can file appeal with the Appellate Tribunal against the order of the DRT - Within 30 days from the date of receipt of the order of the DRT.



## LOK ADALAT

- 1) Set up under the Legal Services Authority Act, 1987
- 2) Dues up to Rs. 20 lac can be settled.
- 3) The Bank can insist on down payment of 25% at the time of compromise and grant time between 6 months to 12 months to pay the balances dues.
- 4) No concession on the principal amount. Future interest may be 6% simple on AGL loans and 10%-18% on commercial advances from the date of decree till the date of realization.

## DEBT RECOVERY TRIBUNAL (DRT)

- 1) Established on the recommendation of Narasimham Committee.
- 2) The bank has to file cases for recovery of debts of Rs. 10 lac and above.
- 3) The tribunal has to dispose of the cases within 6 months.
- 4) An appeal to the Appellate Tribunal has to be filed within 45 days. 75% of the debt due should be deposited with the Appellate Tribunal.

## ASSET RECONSTRUCTION COMPANIES (ARC)

- 1) As per recommendation of Narasimham Committee
- 2) It will be a Public Financial Institution with a minimum capital of Rs. 2 crore.
- 3) A bank can approach an ARC to take over the doubtful assets. ARC will issue 7 to 10 year bonds to the bank.

### Functions of the ARCs:

ARCs will help / assist the Bank's officials in the following areas related to recovery of advances:

- Follow-up with the borrower / guarantors.
- Follow-up of legal cases with the office of the Bank's Advocate, in consultation with the Bank's officials.
- Follow-up of revenue recovery cases with Revenue officials in consultation with the Bank's officials (subject to related State Govt. guidelines, if any).

- Arranging buyers for assets / properties hypothecated / mortgaged to the Bank.
- Collecting details of personal properties of borrower / guarantors.

### Scheme for engaging the services of three ARCs for recovery of Loss Assets

(i) **Coverage:** All branches

(ii) **Eligible Accounts / NPAs :**

- AUCA with outstandings exceeding Rs.25 lacs.
- Accounts with outstandings above Rs. 25 lacs where full provisions have been made i.e. still lying in live ledger / Recalled Assets Account.
- Accounts where suits have been filed subject to consent of the court as applicable.
- DRT cases, subject to consent of DRT, as applicable.

(iii) **Mode of settlement:**

Any of the following strategies as decided by the Branch in consultation with the ARCs to be adopted by the ARC.

- Full recovery of dues in lump sum or in instalments.
- Through compromises where considered necessary.
- Compromise amount would be arrived at on the basis of the approach laid down in Bank's NPA Management Policy.

The capital requirements are summarized as under on full implementation of Basel III Guideline

Sr. No.	Regulatory Capital RWAs	% to
1	Minimum Common Equity Tier 1 Ratio	5.5
2	Capital Conservation Buffer (comprised of common equity)	2.5
3	Minimum Common Equity Tier 1 ratio plus CCB (i+ii)	8
4	Addition Tier 1 Capital	1.5
5	Minimum Tier 1 Capital Ratio (i+iv)	7
6	Tier 2 Capital	2
7	Minimum Total Capital Ratio (MTC) (v+vi)	9
8	Minimum Total Capital Ratio + Capital Conservation Buffer (vii+ii)	11.5

ପରିବର୍ତ୍ତନ

ସୀତେଶ ତ୍ରିପାଠୀ

କେନ୍ଦୁଝର ଶାଖା

ପରିବର୍ତ୍ତନ ଟ୍ରେନିଂରୁ ଫେରିବା ପରଠାରୁ ବାବୁ ଶୈଳେନ୍ଦ୍ର ନାରାୟଣ ଭିନ୍ନ ମଣିଷ ପାଲଟି ଯାଇଛନ୍ତି । ପରିବର୍ତ୍ତନ ତାଙ୍କ ଉପରେ ଗଭୀର ପ୍ରଭାବ ପକାଇଛି । ତାପରଠାରୁ ସେ ଖାଲି ହସୁଛନ୍ତି । ଜମାରୁ ଚିତ୍ତ ନାହାଁନ୍ତି । ସେ ଏବେ ଆଉ ଆଗର ହସ ଅଜଣା ଶୈଳେନ୍ଦ୍ର ନାରାୟଣ ନୁହଁନ୍ତି । ସେ ଏବେ ସଦା ହସହସ ପରିବର୍ତ୍ତିତ କର୍ମଚାରୀ । ବାବୁ ଶୈଳେନ୍ଦ୍ର ନାରାୟଣଙ୍କଠାରେ ପରିବର୍ତ୍ତନ ନୂଆ ଯୋଗ୍ ଭରିଦେଇଛି । ଏମିତିକି ସାନପାଞ୍ଚ ଲାଗିଲେ ବି ହସି ହସି କଷ୍ଟମର୍କ ଠାରୁ ଅନୁମତି ନେଇ ଚୟେଲେଟ୍ ଯାଉଛନ୍ତି ।

ଥରକର କଥା... ।

ତାଙ୍କ କାଉଣ୍ଟରରୁ ଡିପୋଜିଟ୍ ଭାଉଚର୍ ଶେଷ ହୋଇଯାଇଥାଏ । ତା'ର କାରଣ କେତେକ କଷ୍ଟମର୍କ ବେଶି ବେଶି ଭାଉଚର୍ ପାଖରେ ରଖିବା ଲାଗି ନେଇଯାଇଥାନ୍ତି । ବାବୁ ଶୈଳେନ୍ଦ୍ର ନାରାୟଣ ଭାଉଚର୍ ମଗେଇଛନ୍ତି । ଧାର ସ୍ଵରରେ । ଭଦ୍ର ଭାବରେ । ପରିବର୍ତ୍ତିତ ବାବୁ କାହାରିକୁ ଆଉ ବଡ଼ପାଟିରେ କିଛି କୁହନ୍ତିନି । ତାଙ୍କ କଥା କଥାରେ ରହିଥାଏ, ଭାଉଚର୍ ଆସୁ ନଥାଏ, ଏମିତିରେ ଜନୈକ କଷ୍ଟମର୍କ ଚିଡ଼ିଗଲେ । କହିଲେ- କେତେବେଳ ପର୍ଯ୍ୟନ୍ତ ଛିଡ଼ା ହବୁ ? ଭାଉଚର୍ ମଗୋଇ ନାହାଁନ୍ତି କାହିଁକି ? ବାବୁ ଶୈଳେନ୍ଦ୍ର ନାରାୟଣ କଷ୍ଟମର୍କ ଜଣଙ୍କୁ ଅନେଇ ମୁକ୍ତି ହସା ଦେଲେ । କଷ୍ଟମର୍କ ତାଙ୍କ ହସର ଗୁଡ଼ତତ୍ତ୍ଵ ଚିକକ ବୁଝି ନ ପାରି ଭାବିଦେଲେ, ବାବୁଙ୍କୁ ମଜା ଲାଗିଛି । ତହିଁ ସେ ଚିକିଏ ଅଧିକ ଚିଡ଼ିଲେ ଓ କଥା ଦୋହରାଇଲେ । ବାବୁ ଶୈଳେନ୍ଦ୍ର ପୂର୍ବ ଭଳି ଖାଲି ଟିକେ ହସିଦେଲେ । ତାଙ୍କ ହସ କଷ୍ଟମର୍କଙ୍କୁ ଅଧିକ ଚିଡ଼େଇ ଦେଲା ଓ ସେ ଚଡ଼ା ଗଳାରେ କହିଲେ- ହସିବା ମତଲବ୍ ? ? କ'ଣ ଅଜା ? ? ଶୈଳେନ୍ଦ୍ର କିଛି କହିଲେନି, ହସିଲେ । କଷ୍ଟମର୍କ ବେଶି ଚିଡ଼ିଲେ । ବାବୁ ଶୈଳେନ୍ଦ୍ର ନାରାୟଣ ସେମିତି ହସିହସି କହିଲେ- ଆପଣ ଚିଡ଼ନ୍ତୁ । ମତେ ଆଦୌ ଖରପା ଲାଗିବନି । ମୁଁ ହସିବି । ଆମ ପରିବର୍ତ୍ତନ ଟ୍ରେନିଂ ଆମକୁ ଶିଖେଇଛି- କଷ୍ଟମର୍କ ଯେତେ ଚିଡ଼ିଲେ ବି ଆମେ ଚିଡ଼ିବୁନି, ହସିବୁ । ଆପଣ ଚିଡ଼ନ୍ତୁ, ଦେଖନ୍ତୁ ମୁଁ ହସୁଚି କି ନାହିଁ... ଏବଂ ହସିଲେ... ଓ ହସିଲେ....

କଷ୍ଟମର୍କ ହାଁ କରି ଅନେଇ ଥାଆନ୍ତି, ଭାଗ୍ୟ ଭଲ, ସେତିକିବେଳେ ଚିଫ୍ ମ୍ୟାନେଜର୍ ସେଠିକି କୌଣସି କାମରେ ଆସିଥିଲେ ଅବସ୍ଥା ସମ୍ଭାଳିନେଲେ ।

ବ୍ୟାଙ୍କ ସମୟ ପରେ ଚିଫ୍ ମ୍ୟାନେଜର୍ ହସିହସି ବାବୁ ଶୈଳେନ୍ଦ୍ର ନାରାୟଣଙ୍କୁ କହିଲେ- ପରିବର୍ତ୍ତନ ପ୍ରଶିକ୍ଷଣର ଏଇ ଅର୍ଥ କାଡ଼ିଲେ ? ?

ସ୍ଵପ୍ନର ପଥେ ପଥେ

ସୁବଳ ରାଉତରାୟ

ଅନୁଗୁଳ ଶାଖା

ସବୁ ସ୍ଵପ୍ନ ଯଦି ସତ ହୋଇ ଯା'ତା ଆଉ କି ରହନ୍ତା ମିଛ...  
ସ୍ଵପ୍ନର ମହଲ ଗଡ଼ନ୍ତା ଜୀବନ ଆକାଶଠାରୁ ବି ଉଚ୍ଚ !

ନଦୀ ଦେଖୁଥାନ୍ତା ଦୁଇ ତୀରେ ତା'ର ଫୁଲ ଫଗୁଣର ହାଟ  
ବାଟୋଇ ଦେଖନ୍ତା ଫୁଲରେ ଫୁଲରେ ମହକୁଛି ତା'ର ବାଟ !

ଆକାଶର ଜହ୍ନ ଘୁମେଇ ପତଂତା ରାତିର ପଣତ ତଳେ..  
ତାରୁ ଚାନ୍ଦିନୀରେ ଚଂଦ୍ରମଲ୍ଲୀ ହସି ଝୁଲନ୍ତା ପୁଷ୍ପିତ ତାଳେ !

ସ୍ଵପ୍ନର ସହରେ କେବେ ତ ସକାଳ କେବେ ତ ସଂଧ୍ୟାର ଖେଳ  
ହେଲେ ଏ ସହରୀ ଜୀବନରେ କାହିଁ ଜାଇଁବା ପାଇଁକି ବେଳ !

ଲୁହର ଏଠିତ ଚିହ୍ନବର୍ଣ୍ଣ ନାହିଁ ଆଉ ହସର ନାହିଁ ବି ନାଆଁ  
ସହର ଭିତରେ କିଏ ବା ଖୋଜିବ ହଜିଯାଇଥିବା ଗାଆଁ !

ହେ ଜୀବନ ତୁମେ ଯେତେ ପାର ସେତେ ସ୍ଵପ୍ନର ମହଲ ଗଡ଼  
ଜୀବନଠୁ ତୁମେ କରିଦିଅ ସାଥୀ ସ୍ଵପ୍ନକୁ ତୁମର ବଡ଼ !

ବହନ୍ତା ନଈରେ ସବୁ ବହିଯାଏ... ଯାଏ ଆସେ ଖାଲି ନାଆ...  
ଜୀବନେ ତୁମର କିଛି ବି ନଥାଉ... ସ୍ଵପ୍ନ ତ ତୁମର ସାହା !



## TARGET PRESSURE ON EMPLOYEES CAN LEAD TO FRAUDULENT PRACTICES

**Suneera Tandon**

Pressure on employees to deliver on growth targets amid uncertain economic conditions can lead to fraudulent practices such as bribery and corruption, according to Ernst and Young's 2013 Fraud Survey covering Europe, the Middle East, India and Africa.

Unethical conduct including fraud, bribery and corruption in response to such pressure is not just a hypothetical risk, according to the survey. One in five respondents experienced financial manipulation in their companies, according to the findings unveiled by the audit and consulting firm on Tuesday after having surveyed 3,000 directors, executives and managers in 36 countries.

"In this environment, some inevitably succumb to unethical behaviour," David Stulb, global leader of Ernst & Young's fraud investigation and dispute services practice, said in a release. "Shareholders expect management to take responsibility for protecting the business by implementing anti-bribery and anti-fraud programmes at all levels of their organization. Boards must challenge management to ensure they are focused on high risk areas."

Such trends are apparent in rapidly growing markets where more than a quarter of the respondents witnessed manipulation such as overstated sales and understated costs that the management has been aware of the report said.

Within the finance sector, about a quarter of respondents were aware of some type of irregular financial reporting in their companies. Across the survey, 42% of the board of directors and senior managers were aware of such incidents, it said. With regard to India, more than 33% of respondents felt that offering cash payments to win or retain business can be justified, while 54% believe financial reporting is often exaggerated.

"India has robust policies but the issue is compliance," said Arpinder Singh, India leader of Ernst & Young's fraud investigation and dispute services practice. "In the current challenging market condition, the incentives for unethical conduct can be strong when personal remuneration is at stake and pressure to deliver growth is being felt directly."

Almost half the respondents in rapid-growth markets agree that companies in their countries often misrepresent financial performance, compared with 29% of those with headquarters in Western Europe.

Work pressure linked to performance is also leading to more cuts in remuneration in developing markets than in developed ones, respondents said. At least 43% of Indian respondents said that this was the case in their companies.

Although unjust practices are rampant in companies and a majority of respondents are aware that their company has an anti-bribery/anti-corruption policy, the survey showed that many organizations have a significant perception gap between senior management and employees when it comes to the relevance and effectiveness of this policy.

When it comes to whistleblowers, 60% of directors and senior managers believe that their companies would support people who reported cases of suspected fraud, bribery or corruption, whereas only 34% of other employees agree.



### **BEREAVEMENT**

**Com. K. Purushottam Das**  
**DOB : 11.10.1961**  
**DOJ : 15.01.1982**

Com. K. Purushottam Das got promotion on 01.08.1991 & was working as Dy. Manager in our Jajpur Town Branch. He died on 10th May 2013 in cardiac arrest. We pray the almighty to let his soul rest in peace and to give strength to the bereaved family.

A woman recently told me that her life is so hard; she just doesn't know whether she will ever be able to get past her personal challenges and achieve her dreams. Her particular challenge is weight loss (she tells me she gains 5 pounds even being in the same room with a chocolate éclair). "It's easier for everyone else around me," she says, "they can eat whatever they want and still be thin."

A man recently complained about the pressing weight of legal problems that have robbed him of peace, opportunity and needed financial resources. Still another explained to me that his lack of education was an insurmountable obstacle that kept him in the realm of mediocrity.

Although it often seems that other's have it easy compared to our own problems, I have learned that everyone on this planet, no matter what his or her background or education, whether in wealth or poverty, fame or isolation, social prestige or obscurity — everyone, will have challenges, heartbreaks, and obstacles so devastating, at one time or another in their life, that they wonder if they can go on.

Sometimes these challenges are easily discerned and we mourn with our friends and family and associates. Others suffer quietly and privately, but just as severely, as the world marches on seemingly oblivious to their pain. If you haven't experienced yours yet, just wait a little. It is part of the nature of life on planet earth. Many of us get so discouraged and depressed when these challenges occur that we feel we simply cannot go on. Many give up on their dreams.

The good news is that these difficulties are just one part of life. It can also be rich and beautiful and fulfilling. Your success and happiness in life depends on your ability to focus on the good and de-emphasize the difficulties. That's it; easy to say, but very difficult to do when we are disappointed and discouraged. There is a key that will unlock this ability in you. It is so simple that you may not think it is of much value. Try it anyway and you will discover what thousands of top performers know. This key is gratitude.

We all, each of us, have talents and skills, tools and abilities, aptitudes and experience that are unique and valuable. We can see with our eyes, hear with our ears, analyse with our minds, touch, taste, teach, love, and learn. We have friends and family; we are surrounded by opportunity and splendour if we seek for it. Those who learn to count their blessings - to foster an attitude of gratitude - will find that the world is a friendlier place to live.

One day Helen Keller — blind, deaf, and for many years speechless — said: "Recently I asked a friend who had just returned from a long walk in the woods what she had observed. 'Nothing in particular' was the reply. How is it possible, I asked myself, to walk for an hour through the woods and see nothing worthy of note? I, who cannot see, find hundreds of things to interest me through mere touch. I who am blind and deaf can give a word to those of you who can see. Use your eyes as if tomorrow you would be stricken blind. Hear the music of voices, the song of birds, the mighty strains of an orchestra as if you would be stricken deaf tomorrow . . . Smell the perfume of flowers, taste with relish each morsel as if tomorrow you could never smell and taste again."

Think of the good things that God has blessed you with. Consider what (or who) you might be taking for granted. Take stock of the talents that you have, the skills you have developed, and the experience that you enjoy. As you do so, life's difficulties - discouraging and heartbreaking though they may be - will seem a little less poignant. You will regain hope and confidence by garnishing your daily thoughts with thanksgiving and gratitude for what you have.