

ALAGAPPA BANKERS QUEST

DEMONETIZATION



About the Department

Banks, as financial intermediaries act as catalysts for economic growth. The success of bank no doubt, depends upon efficiency of human resources. As such, injecting professionalism into the organizational setup of banks was pronounced as one of the major objectives of the first phase of nationalization of banks in India in 1969. But the objectives could not be fulfilled in toto even after three decades of nationalization. One of the important reasons for this problem was the inability of banks to identify rights persons with specialized knowledge in the field of banking for recruitment at various levels. Academic institutions, the main supplier of personnel, confined themselves to exposing learners on traditional and legal aspects of banking in their curriculum; specialized courses in banking enabling the students to acquire knowledge about contemporary banking were lacking. In this background the Department of Bank Management was established in Alagappa University, Karaikudi in 1989.

Discipline, Perfection and Dynamism are the watch words of the Department. Learners are fine –turned to face challenges of the ever growing financial sector through hands on experience duly supported by the needed theoretical edifice. The distinguished track record of the Alumni speaks for the academic credentials of the department.

COURSES OFFERED

The Department offers a unique 4 semester MBA programme in banking and insurance. In order to enrich banking research, the Department also offers M.Phil and Ph.D programme in Bank Management through part time and full time modes. MBA (Banking and Finance) is offered through the Directorate of Distance Education (DDE), Alagappa University.

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DEPARTMENT ROUND UP

International Day for Elimination of Violence against Women

Observed on 25th November 2016

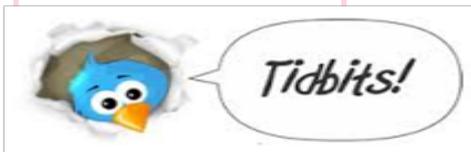
The International Day for Elimination of Violence against Women was held at Alagappa University on 25-11-2016. Presiding over the function Prof.V.Balachandran, Registrar i/c said that it was painful to note that once in every three minutes a crime against a woman is committed in the country. According to National Crime Records Bureau (NCRB) the reported incidents of crime against women has increased from 1,95,856 in 2008 to 3,27,394 in September 2016. On an average, it has increased by 67%. Hence, it becomes imperative on the part of the parents and teachers to create awareness by inculcating values in the minds of children. The existing gender inequality contributed to the cause of violence and this could be overcome by a change of perception of the society towards women.

In her keynote address Mrs.S.Mahalakshmi, Principal District Munsif-cum-Judicial Magistrate, Karaikudi, stated that the widening gap between parents and children is the root cause for all sorts of violence. She regretted that most of the parents fail to imbibe moral values in their children. She stressed that women should develop courage, confidence, tolerance and sacrifice to face challenges in their day-to-day life. While explaining the constitutional provisions for protection of women, she highlighted the nuances of Domestic Violence Act 2005 and Hindu Widows Re-Marriage Act.Dr.R.Alamelumangai, Professor, Department of Bank Management in her thematic address said that the day is observed since 1999 and she also said that one out of three women is sexually assaulted and 35% of women experienced some type of violence.

Mrs.R.Senthamizh Selvi, a senior Advocate from Karaikudi in her special address pointed out that the Government of India has enacted a number of laws to safeguard the welfare of women and women students should be aware of them. The misuse and abuse of mobile phones lead to several cyber crimes and she exhorted the women students to avoid communicating with strangers through social media. Quoting profusely from practical cases, she said how simple reasons lead to divorce and the consequent sufferings of women at a later period.

Dr.K.Gurunathan, Member of Syndicate, Alagappa University offered felicitation. He highlighted that violence against women is happening in every country and the magnitude alone varies. He stressed the need for promoting gender equality in the society. A placement brochure brought out by the Department of Bank Management was released by the Registrar Prof.V.Balachandran and the first copy was received by the Judicial magistrate Mrs.S.Mahalakshmi.





STUDENTS CORNER



K.Chitradevi II MBA

CPI stands for **Consumer Price Index**. Inflation is measured using CPI. The percentage change in this index over a period of time gives the amount of inflation over that specific period, i.e. the increase in prices of a representative basket of goods consumed.

The **difference between total revenue and total expenditure** of the government is termed as **fiscal deficit**. It is an indication of the total borrowings needed by the government.

Headquarters of **Corporation bank** is in **Mangalore** and its tagline is "**A premier public sector bank**"

Government budget is an annual statement, showing the item-wise estimation of receipts & expenditure during a fiscal year.

Second Time **Nationalization** of 6 banks was conducted in **1980**.

Bank of Bombay, Bank of Madras and Bank of Bengal formed the **Imperial Bank of India** in 1921.

When the **RBI** came into existence on **1 April 1935** it was Privately Owned. In 1949 it was nationalized.

Reverse repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country. It is a monetary policy instrument which can be used to control the money supply in the country.

Bancassurance means selling insurance product through banks. Banks and insurance company come up in a partnership wherein the bank sells the tied insurance company's insurance products to its clients.

Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organisation.

Term insurance is life insurance policy which offers death benefit to the insured in case of unforeseen circumstances. However there is no survival, benefit if he outlives the policy term.

The **highest denomination note** of Rs. 10,000 was printed first time by **RBI in 1938**.

Soiled notes are the notes which becomes dirty due to usage and it also include a two piece note pasted together.

Prime Lending Rate is the rate at which banks lend to their best (prime) customers. It is usually less than normal interest rate.

"**CIBIL**" stands for **Credit Information Bureau India Limited**, now known as **TransUnion CIBIL Limited**. It is India's first Credit Information Company(CIC). CIBIL collects and maintains records of an individual's payments pertaining to loans and credit cards.

DEMONETISATION

P.SUISHMITHA & A.R.NITHYA II MBA

The Union Government announced that Rs.500 and Rs.1000 notes would cease to be legal tender from 8 November 2016. Its primary aim was to curb the menace of black money and corruption. It was also targeted at addressing the scourge of fake currency. Increase in fake currency: The number of fake Indian currency notes in higher denomination has increased during the past few years. Given the similarity in appearance, it is very difficult for an ordinary citizen to distinguish between the fake one and the genuine one.

Black money and terror financing: The black money and the fake notes are also found to be used for anti-national and illegal activities. These high denomination currency notes are being hoarded by the terrorists to finance their anti-national activities.

Economic spiral: It increases the deposits in banks, thereby increasing their capacity to lend. More lending should theoretically boost more activity and infrastructural development. The government can resort to more social security schemes targeting the disadvantaged and needy.

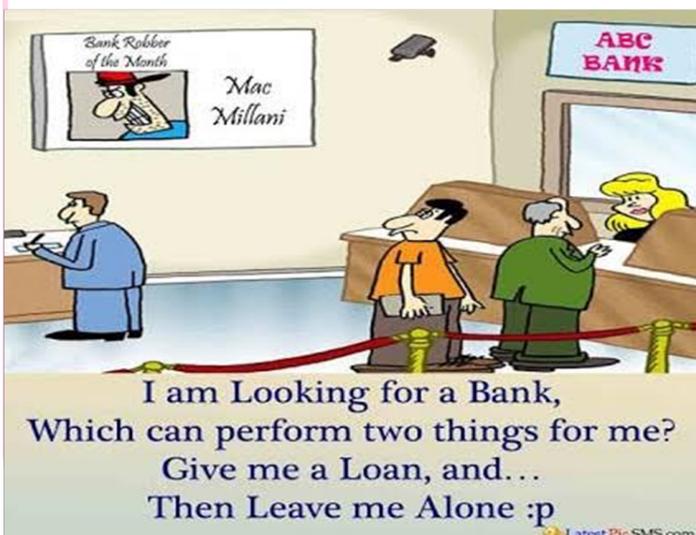
BANKS WITH HIGH LEVEL OF STRESSED ASSETS

(NPAS PLUS RESTRUCTURED LOANS IN RS CRORE)

BANK	STRESSED ASSETS*	BANK	STRESSED ASSETS*
Central Bank of India	21.15	Oriental Bank	15.06
United Bank of India	19.04	Andhra Bank	14.91
Punjab & Sind Bank	18.25	Dena Bank	14.90
PNB	17.85	IDBI Bank	14.38
Indian Overseas Bank	17.70	UCO Bank	13.78
State Bank of Patiala	16.58	Bank of Maharashtra	13.74
Allahabad Bank	16.19	State Bank of Bikaner	13.15

* AS% TO TOTAL ADVANCES

S.Anbu II MBA



STUDENTS CORNER

HOME LOAN INTEREST RATES OF ALL MAJOR BANKS
S.RENUGADEVI, II MBA(B&I)

State bank of India	8.60% - 8.65% (for women) 8.65% - 8.70% (for others)
ICICI bank	8.65% -8.80%(for women) 8.70% - 8.85% (for others)
HDFC	8.65%(for women) 8.70% (for others)
Bank of Baroda	8.35% - 8.55%
AXIS Bank	8.65% (fixed)
IDBI Bank	9.15% -9.20%
Union Bank of India	8.75% -8.80%
Bank of India	8.65% - 8.70%
Corporation bank	8.85% (fixed)
United bank of India	8.80%(fixed)
HSBC Bank	9.35% -9.45%
Indian bank	8.60% (fixed)
Deutsche bank	10.50% (fixed)
Standard Chartered	9.35%(fixed)
Federal bank	9.57% -9.82%
Allahabad bank	8.85% (fixed)
Central bank of India	8.50%(fixed)
UCO bank	8.75% - 8.90%
Canara bank	8.65% - 8.75%
Kotak bank	8.75%(fixed)
Dena bank	8.55%-8.80%
Vijaya bank	8.90%(fixed)
Syndicate bank	8.75%(fixed)
Citi bank	8.80%(fixed)
Punjab national bank	8.45% - 8.50%
Oriental bank of commerce	8.60% -8.70%
Indian overseas bank	8.65%
Development credit bank	10.60% (fixed)
Bank of Maharastra	8.95% - 9.05%
Andhra bank	9.50% - 9.70%
Karanatak bank	9.50% - 9.75%

History of Demonetization

- B.Nagajothi II MBA

Many countries have experimented with the process of demonetization in the past. Some countries benefited tremendously from the move while some terribly failed at it. Here is a list of some countries that have implemented the policy of demonetization:

France
US (1969)
Britain (1971)
Ghana (1982)
Myanmar (1987)
Nigeria (1984)
Zaire (1990)
Congo (1990)
Soviet Union (1991)
Australia (1996)
Zimbabwe
North Korea (2010)
Pakistan (2015)

Axis Bank ties up with Earth port

Ragavi.R II MBA

India's third largest private bank, Axis Bank BSE 0.20%, has tied up with Earthport Plc, a cross border payment network, to enable faster outbound cross-border payments for its customers through Earthport's state-of-the-art global payments network.

Axis Bank has become the first bank in India to connect with Earthport's global payments network, which spans over 60 countries.

The Bank joins a growing number of major banks across the globe that can, through a single connection with Earthport, send payments seamlessly to almost any bank account in the world on behalf of their clients, while delivering a faster, more efficient and cost effective service.

This agreement also marks Earthport's entry into India, the world's fastest growing major economy in line with its strategy to become the preferred provider of cross-border payment services to major banks, financial institutions, ecommerce companies and other payment aggregators globally.

SWIFT
(Society for Worldwide Interbank Financial
Telecommunication)



The Society for Worldwide Interbank Financial Telecommunication (SWIFT) provides a network that helps financial institutions worldwide to send and receive information about financial transactions in a secure and reliable environment. The Society for Worldwide Interbank Financial Telecommunication is a standard format of Business identifier codes approved by the International Organization for Standardization (ISO). SWIFT transports financial messages in a highly secure way and does not hold accounts for its members or perform any form of clearing or settlement. SWIFT does not help in funds transfer rather it sends payment orders which must be settled by correspondent accounts that the institutions have with each other.

Major centers

The SWIFT secure messaging network is run from two redundant data centers one in the United States and one in the Netherland. These two centers share information in real-time basis. If any problem occurs in one then the other will handle the traffic of the complete network. SWIFT opened its third data center in Switzerland since then data from European SWIFT members are not sent to the U.S. data center. The distributed architecture partitions messaging into two messaging zones: European and Trans-Atlantic. European zone messages are stored in Netherland and part of the Switzerland operating center. Trans-Atlantic zone messages are stored in the United States and in a part of the Switzerland operating center Countries outside Europe were allocated to the Trans-Atlantic zone by default but could choose to have their messages stored in the European zone.

Services

It's a secure network for sending messages between financial institutions. Set of standards for financial messages are followed. A set of connection software and services allowing financial institutions to transmit messages over SWIFT network.

- There are four major SWIFT services. They are
- Securities
- Treasury & Derivatives
- Trade Services
- Payments & Cash Management

SWIFT Code is a standard format of Bank Identifier Codes (BIC) and is a unique identification code for a particular bank. These codes are used when transferring money between banks particularly for international wire transfers. Banks also use the codes for exchanging other messages between them. It is a unique identification code for both financial and non-financial institutions. When assigned to a non-financial institution the code will be as a Business Entity Identifier Codes (BIC) are also known as SWIFT Codes.

The SWIFT Code consists of 8 or 11 characters. When 8-digits code is given, it refers to the Primary Office.

AAAA BB CC DDD

- First 4 characters - bank code (only alphabets)
- Next 2 characters - ISO 3166-1 alpha-2 country code (only alphabets)
- Next 2 characters - location code (letters and digits)
- Last 3 characters - branch code, optional (letters and digits)
- The last three codes are 'XXX' for primary office.

SWIFT code for its primary office is NEDSZAJJ
 NEDS identifies Ned bank
 ZA is the country code for South Africa
 JJ is the code for Johannesburg
 Those transfer interfaces that require an 11 digit code would enter NEDSZAJJXXX

Example: Allahabad bank in India with its head office in new Delhi. The SWIFT

STRESSED ASSET RESOLUTION PROPOSALS

Proposal 1: PAMC

- Structured as a private equity fund
- Funded by private capital
- Tackles assets with near term viability

Proposal 2: NAMC

- Quasi-government AMC
- Part funded by government
- Tackles assets which need government support

Proposal 3: PARA

- Public sector asset reconstruction agency
- Initial capital from government
- Tackles all large stressed cases

Bloomberg | Quint



MUTHUPRIYA.B & RAJALAKSHMI.R II MBA

