

NIBM newsletter

National Institute of
Bank Management
Pune, India



Tel:020 26716000 ☐ Fax:020 26834778 ☐ www.nibmindia.org

Volume No. 2

Issue No. 4

October 2019

Dear Reader,

The year 2019 marks the golden jubilee of NIBM. We celebrate 50 years of our glorious performance in the field of training, teaching and research in Banking and Finance and wish to chart an even better future. It gives us immense pleasure to bring to you this edition of NIBM's Newsletter which shares with you our Foundation Day celebrations along with the programmes and PGDM activities in the July-September 2019 quarter. We wish you a happy festive season and look forward to your continued patronage and participation in our endeavor.

With best wishes,

Dr. K L Dhingra
Director



NIBM Events

Celebration of NIBM's Foundation Day

On the 24th of September 2019 the NIBM family enthusiastically celebrated this esteemed Institute's Golden Jubilee Foundation Day. The Director Dr. K L Dhingra described NIBM's glorious journey and achievements over the last 50 years. Dr. S V Kuvalekar, Associate Dean Training, who is currently the faculty with the longest tenure at NIBM, acknowledged the Institute's role in shaping his career and Prof. Sanjay Basu, Associate Dean Research, Dr. Rakesh Gupta, Banker Faculty and Mr. Sunil Salvi, Administrative Staff, took center-stage to share their own experiences at NIBM. This important event was marked by cake-cutting and happy interactions among all, including the International participants of the ITEC Programme on ALM.



Edited by: Dr Tasneem Chherawala

NIBM's Executive Training Programmes

Director's Visit to Nepal



NIBM faculty conducted a three-day programme on Integrated Risk Management for the Officers of Citizens Bank International Ltd., Nepal. The Director Dr. K L Dhingra delivered the valedictory address and interacted with the Top Executives of the Bank – Mr. Ganesh Raj Pokharel, CEO, Mr. Rajendra Lal Shrestha, CRO and Madam Umang Sharma, Assistant CEO. In the course of the Nepal visit, the Director also met the Senior Executives of Nepal Bank Ltd., United Finance Ltd. and Muktinath Bikas Bank Ltd.



Director's Visit to Mauritius



The Director with Mrs Hemlata Sadhna Sewraj-Gopal, Secretary, Bank of Mauritius and Smeeta Bissoonauth, Assistant Director, Corporate Services, Bank of Mauritius



The Director with Mr Premchand Mungar, Chief Executive, MauBank Ltd.

The Director, Dr. K L Dhingra, along with Dr. S V Kuvalekar, Associate Dean Training, visited Mauritius during July 8 – 11, 2019, to enhance NIBM's collaborative training initiatives with various financial institutions. They interacted with the Executives of Bank of Mauritius, Mauritius Bankers Association, Bank One Ltd., The State Bank of Mauritius, Development Bank of Mauritius, Banyan Tree Bank, The Mauritius Commercial Bank Ltd., NBFC Cim Finance Ltd., Maubank Ltd., Afrasia Bank Ltd. and the foreign branches of State Bank of India and Bank of Baroda.

Visit to Airtel Payments Bank

The Director visited Airtel Payments Bank for interactions with Shri Anubrata Biswas, MD & CEO, Shri Janesh Kumar, CHRO and the PGDM Alumni placed with the Bank.



NIBM's Executive Training Programmes

In the first half of the Academic Year 2019-20, NIBM conducted 93 programmes; 60 Institutional programmes and 33 In-company programmes. These were attended by a total of 1866 executives of banks and FIs, of which 523 were foreign participants. During the same period, another 1238 working professionals registered for the E-Certification courses offered by NIBM.

Intensive Course in Banking and Finance for Senior Executives of Canara Bank June 10 – August 30, 2019



Canara Bank Participants with Dr. K L Dhingra and NIBM Faculty and Administrative Staff



Canara Bank Participants with Shri. Pramod Kumar, General Manager, Mumbai Circle



Dr. K L Dhingra in a Classroom Interaction with Canara Bank Participants

NIBM conducted a rigorous three-month course in banking and finance for 26 senior executives of Canara Bank (Chief Manager and above). The courses spanned specialized skill development in domains like Treasury, Risk Management, International Banking and Trade Finance, Corporate Finance, IT and Digital Banking and IBC. Various modules on Leadership, Strategic Planning and Soft Skills were also included so as to prepare the participants for senior managerial positions in the Bank. NIBM Faculty endeavored to make each course relevant and exciting by a pedagogical mix of case studies, class room lectures, and interactions with industry experts. The overall course rating was 4.7 out of 5.

We share with you participants' feedback on the course:

"The training has played very vital role in making me familiar with different new developments and vision of banking industry. The topics have been very useful in my future banking and my personal knowledge. I wish to say "BIG THANK YOU"."

"It was really a good programme covering all aspects of banking in domain knowledge, practical experience, HR development, Personality development. Definitely it was a very long training programme, but we enjoyed it & it will definitely improve our knowledge and confidence in our professional as well as personal life."

International Programme on Role and Functioning of Central Bank (For Middle and Senior Level Management) August 5 – 17, 2019



As part of ITEC under the Ministry of External Affairs, Government of India, NIBM offers various programmes in the domain of Banking for International Participants. In August 2019, for the first time, NIBM conducted a course for Central Bankers attended by representatives from Mongolia, South Sudan, Syria and Afghanistan.



Dr. Devyani Khobragade Joint Secretary, Development Partnership Administration-II, Ministry of External Affairs (MEA) visited NIBM and interacted with the participants.

NIBM's Executive Training Programmes

International Programme on Asset Liability Management in Banks and Financial Institutions September 23 – October 5, 2019



Participants of International Programme on ALM enjoying lunch in the NIBM dining room.



Participants of International Programme on ALM outside the Classroom

Programme on Technical Analysis for Forex Dealers from Bangladesh (BAFEDA) Sept 16 - 20, 2019



NIBM's Executive Training Programmes

International Programme on Leadership Development for Branch Managers of Sonali Bank, Bangladesh
(August 9 – 24, 2019 and September 2 – 7, 2019)



Director, Dr. K L Dhingra interacting with the Sonali Bank Participants

Orientation Programme for Foundation Trainee Officials of Bangladesh Bank
July 28 – August 2, 2019 and August 25 – 30, 2019



PGDM EVENTS AND ACHIEVEMENTS



War with Words – Debate Competition

Alfaaz, the Literary Committee of PGDM organized a debate competition on August 14, 2019 covering topics from different domains from contemporary to abstract and scientific topics. The event was judged by faculty members, Dr Tasneem Chherawala and Dr Sanjay Basu.



PGDM students' team comprising Ankur Vyas, Siddhi Jain and Aayushi Mittal, made the Institute proud by winning 1st runner-up position at the national competition on THINK EQUITY THINK QGLP organized by Motilal Oswal at IIM Ahmedabad during the Red brick Summit.



PGDM Student Dibakshya Chakraborty secured first prize for his paper on "What role will the African subcontinent play in International Business in the next decade?" submitted to Delhi School of Economics for VISHWAVYAPAR September 2019 issue.

Analysis of Events in the Indian Financial Markets

Marriage of Indiabulls Housing Finance and Lakshmi Vilas Bank: A proposal rejected by RBI

Dr. Tasneem Chherawala

On October 9, 2019 the Reserve Bank of India barred the planned voluntary amalgamation of the NBFC Indiabulls Housing Finance (IHF) and its subsidiary Indiabulls Commercial Credit Ltd. (ICC) with Lakshmi Vilas Bank (LVB) – a private sector commercial bank, six months after it was formally announced. This decision was deviant from the regulatory approvals received by three similar mergers of NBFCs with private commercial banks in the recent past –Gruh Finance with Bandhan Bank, Capital First and IDFC Bank, and Bharat Financial Inclusion with IndusInd Bank.

While RBI did not provide any reasons for the rejection, we can identify a number of factors which may have guided RBI's decision. First, a comparative analysis of the proposed deal with those of the previous approved mergers (Table), clearly shows that as of the date of merger announcement, LVB as a Transferee Bank had a very weak financial position with, large accumulated losses, very high NPA ratios, and a below minimum capital adequacy; whereas in all the other deals, the transferee banks were financially sound entities.

	<i>Bharat Financial Inclusion with IndusInd Bank</i>	<i>IDFC Bank and Capital First</i>	<i>Gruh Finance with Bandhan Bank</i>	<i>Indiabulls Housing Finance with Lakshmi Vilas Bank</i>
Merger Announced	October 14, 2017	January 13, 2018	January 7, 2019	April 5, 2019
Transferee Bank	IndusInd Bank	IDFC Bank	Bandhan Bank	Lakshmi Vilas Bank
Transferee Bank Financial Ratios	<u>Qtr-end 30-Sep-17</u> Net Pr: Rs. 880 cr. CAR: 15.63% GNPA: 1.08% NNPA:0.44% ROA:1.9%	<u>Qtr-end 31-Dec-17</u> Net Pr: Rs. 146 cr. CAR: 19.15% GNPA: 5.62% NNPA: 2.52% ROA: 0.49%	<u>Qtr-end 31-Dec-19</u> Net Pr: Rs. 331.6 Cr CAR: 32.81% GNPA: 2.41% NNPA: 0.7% ROA: 0.73%	<u>Yr-end 31-Mar-19</u> Net Pr: - 894.1 cr CAR: 7.72% GNPA: 15.3% NNPA:7.49% ROA: -2.43%

Second, IHF's standalone application for a banking license had already been refused by RBI. Thus, the initially proposed structure of the merger, with LVB getting absorbed into the financially stronger NBFC, would be a “marriage of convenience”. IHF would get access to an indirect route to enter the banking space without losing its brand name and control, while the struggling private sector bank would obtain the necessary capital lifeline to survive. However, the deal contours were reversed in May 2019, with IHF and ICC proposed to be amalgamated into LVB. This move clearly implied that the Boards of the two entities themselves may have realized that RBI was unlikely to allow transfer of the LVB banking license to the merged entity.

Furthermore, during the period pending the RBI approval, both IHF and LVB got mired in controversial litigations pertaining to allegations of financial irregularities. In August 2019, LVB CEO Mr. Parthasarathi Mukherjee resigned, despite having received a regulatory extension of his tenure. Finally, in September 2019, based on continuous weak financial performance of LVB, the RBI initiated the Prompt Corrective Action Framework and placed business restrictions on the bank.

Consolidations in the Indian financial sector, especially those between commercial banks and NBFCs, are usually structured to leverage on business synergies like access to low cost deposits, portfolio diversification and geographic expansion of customer base. However, these synergies may not translate into long run benefits and may even create systemic risk if the merging entities are frail in terms of financials or business practices. Also, unlike the recently announced mergers of public sector banks, where additional government capital infusion will be forthcoming to support the merged entities, a small private bank like LVB does not have any instant access to external capital. Thus, we can conclude that RBI's rejection of the IHF and LVB proposed merger was a prudent decision.

Analysis of Events in the Global Financial Markets

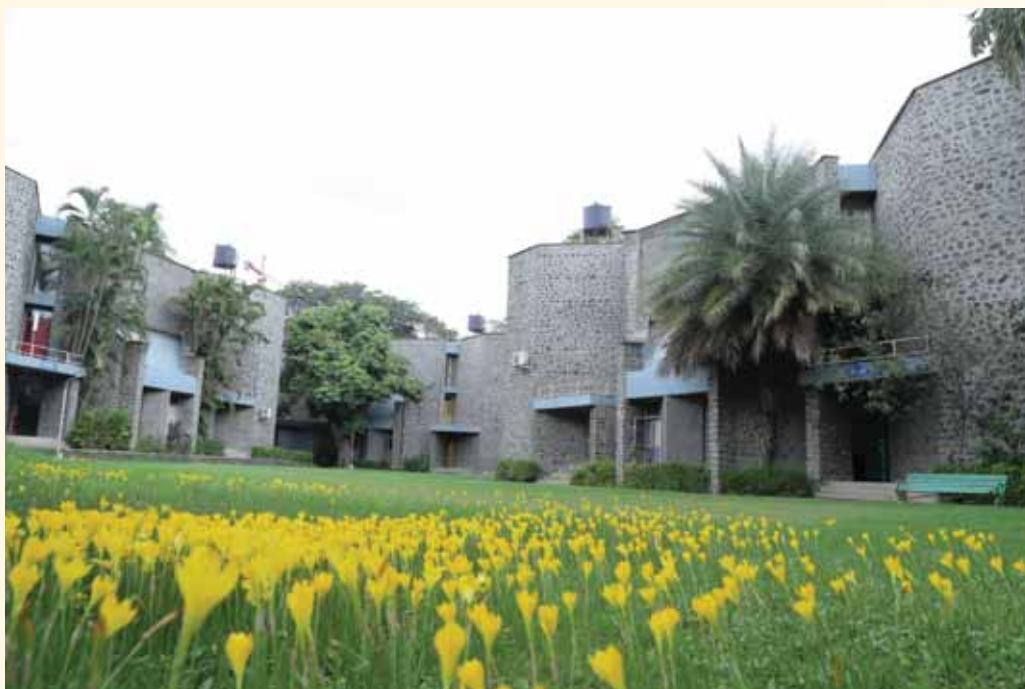
A Noble Cause

Professor Sanjay Basu

The Nobel Prize for Economics has been awarded to Prof. Abhijit Banerjee, Prof. Esther Duflo (both of MIT) and Prof. Michael Kremer (of Harvard University), this year, for their experimental approach to the mitigation of global poverty. They have pioneered the use of Randomized Controlled Trials (RCTs) in Development Economics. This approach is very popular in clinical research. An RCT is a study in which people are chosen at random, to receive (or not to receive) treatment or intervention. The effects of such intervention, on the recipients, are measured and compared with the impact on the control group (i.e. non-recipients). The researchers then assess whether the difference is significant enough or not, i.e. whether the intervention is worthwhile. Today, RCT is the dominant experimental method in Development Economics and applied across diverse topics like alcohol addiction, electoral fraud, police department reforms, school education, preventive healthcare and demonetisation.

This award is perceived (in most circles) as a recognition of novel empirical research in Development Economics – a belated triumph of data and facts over economic theory. However, it should also be viewed as a continuum – the rising influence of Behavioural Economics in recent years. The textbook model in Economics assumes that all individuals are perfectly rational – they are able to foresee all future eventualities, process all such information at little or no cost and choose the best possible decisions for themselves. The standard logic in favour of such an assumption is that it suppresses individual deficiencies, to focus only on institutional problems, government and market failures. The counterargument by behavioural economists is that neglect of human biases may lead to bad policies. For instance, people may be naïve enough (naiveté bias) to spend too little on preventive healthcare and far too much on acute healthcare. They may be too obsessed with present consumption (present bias) to make affordable, long-term, investments in education. In other words, such biases do not allow them to take optimal decisions. RCTs aim to elicit these behavioural traits and propose appropriate remedial strategies, which may be counterintuitive.

Much of the early theoretical work of Prof. Banerjee – and indeed Prof. Duflo – is on Information Economics – like herd behaviour and rumours – and incomplete contracts. From such a vantage point, it is a short trip to the field of Behavioural Economics, in the footsteps of fellow laureates like Daniel Kahneman and Richard Thaler. While the Economics Nobel Prize in 2019 is indeed a celebration of experimental research, let us also acknowledge its theoretical roots. The journey is as important as the destination itself.





NIBM Training Programmes

November 2019 – January 2020

	Title of the Programme	Duration	From	To	Coordinator/s
November					
1	Programme on International Banking and Foreign Exchange	5 Days	04/11/2019	08/11/2019	Jiji Mathew G Nagaraju & Jayant Keskar
2	Programme on Enhancing Leadership Skills for Controlling Heads	4 Days	06/11/2019	09/11/2019	Shomi Srivastava
3	Workshop on Efficiency Enhancement of Business Correspondent Model (Not announced)	2 Days	07/11/2019	08/11/2019	Dinesh Jain
4	International Programme on Inclusive Banking and Finance	Two Weeks	11/11/2019	23/11/2019	Naveen Kumar & Dinesh Jain
5	Programme on Cyber Security Certification for Senior Management of Banks	2 Days	14/11/2019	15/11/2019	Alka Vaidya & Deepankar Roy
6	Programme on Strategic Marketing for developing Retail and MSME Portfolio	4 Days	18/11/2019	21/11/2019	Kaushik Mukerjee & Ateeque Shaikh
7	Programme on Lending to Large and Mid -Corporate	5 Days	18/11/2019	22/11/2019	Richa Verma Bajaj & M Manickaraj
8	Programme on Treasury Back Office (Focus: Treasury Accounting, Valuation, Document and Settlement)	6 Days	19/11/2019	24/11/2019	S V Kuvalekar & Gargi Sanati
9	Workshop on Establishing a Comprehensive Risk Management Framework for NBFCs	3 Days	20/11/2019	22/11/2019	Arindam Bandyopadhyay & Tasneem Chherawala
10	Programme on Data Analytics	3 Days	25/11/2019	27/11/2019	Alka Vaidya
11	Programme for Housing Finance Companies	3 Days	27/11/2019	29/11/2019	Elizabeth James & Richa Verma Bajaj
12	Programme on Forex Dealing with Bourse Game	10 Days	27/11/2019	06/12/2019	Jiji Mathew & Gargi Sanati
13	Certified Bank Trainers Programme: Post Examination Training	5 Days	25/11/2019	29/11/2019	Shomi Srivastava & Naveen Kumar K
14	Programme on Financial Derivatives	3 Days	29/11/2019	01/12/2019	Kedar nath Mukherjee & Tasneem Chherawala
December					
15	Advanced Programme on Asset Liability Management	5 Days	03/12/2019	07/12/2019	S V Kuvalekar
16	Programme on Bank Frauds /Economic Offences)	3 Days	05/12/2019	07/12/2019	Shomi Srivastava
17	Programme on Trade Based Money Laundering and Frauds in International Business	2 Days	02/12/2019	03/12/2019	Jayant Keskar & Smita Roy Trivedi
18	Programme on Advanced Technical Analysis and Algorithmic Trading	2 Days	04/12/2019	05/12/2019	Smita Roy Trivedi
19	Programme on Digital Lending in Rural, Agriculture and Micro Enterprises Sector: Best Practices from Industry	3 Days	09/12/2019	11/12/2019	Naveen Kumar
20	Programme on Relationship Management and Mid Corporate Banking	4 Days	09/12/2019	12/12/2019	Anjan Roy & Harish Kant Kaushik
21	Programme on Assessment of Working Capital	5 Days	09/12/2019	13/12/2019	Elizabeth James & Siddharth Kumar Bajpai
22	International Programme on Corporate Governance and Leadership for Top Executives from the Financial System	6 Days	09/12/2019	14/12/2019	Kaushik Mukherjee & B V Chaubal
23	Programme on Preventive Vigilance in High Value Credit	3 Days	11/12/2019	13/12/2019	Rakesh Gupta & Siddharth K Bajpai
24	Digital Banking and FinTech: Changing Landscape	3 Days	16/12/2019	18/12/2019	Deepankar Roy
25	Programme on LC Business: ICC Case lets	3 Days	16/12/2019	18/12/2019	Gargi Sanati & Smita Roy Trivedi
26	Programme on Marketing for Branch Managers: Focus- Retail and MSME	4 Days	16/12/2019	19/12/2019	Sarita Bhatnagar
27	Programme on Strategies for Financing MSMEs	5 Days	16/12/2019	20/12/2019	M Manickaraj

For more details please visit www.nibmindia.org



NIBM Training Programmes

November 2019 – January 2020

	Title of the Programme	Duration	From	To	Coordinator/s
28	Programme on Market Risk Capital Charges (Focus: FRTB)	6 Days	16/12/2019	21/12/2019	Sanjay Basu & Tasneem Chherawala
29	Workshop on Credit Monitoring and Due Diligence	2 Days	19/12/2019	20/12/2019	Siddharth Bajpai & Rakesh Gupta
30	Workshop on Insolvency and Bankruptcy Code, 2016	2 Days	19/12/2019	20/12/2019	Dipali Krishnakumar & Harish Kant Kaushik
January					
31	Programme on Effective Credit Monitoring for Corporate & SME Advances	3 Days	06/01/2020	08/01/2020	Siddharth K Bajpai & Rakesh Gupta
32	Integrated Risk Management under Final Basel III Framework	5 Days	06/01/2020	10/01/2020	Arindam Bandyopadhyay & Tasneem Chherawala
33	Programme on Retail Lending Strategies for Branch Managers	5 Days	06/01/2020	10/01/2020	Elizabeth James
34	International Programme on Bank Financial Management, Focus: Risk Management and Basel II & III Accords	Two Weeks	06/01/2020	18/01/2020	S V Kuvalekar & Sanjay Basu
35	Programme on NRI Business and Forex Facilities for Resident Individuals -II	4 Days	07/01/2020	10/01/2020	G Nagaraju & Jiji Mathew
36	Programme on Financing Agribusiness and MSME (Venue: Mangalore)	3 Days	08/01/2020	10/01/2020	Naveen Kumar & M Manickaraj
37	Programme on Technical Analysis for Dealers	5 Days	13/01/2020	17/01/2020	Smita Roy Trivedi
38	Programme on Digital Marketing in Banking & Financial Services	3 Days	14/01/2020	16/01/2020	Ateeque Shaikh & Kaushik Mukerjee
39	Programme on HRM in Banks and Financial Institutions Officers handling HRM at Administrative / Controlling Offices	5 Days	14/01/2020	18/01/2020	Shomi Srivastava
40	Risk Based Internal Audit	3 Days	20/01/2020	22/01/2020	Dipali Krishnakumar & Richa Verma Bajaj
41	Programme on Frauds in Digital Environment : Controls, Detection and Countermeasures	3 Days	20/01/2020	22/01/2020	Deepankar Roy & Alka Vaidya
42	Management Skill Development Programme for Managers in Rural & Semi Urban Branches	4 Days	20/01/2020	23/01/2020	Sarita Bhatnagar & Naveen Kumar
43	Advanced Programme in Integrated Treasury Management	6 Days	21/01/2020	26/01/2020	S V Kuvalekar
44	Foreign Investments and Borrowings Focus: ECB, FDI, ODI, PFI	4 Days	20/01/2020	23/01/2020	G Nagaraju & Jiji T Mathew
45	Programme on Financing Renewable Energy, Agri Infrastructure & Advanced Agriculture	3 Days	27/01/2020	29/01/2020	Dinesh Jain
46	Programme on Operational Efficiency and Risk in Back Office Operations	4 Days	27/01/2020	30/01/2020	Anjan Roy & B V Chaubal
47	Programme on Lending to Services Sector	5 Days	27/01/2020	31/01/2020	Rakesh Gupta & Elizabeth James
48	Programme on Compliance Function in Banks	3 Days	29/01/2020	31/01/2020	Rakesh Gupta & Dipali Krishnakumar