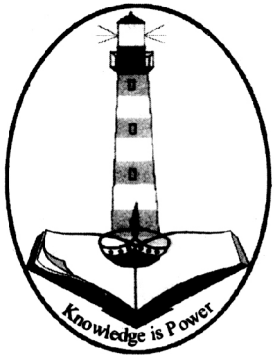


Rs.5/-



# Light Circle

An Educational Newsletter  
(English Monthly)

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## EDITORIAL

Dear Friends,

### Celebrate and value freedom

*Today is a great day to celebrate freedom. It's also a good time to remember to use your freedom wisely and responsibly.*

*When you are free to think, speak and act as you wish, anything is possible. It's up to you to follow the best, most loving, beneficial and life-enhancing of those possibilities.*

*Freedom is best maintained by those who make good use of it. Rather than taking your freedom for granted, take it as a challenge to make a significant, continuing contribution to life.*

*The way to truly celebrate and show appreciation for freedom is to make it even more valuable for yourself and others. Follow those great opportunities that freedom makes possible.*

*You can choose how to live your life, and from that fact springs a never-ending flow of great possibilities. Whether life has been fulfilling or difficult, satisfying or disappointing, you can always choose to move forward toward a more rewarding place.*

*Celebrate and value your freedom today and every day with the way you live. You are free to choose, so always choose wisely.*

— **Ralph Marston**

With Best Wishes.

**EDITORIAL BOARD.**

**GIST OF HO CIRCULARS ISSUED DURING  
OCTOBER - 2016**

- 536/2016 CHANGES IN PROVISION RELATED TO INCOME TAX TDS - UPDATED GUIDELINES Amendment in TDS Rates & threshold limits w.e.f. 01st June 2016.
- 537/2016 Extension of due date for quarterly furnishing of 15G /15H declarations. Extension of due date for quarterly furnishing of 15G /15H declarations for 3rd & 4th Quarter of Financial Year 2015-16 and 1st & 2nd Quarter of Financial Year 2016-17.
- 538/2016 Issue of revised operational guidelines of the scheme for integrated Cold chain and Value addition infrastructure and Expression of Interest (EOI) for seeking proposals for setting up of 100 new cold chain projects by Ministry of Food Processing Industries, GoI.
- Expression of Interest for seeking proposals for setting up of 100 new Cold chain Projects by Ministry Of Food Processing Industries, Government of India
  - Last date for receipt of proposal is 17.10.2016
- 539/2016 RATES OF INTEREST ON RUPEE LOANS AND ADVANCES -MCLR OF THE BANK W.E.F. 01.10.2016 MCLR EFFECTIVE FROM 1ST OCTOBER 2016
- 540/2016 Introduction of smartphone based Lead Management App “Shikhar Sales Plus” 1. Shikhar Sales Plus is an Android smartphone based Lead Management App which provides a facility to track leads generated anywhere anytime. 2. A tool for capturing business leads by Marketing Officers & all categories of employees working in Branches/Offices. 3. Facilitates follow up of leads & their conversion into successful business. 4. The App currently available for Android users. It is simple to use and also provides mobility & convenience for the users
- 541/2016 LOANS AND ADVANCES AGAINST SHARES/DEBENTURES : REVISED LIST OF COMPANIES Revised consolidated list of companies whose shares and debentures have been approved by the Bank, for granting of loans/advances thereagainst
- 542/2016 SUB : Facility enabled for remittance of Examination Fees for University of Mysore-KSET 2016 through e-challan Guidelines for remittance of Examination Fees for University of Mysore-KSET 2016 in all our Branches from 01/10/2016 to 25/10/2016 without late fee and upto 05/11/2016 with late fee of Rs 150/-
- 543/2016 BILLS UNDER LCs (BULC) SCHEME – CONSOLIDATION OF GUIDELINES
- BILLS UNDER LC ADVISED THROUGH ‘STRUCTURED FINANCIAL MESSAGING SYSTEM’ (SFMS) SHALL ONLY BE NEGOTIATED.
  - PCB HEADS (DGM / AGM) MAY PERMIT NEGOTIATION OF BILLS DRAWN UNDER LC UP TO Rs. 50 CRORE
  - DESIGNATED BRANCHES MAY NEGOTIATE BILLS DRAWN UNDER LCS TO THE EXTENT OF NORMAL DELEGATED POWERS, EVEN IF THE EXISTING EXPOSURE FALLS UNDER THE POWERS OF HIGHER AUTHORITY.
- 544/2016 AADHAAR SEEDING FACILITY AT ATMs THROUGH NATIONAL FINANCIAL SWITCH (NFS)

- Customer's of our Bank can seed Aadhaar at other Bank ATMs.
  - Other Bank Customer's can seed Aadhaar at our Bank ATMs
- 545/2016 SPECIAL PACKAGE UNDER OUR VARIOUS RETAIL LENDING SCHEMES FOR THE OFFICERS/EMPLOYEES OF CENTRAL GOVERNMENT/ DEFENCE PERSONNEL & PERSONNEL FROM PARAMILITARY FORCES - ON ALL INDIA BASIS - MODIFICATIONS
1. A Special Package was permitted under our various Retail Lending Schemes to the Officers/Employees Of Central Government/ Defence Personnel & Personnel From Paramilitary Forces – On All India Basis, which is valid till 31.8.2017, and the same was communicated to Circles vide HO Cir No.464/2016 dated 22.08.2016.
  2. The Competent Authority has permitted certain modifications in respect of Canara Budget Loans and Housing Loans under the Special package.
- 546/2016 GROUP PERSONAL ACCIDENT INSURANCE POLICY FOR EMPLOYEES
- 547/2016 RATES OF INTEREST ON LOANS AND ADVANCES - REVISION IN BASE RATE OF THE BANK W.E.F. 11.10.2016
1. BASE RATE WILL BE 9.60% p.a.
  2. ROI ON EXPOSURES ABOVE 2.00 CRORE IS TO BE BASED ON CREDIT RISK RATING (INTERNAL / EXTERNAL). ROI ON EXPOSURES OTHER THAN RETAIL LOANS ABOVE 2.00 LAKHS UPTO 2.00 CRORES IS TO BE BASED ON THE SCORING NORMS.
  3. CHANGES IN ROI SHALL BE COMMUNICATED TO THE BORROWERS AS PER EXISTING GUIDELINES
- 548/2016 REVISION IN INTEREST RATES ON DOMESTIC & NRO TERM DEPOSITS W.E.F. 14.10.2016.
- Revision in interest rate on Domestic and NRO Term Deposits w.e.f. 14.10.2016.
  - All other terms and conditions detailed in HO Circular 401/2016 dated 19.07.2016 shall continue
- 549/2016 REVISION IN INTEREST RATES ON NRE TERM DEPOSITS W.E.F.14.10.2016.
- Interest rate on NRE term deposits revised w.e.f. 14.10.2016.
  - All other terms and conditions detailed in HO Circular 402/2016 dt. 19.07.2016 to continue
- 550/2016 INTRODUCTION OF LOAN SCHEME – “WEAVERS MUDRA” – UNDER PRADHAN MANTRI MUDRA YOJANA (PMMY) in lieu of Weavers Credit Card Scheme (H O CIR.175/2012 dt.16/06/2012)
- Introduction of Loan Scheme for Handloom Weavers / Master Weavers & Weaver Entrepreneurs
  - Working Capital upto a Maximum of Rs.2 lacs and Term Loan upto a Maximum of Rs.50000 within a overall exposure of Rs.2 lacs per Borrower
  - Working Capital Disbursements upto Rs.50000/- by way of MUDRA Card and for disbursement above Rs.50000/- through regular CC Account

- Government support by way of Margin Money, Interest Subvention, One time Guarantee Fee and annual service fee for 3 years, as mentioned in the Scheme guidelines
  - Weavers Credit Card Scheme introduced vide H O Cir. 175/2012 dt.16/06/2012 stands withdrawn
- 551/2016 Atal Pension Yojana Scheme – Conducting “APY-Leaps & Bounds” Campaign from 19th to 21st Oct, 2016.
- All branches of the Bank are required to observe “APY – Leaps & Bounds” Campaign from 19th to 21st Oct, 2016.
  - Each Branch has to mobilize minimum 10 new APY accounts during the Campaign period.
  - Effective from 1st October 2016, for considering a branch as an effective branch, it should have mobilized a minimum number of ten new APY accounts during the current Financial Year of 2016-17;
  - All Circles should ensure that APY accounts mobilization is carried out and ensure that a minimum of 50% of their branches are active/effective branches as per the above scale by the end of the present campaign.
- 552/2016 IBA Group Medical Insurance Scheme for Retirees – Renewal.
- 553/2016 CANARA LOAN AGAINST PROPERTY (CANARA LAP) – Discontinuation of the Scheme – Reiteration of guidelines
- Discontinuation of Canara Loan Against Property (Canara LAP) – reiteration of guidelines.
  - Existing Term loan accounts to continue till they are closed.
  - In respect of OD accounts under the scheme, the same are to be renewed as Canara MSME/OD against Security depending on purpose/business type.
- 554/2016 SPORTS POLICY OF OUR BANK.
- 555/2016 SUBMISSION OF ASSETS AND LIABILITIES DETAILS BY EMPLOYEES UNDER SECTION 44 OF THE LOKPAL AND LOKAYUKTAS ACT, 2013 [ACT 1 OF 2014].
- 556/2016 Revision of Interest Rates on Small Savings Schemes of the Government of India w.e.f. 01.10.2016to 31.12.2016.(1) PPF-1968(2) SCSS-2004(3) Kisan Vikas Patra &(4) Sukanya Samriddhi Account Scheme
- 557/2016 Financial inclusion – waiver of service charges for transaction (at base and non base branches) in Basic Savings Deposit (BSBD) accounts through BC outlets – collection deferred till 31.3.2017
- 558/2016 CREDIT CARDS – CUSTOMER FRIENDLY MEASURE - ENHANCED FEATURES
- Now VISA Credit Card Holders can:i. Change PIN at any of our Bank’s ATMii. Request for New PIN
  - Customer Can Hot-list their VISA Credit Card / MasterCard Credit Card i.e., by calling Toll Free No.1800 425 0018
  - SMS format changed to indicate balance in Credit Card with amount of Transaction

- Credit Card Statement is modified and reflects separate column for debit, credit and balance
- 559/2016 BANK GUARANTEES ISSUED IN FAVOUR OF GOVERNMENT AND OTHER BODIES –REITERATION OF GUIDELINES Guarantees issued in favour of President of India : Correspondence with regard to issuance of guarantee should be addressed to the concerned officer who accepted the guarantee and not to the President of India or President’s Secretariat
- 560/2016 PRIME MINISTER’S EMPLOYMENT GENERATION PROGRAMME (PMEGP) – CONSOLIDATED GUIDELINES.
1. CONSOLIDATED GUIDELINES ON PMEGP SCHEME.
  2. PROCEDURAL GUIDELINES FOR SUBMITTING MARGIN MONEY CLAIMS ONLINE.
  3. BRANCHES TO COMPLETE UPDATION OF BRANCH DETAILS IN THE PMEGP E-PORTAL BY 31.10.2016.
- 561/2016 IBA MEDICAL INSURANCE SCHEME FOR EXISTING EMPLOYEES – RENEWAL OF THE POLICY
- 562/2016 PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE – INTERNAL COMPLAINTS COMMITTEE
- 563/2016 Gold Related Schemes – Sovereign Gold Bonds Scheme Series III -FY 2016-17.
- Sovereign Gold Bonds – Issue of Series III – FY 2016-17 conducted by RBI, from 24th Oct to 2nd Nov 2016;
  - The issue price of the Gold Bonds will be Rs. 50 per gram less than the nominal value.
  - The Interest on the Gold bonds shall have a fixed rate of interest at 2.5 percent per annum on the nominal value.
- 564/2016 Gold Related Schemes –Sovereign Gold Bonds Scheme Series III-FY 2016-17.
- Sovereign Gold Bonds – Issue of Series III – FY 2016-17 conducted by RBI, from 24th Oct to 2nd Nov 2016;
  - RBI has fixed the issue price at Rs.2,957/- per gram of SGBs in Series III FY 2016-17.
- 565/2016 Sub:Implementation of Pradhan Mantri Fasal Bima Yojana(PMFBY)/restructured Weather Based Crop Insurance Scheme (WBCIS)/Unified Package Insurance Scheme (UPIS) during Rabi 2016-17 season
- 566/2016 SUB: ROI SLAB FOR AGRICULTURE LOANS AND OD/OCC ACCOUNTS UNDER AGRICULTURE – GIVING APPROPRIATE VARIANCE TO ENSURE CHARGING CORRECT INTEREST RATE
- For Agriculture loans, DIT has created two slabs for charging Rate Of Interest
  - For OD/OCC accounts under Agriculture, Interest Index Code is allotted for MCLR for one year.
- 567/2016 Corporate Governance Policy – Legal Compliance Report of Applicable Laws every half yearly intervals as at March and September OVERSEAS BRANCHES / SUBSIDIARIES / REGIONAL RURAL BANKS TO SUBMIT CORPORATE

GOVERNANCE - LEGAL COMPLIANCE REPORT OF APPLICABLE LAWS AT EVERY HALF YEARLY INTERVALS AS AT MARCH / SEPTEMBER, DIRECTLY TO THE CHIEF GROUP COMPLIANCE OFFICER

- 568/2016 Enabling of ATM transactions originating from abroad in our Global variant Master/VISA Debit Cards only on the specific request of customer• Enabling the facility of withdrawal in International ATMs only at the specific request of the customer for Global MasterCard/VISA Debit Cards
- 569/2016 IMPORTANCE OF ROBUST MIS IN BANK
- 570/2016 Data extraction from CBS/MIS systems of the Banks by RBI
- Our Bank has been identified by RBI for direct data extraction from CBS/ MIS systems of the Bank.
  - Focus on data cleansing/enrichment for ensuring flow of accurate data to RBI
- 571/2016 Renewal of Memorandum of Understanding (MOU) with National Small Industries Corporation(NSIC) under NSIC-BANK Credit Facilitation Scheme
1. MOU entered with NSIC for credit facilitation Scheme from 13/06/2013 to 12/06/2016 is renewed for a further period of 3 years from 13/06/2016 to 12/06/2019
  2. 50% of the processing charges / up-front fee collected by the branches from the Borrower referred by the NSIC shall be remitted to NSIC after initial sanction of the limits
- 572/2016 “CANARA KISAN SAMPARK ABHIYAN” - Continuation of Farmers Mass contact Campaign
- Extension of Campaign period from 1st October 2016 to 31st March 2017
  - Contacting all the eligible farmers in the Service Area by the Branches
- 573/2016 Theft of Gold Loan Packets – Standard Operating Procedure
- 574/2016 Modified procedure for indenting EMV chip based Non Personalised Debit Cards
- Branches to ensure need based indent of EMV Non Personalized Debit cards
  - Ensure all the existing EMV Non personalized cards are utilized before indenting fresh Cards.
  - EMV Chip based cards to be treated as Security Items and Proper control to be exercised
- 575/2016 Guidelines for accepting Sovereign Gold Bonds (SGBs) as security for loans & advances.To accept the Sovereign Gold Bonds (SGBs) as one of the Approved securities and as collateral security for all types of loans & advances. Dematerialized form of SGB shall only be accepted as security for loans.No Loan shall be granted for purchase of Sovereign gold Bond.
- 576/2016 CREDIT INFORMATION COMPANIES (CICs) – CRIF HIGH MARK FOR COMMERCIAL ACCOUNTS - GUIDELINES ON DRAWING OF COMMERCIAL CREDIT INFORMATION REPORTS – CRIF HIGH MARK
- 577/2016 STAND UP INDIA – UPDATION OF SANCTION DETAILS IN STAND UP MITRA PORTAL.BRANCHES TO UPLOAD THE DETAILS OF LOANS SANCTIONED / DISBURSED / NOT CONSIDERED IN THE STAND UP MITRA PORTAL  
[www.standupmitra.in](http://www.standupmitra.in)



578/2016 LOANS SANCTIONED UNDER PRADHAN MANTRI MUDRA YOJANA (PMMY) – OBSERVATIONS OF RBI

579/2016 MCLR's REVISED EFFECTIVE FROM 1ST NOVEMBER 2016

580/2016 Atal Pension Yojana Scheme – Conducting “APY-India Pensioned Week” Campaign from 7th to 12th Nov, 2016.

- All branches of the Bank are required to observe “APY – India Pensioned Week” Campaign from 7th to 12th Nov, 2016.
- Each Branch has to mobilize minimum 10 new APY accounts during the Campaign period.
- Effective from 1st October 2016, for considering a branch as an effective branch, it should have mobilized a minimum number of ten new APY accounts during the current Financial Year of 2016-17;
- All Circles should ensure that APY accounts mobilization is carried out and ensure that a minimum of 50% of their branches are active/effective branches as per the above scale by the end of the present campaign

581/2016 Observe November month as ‘Special Drive -UNNATI Month’

1. Special Drive – Unnati Month to be observed from 01.11.2016 to 30.11.2016
2. Special Camps and Meets to be organised at all Circles/Regional Offices/Branches
3. Each Branch should sanction minimum of five Unnati Loans during the Campaign Period
4. Circles/Regional Offices/Branches to make use of the MoUs with vehicle manufacturers and Area Specific Schemes floated by the Bank

#### **FOREX CIRCULARS**

FX/80/2016 INVESTMENT BY FOREIGN PORTFOLIO INVESTORS (FPI) IN GOVERNMENT SECURITIES ENHANCEMENT IN LIMIT FOR INVESTMENT BY FOREIGN PORTFOLIO INVESTORS (FPIs) IN GOVERNMENT SECURITIES IN TWO TRANCHES FROM OCTOBER 3, 2016 AND JANUARY 2, 2017 RESPECTIVELY

FX/81/2016 IMPORT OF GOODS: IMPORT DATA PROCESSING AND MONITORING SYSTEM (IDPMS) IDPMS (IMPORT DATA PROCESSING AND MONITORING SYSTEM) TO GO LIVE WITH EFFECT FROM OCTOBER 10, 2016.

FX/82/2016 REVIEW OF SECTORAL CAPS AND SIMPLIFICATION OF FOREIGN DIRECT INVESTMENT (FDI) POLICY THE CENTRAL GOVERNMENT HAS REVIEWED THE EXTANT FOREIGN DIRECT INVESTMENT (FDI) POLICY ON VARIOUS SECTORS AND MADE AMENDMENTS IN THE CONSOLIDATED FDI POLICY.

FX/83/2016 INVESTMENT BY A FOREIGN VENTURE CAPITAL INVESTOR (FVCI) REGISTERED UNDER SEBI (FVCI) REGULATIONS, 2000 RESERVE BANK OF INDIA IN CONSULTATION WITH GOVERNMENT OF INDIA HAS AMENDED THE PROVISIONS RELATING TO THE INVESTMENT IN INDIA BY FOREIGN VENTURE CAPITAL INVESTORS (FVCI), REGISTERED WITH SEBI

FX/84/2016 FOREIGN INVESTMENT IN OTHER FINANCIAL SERVICES RESERVE BANK OF INDIA IN CONSULTATION WITH GOVERNMENT OF INDIA HAS PERMITTED FOREIGN INVESTMENT UP TO 100% UNDER THE AUTOMATIC ROUTE IN ‘OTHER FINANCIAL SERVICES’.

## **Ancillary Business/Service Conditions & Other Related matters**

### **8. DEPOSIT INSURANCE**

1. Deposit Insurance is provided by Deposit Insurance and Credit Guarantee Corporation.
2. Deposit Insurance is compulsory for all banks in India including private, foreign and cooperative banks except Primary Agricultural societies.
3. Insurance is available for a maximum of As 1 lakh per depositor per bank. If a customer has more than one account in a bank, all his accounts will be clubbed and maximum claim will be As 1 lakh in case of liquidation or amalgamation of a bank. However, account of A, A and B, B and A are considered separately.
4. Separate insurance cover for separate banks.
5. Premium is Rs 10 paise per As 100 per annum payable on half yearly basis as on 31st March (For Apr to Sept) and 30th Sept ( Oct to Mar). Thus, effectively insurance premium is 5 paise per half year. Insurance premium is payable in advance within 2 months of beginning of the half year.
6. Deposits in the name of Central or State Govt, Banks and Foreign Govt not covered. However, deposits in the name of quasi Govt bodies, local authorities like Municipal Corporation, Statutory bodies, Govt owned corporations are covered.
7. Banks should submit return on DI-01 while paying premium.

### **9. REPORTING OF FRAUDS**

Reporting of Frauds to Reserve Bank of India:

1. Fraud cases involving an amount more than Rs. 1 lakh and upto Rs. 100 lakh: should be reported on FMR1 within three weeks from the date -of detection to (i) R.O under whose jurisdiction the branch where the fraud has taken place is located and to the R.O under whose jurisdiction the Head Office where the fraud has taken place is located.
2. Fraud cases involving an amount of Rs. 100 lakh and above should be reported to (i) Fraud Monitoring Cell, RBI, Central Office (within one week on DO letter) and R.O under whose jurisdiction the branch is located.
3. Reports to the Board:
  1. All frauds of Rs. 1.00 lakh and above should be reported to board of Directors promptly,
  2. Frauds involving an amount of Rs 1.00 crore and above should be monitored and reviewed exclusively by the Special Committee of the Board.

Reporting frauds to Police/CBI

1. Frauds of Rs 3 crore and above should be reported to CBI and frauds below Rs 3 crore should be reported to Local Police Reporting to CBI
1. Cases of Rs. 3.00 crore and above upto Rs. 25 crore (a) Where staff involvement is prima facie evident CBI (Anti Corruption Branch) (b) Where staff involvement is prima facie not evident — CBI (Economic Offences Wing).

All cases involving more than Rs.25 crore — Banking Security and Fraud Cell of the respective centre whether there is staff involvement or not. Reporting to RBI/Police in case of fraudulent encashment of DDs, TTs/Pay Orders/Cheques

1. Frauds involving forged instruments may be reported only by the paying banker.  
e Cases of 'negligence and cash shortages' and 'irregularities in foreign exchange transactions:



Only following types of cases to be reported:

1. cases of cash shortage more than Rs. 10,000/e and
2. cases of cash shortage more than Rs.5,000/- if detected by management / auditor/ inspecting officer and not reported on the day of occurrence by the persons handling cash.

#### **OFFICIAL LANGUAGE**

Official Language Act 1963 (amended in 1967) and Official Language Rules govern the use of Hindi in public sector banks (and not the private sector banks). Hindi was accepted as official language in India, on Sept 14, 1949.

**Monitoring of progress** : Monitoring is done by Deptt. of Banking Operations and Development.

Classification of Regions : Various States/UTs have been categorized into 3 regions:

**Region-A** : HP, Haryana, Rajasthan MP, Bihar, UP, Uttarakhand, Jharkhand, Chattisgarh, UT of Delhi, Andaman & Nikobar Island

**Region-B** : Maharashtra, Gujarat, Punjab & UT Chandigarh.

**Region-C**: All other remaining States & UTs.

#### **Display of Boards:**

- ★ All sign boards, counter boards, Bank name board, other boards, placard etc. should be in Hindi, besides English.
- ★ Banks to display notice boards. at branches in Hindi speaking areas to the effect that forms etc. filled in Hindi are entertained.
- ★ Name/designations boards of offices, departments, divisions and officials of the banks to be displayed bilingually in offices in Region A & B.

#### **Official Language Implementation Committee:**

- ★ OLIC should be set up at the HQs, offices and branches of banks. Branch Manager to be ex-officio chairman of the committee. Hindi Officer and in his absence any other officer, to be secretary and other members from different sections. Committee to meet once in a quarter.
- ★ OLIC meeting convened by RBI to be attended by officials at Senior levels.
- ★ Hindi divas - To be observed on Sept 14. Reply to letters in received in Hindi
- v Under Rule 5, Letters received in Hindi to be replied in Hindi All Regions A,B&C uniformly - 100% Preparation of bilingual training material All Regions A,B&C uniformly - 100%

#### **Original correspondence in Hindi.**

Region "A" From	Region "B" From	Region "C" From
1. "A" to "A" - 100%	"B" to "A" - 90%	1. "C" to "A" - 55%
2. "A" to "B" - 100%	"B" to "B" - 90%	2. "C" to "B" - 55%
3. "A" to "C" - 65%	"B" to "C" - 55%	3. "C" to "C" - 55%

#### **OFFICIAL LANGUAGE : SOME MORE FACTS**

1. The Hindi was declared as Official Language of Union on 14.09.1949. The Official Language Policy came in force with effect from 26.1.1950. The Act was passed in the year 1963. Official Language Rules are applicable to all states and union territories except Tamil Nadu.
2. The Parliamentary Committee on Official Language has to be constituted with 30 members – 20 from Lok Sabha and 10 from Rajya Sabha.

3. Official Language Rules were framed in 1976
4. As per Rule 5 of OL Rule, a letter received in Hindi is to be replied in Hindi.
5. Indira Gandhi Official Language Award Scheme given by Government to Ministries, Banks, Financial Institutions for using of Hindi
6. All branches to have Official Language Implementation Committee with branch head as the Ex-officio Chairman. At least . One meeting every 3 months. (First month of every Quarter)
7. The OL Committee has to be reconstituted every year.
8. As per Section 3(3) of OL Act 1963, certain specified Documents like general orders, instructions, circulars, notices etc have to be issued invariably in Hindi and English.
9. Hindi Day is celebrated on 14th September every year – to commemorate the constitutional recognition accorded to Hindi as the Official Language on 14.9.1949.
10. In Parliament, Hindi & English are used for transaction of business.
11. Script of official language Hindi is Devanagari
12. Numerals in Official Language is International form of Indian numerals for e.g. 1, 2, 3
13. When 80% of the staff members attain working knowledge in Hindi in a branch/office, the name of the branch/office will be notified in the gazette under Rule 10(4)
14. Rule 11 specifies that manuals, codes, stationery items etc should be in Bilingual
15. As per Rule 12, responsibility of compliance of Official Language rules lies with the administrative head
16. The order of language in the name plates of our Bank in Region B & C should be Regional Language (Official Language of the State), Hindi (Official Language of the Union) and English.
17. Periodicity of OLIC meetings – quarterly – calendar quarter
18. Town OLIC – TOLIC meetings – once in 6 months.
19. 50% of total library budget should be used for purchase of Hindi Books
20. If any staff member passes Banking Pragma, it will be treated that he possesses working knowledge in Hindi.

### **3. LOANS & ADVANCES**

#### **Importance of Credit**

Credit plays an important role in driving the national economy. It provides leverage to an entrepreneur to undertake a project larger than what he could have undertaken without availability of credit. This results in accelerated industrial production/services. It also enables individuals to first purchase/create assets and repay the loan from their future earnings. Credit enables a consumer to spend more than what he would have otherwise spent. The increased demand drives the producers to step up the production. Thus, adequate and cheap availability of credit propels the economy to higher growth trajectory. But, there is always a time lag between increase in demand and creation of supply to meet that demand. That is why excessive availability of credit, specially, for non-productive purposes, puts inflationary pressure of the economy.

**Principles of Credit:** (a) safety of funds (b) purpose (c) profitability (d) liquidity (e) security (f) risk spread

**Types of Borrowers:** A borrower can be (a) An individual (b) Sole proprietary firm (c) Partnership firm and joint ventures (d) Hindu undivided family (e) Companies (f) Statutory corporations (g) Trusts and co-operative Societies The laws applicable to all these different kinds of borrowers and different. Individuals are governed by the Indian Contract Act,

partnership firm by the Indian Partnership Act, Hindu undivided family by the customary laws pertaining to Hindus, companies by the Companies Act, statutory corporations by the Acts that created them, trusts by the Indian Trusts Act, Public Trusts Act, Religious and Charitable Endowments Act, Wakf Act and Co-operative Societies by the Co-operative Societies Act or the Societies-Registration Act.

**Types of Credit:** Bank credit can be either fund-based or non fund-based.

1. Fund based credit: In fund-based credit, there is actual transfer of money from the bank to the borrower.
  2. Non Fund based credit: In non fund based credit, there is no transfer of money, but the commitment by the bank on behalf of the client, may result in future transfer of money to the beneficiary of such a commitment. For example, a bank guarantee issued in favour of government departments (or any other beneficiary) on behalf of a contractor. If the beneficiary invokes the guarantee, the bank will have to remit the amount to it and the client, for whom guarantee was issued, will be liable to pay this amount to the bank. Thus, a non fund-based credit always has a possibility of getting converted into a fund-based credit. Other of non fund based credit are letters of credit, co-acceptance of bills, forward contracts, and derivatives.
  3. Periodwise classification: The fund based credit can be short term credit or long term credit (term loan)
  4. Purposewise classification: (a) working capital finance, (b) project finance, (c) export finance, (d) crop loan, etc.
  5. Customerwise classification: Banks classify their credit portfolio on the type of the customers like, Corporate, retail, agriculture, international, institutional credit, etc. Segmentwise classification: As per RBI guidelines, banks have to report their business, based on the geographical segments, as 'domestic' and 'international'. In addition, as per RBI guidelines, banks have adopted the following business segments, for public reporting purposes, from March 31, 2008:(a) Treasury (b) Corporate/Wholesale Banking (c) Retail Banking (d) Other Banking Business
1. **Treasury:** 'Treasury' for the purpose of Segment Reporting should include the entire investment portfolio.
  2. **Retail Banking:** The Retail Banking .would include exposure which fulfill the following four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel Committee on Banking Supervision document 'International Convergence of Capital Measurement and\_ Capital Standards: A Revised Framework':
    - (a) **Orientation Criterion:** The exposure is to an individual person or persons or to a small business; Person under this clause would mean any legal person capable of entering into contracts and would include but not be restricted to individual, HUF, partnership firm, trust: private limited companies, public limited companies, co-operative societies, etc. Small business is one where the total annual turnover is less than Rs. 50 crore. The turnover criterion will be linked to the average of the last three years in the case of existing and projected turnover in the case of new entities.
    - (b) **Product Criterion:** The exposure takes the form of any of the following: revolving credits and lines of credit (including overdrafts), term loans and leases (e.g. instalment loans and leases, student and educational loans) and small business facilities and commitments.
    - (c) **Granularity Criterion:** No aggregate exposure to one counterpart should exceed 0.2 per cent of the overall retail portfolio, 'Aggregate exposure' means gross amount (i.e. not taking any benefit for credit risk mitigation into account) of all forms of debt exposures (e.g. loans or commitments) that individually satisfy the three other criteria. In addition, 'one counterpart' means one or several entities that may be considered as

a single beneficiary (e.g. in the case of a small business that is affiliated to another small business, the limit would apply to the bank's aggregated exposure on both business).

**(d) Low Value of Individual Exposures:** The maximum aggregated retail exposure to one Counterpart should not exceed the absolute threshold limit of Rs.5 crore.

3. Corporate/Wholesale Banking: Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under 'Retail Banking'.

4. Other Banking Business: Other Banking Business' would include all other banking operations not covered under 'Treasury', Wholesale Banking' and 'Retail Banking' segments. It will also include all other residual operations such as banking transactions/activities.

Lending is the principal activity of a Bank. Banks are offering various credit facilities to its clientele. These credit facilities are classified into: a) Fund based credit facilities; b) Non fund based credit facilities.



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