



THE VIRUTCHAM

Quarterly Magazine
June 2024



Agricultural Cooperative Staff Training Institute

Sponsored by :
The Tamilnadu State Apex Cooperative Bank Ltd.
Chennai

THE VIRUTCHAM

ACSTI
QUARTERLY MAGAZINE

CONTENT

- Programme Statistics
- SCB / DCCB wise participation
- PACCS-Region wise participation
- Special Training Programmes
- Field Visits
- On-site Trainings
- Diploma in Cooperative Management
- Article
- Knowledge Corner

Articles and Feedback are welcome.

Programme Statistics

APPROVED PROGRAMME FOR THE YEAR 2024-25

Total Programmes : 180 Programmes
 PACCS : 120 Programmes
 SCB / DCCBs : 60 (Including 24 Onsite) Programmes

Details of Programmes Conducted during the quarter up to June 2024

INSTITUTION	No. Of Programmes	No. of Participants
PACCS	26	557
SCB/DCCBs (In-house)	12	330
DCCB (On-site)	3	104
UCB	1	66
TOTAL	41	1057

SCB/DCCB wise Participation

S. No.	NAME	Apr.24	May.24	Jun.24	TOTAL
1	TNSC BANK	2	14	136	152
2	Trichy	2	9	35	46
3	Thoothukudi	2	37	0	39
4	Virudhunagar	2	2	35	39
5	Kumbakonam	2	10	2	14
6	Kancheepuram	2	7	4	13
7	Erode	2	6	4	12
8	Vellore	2	8	2	12
9	Villupuram	3	6	3	12
10	Tiruvannamalai	2	5	3	10
11	Dindigul	2	5	0	7
12	Madurai	2	2	3	7
13	Coimbatore	2	4	0	6
14	Chennai	1	2	2	5
15	Kanyakumari	0	3	2	5
16	Nilgiris	0	2	2	4
17	Salem	0	4	0	4
18	Cuddalore	0	2	1	3
19	Sivagangai	2	1	0	3
20	Thanjavur	2	1	0	3
21	Dharmapuri	0	2	0	2
22	Ramanathapuram	0	1	1	2
23	Tirunelveli	0	2	0	2
24	Pudukkottai	0	1	0	1
25	PUDUCHERRY SCB	0	0	1	1
	TOTAL	32	136	236	404

PACCS - Region wise Participation

S. No.	NAME	Apr.24	May.24	Jun.24	TOTAL
1	Salem	0	29	15	44
2	Dindigul	14	12	14	40
3	Tiruvallur	0	24	11	35
4	Tiruvarur	16	8	10	34
5	Coimbatore	8	8	10	26
6	Namakkal	0	13	10	23
7	Kallakurichi	9	5	8	22
8	Krishnagiri	0	21	0	21
9	Chengalpattu	0	9	10	19
10	Trichy	0	7	12	19
11	Nagappattinam	0	8	10	18
12	Tirupathur	2	8	8	18
13	Vellore	2	4	12	18
14	Sivagangai	0	8	9	17
15	Tiruvannamalai	0	0	16	16
16	Erode	0	0	15	15
17	Pudukkottai	0	15	0	15
18	Ariyalur	5	3	6	14
19	Tirunelveli	0	14	0	14
20	Dharmapuri	0	8	5	13
21	Thoothukudi	0	12	0	12
22	Cuddalore	0	10	0	10
23	Nilgiris	7	3	0	10
24	Ramanathapuram	0	6	4	10
25	Villupuram	0	10	0	10
26	Tenkasi	0	6	3	9
27	Tiruppur	0	4	4	8
28	Kanyakumari	0	1	6	7
29	Madurai	0	6	1	7
30	Thanjavur	7	0	0	7
31	Kancheepuram	0	4	1	5
32	Perambalur	2	2	0	4
33	Ranipet	0	3	1	4
34	Theni	0	0	4	4
35	Karur	0	0	3	3
36	Mayiladuthurai	1	0	2	3
37	Virudhunagar	0	0	3	3
	TOTAL	73	271	213	557

Special Training Programmes

(1) Training on Software for the staff of urban cooperative banks

To roll out a robust Core Banking Solutions for Urban Cooperative Banks, as per the advice of the Registrar of Cooperative Societies a one-day training on the "WINGS" Software of Vsoft Technologies was conducted at ACSTI on 10.04.2024 for the staff of Urban Cooperative Banks.

Systems were provided to all the trainees with LAN and Internet connection in such a way that the participants were able to have practical training on the software.



In the training totally 66 participants of UCBs from various districts viz., Chennai (22), Cuddalore (2), Kancheepuram (3), Chengalpattu (4), Tiruvannamalai (7), Tiruvallur (5), Tirupathur(4), Ranipet (5), Villupuram (4) and Vellore (10) were trained.

Special Training Programmes

(2) Training for the Master trainers on ERP software for PACCS

As part of the Centrally Sponsored Project for Computerization of PACCS (CSPCP), a Five-day On-site ERP Training Programme for Core Master Trainers was conducted by NABARD at ACSTI from 06.05.2024 to 10.05.2024.

The Managing Director, TNSC Bank inaugurated the training on 06.05.2024.

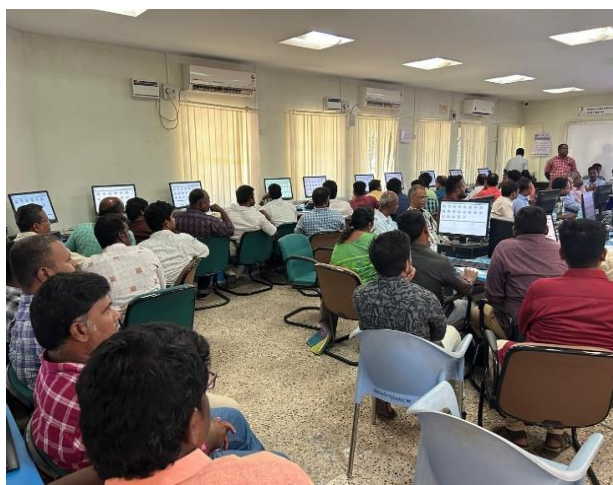
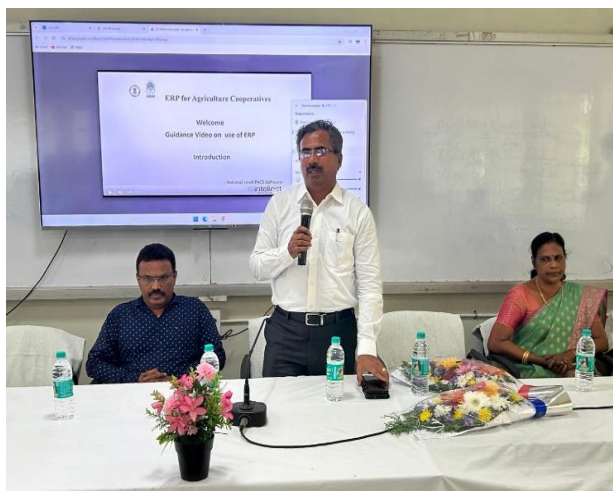
Thiru. Chandrasekaran, Joint Registrar (F & B) made a special address in the programme inauguration

ACSTI had provided systems, LAN and Internet connection for the trainees.

The trainers from "Intellect Informatics", the National Level PACCS Software Vendor (NLPSV) handled the sessions in the training.

In the morning sessions the modules of the software were explained to the participants. In the afternoon practical training on the systems were given.

A total of 58 staff from the DCCBs were trained as Master Trainers in the ERP Software to impart training to the PACCS staff in their respective areas. Three faculty members of ACSTI also participated in the training as trainees.



Special Training Programmes

(3) Two Days training on “Issue of Housing Loan & Building Mortgage Loan” for the officers of TNSC Bank in two batches were conducted from 18.06.2024 – 19.06.2024 and 20.06.2024 – 21.06.2024 respectively.

Thiru. V. Ganesh, Senior Manager (Retd.), Indian Bank had delivered guest lectures for both the batches and disseminated the features of the above loan schemes of TNSC bank and motivated them to issue these loans. He had also removed the apprehensions and fears while issuing these kind of secured loans.

The Bank’s panel lawyer Thiru. T.Prabhakaran clarified the doubts raised by the participants while sanctioning these loans and obtaining documents, registration of mortgage, etc.

Thiru. Sibi Chakravarthy, Chartered Engineer delivered guest lectures for both the batches on valuation of property and the precautions to be taken by the Bank officers before sanctioning Housing Loan and Building Mortgage Loan.



Special Training Programmes

(4) One Day Workshop on Implementing E-Office At TNSC Bank

The Government of Tamil Nadu is in the process of implementing e-Office in all the Govt. Departments / Public Sector Undertakings / Boards/ Corporations functioning under the administrative control of Government of Tamil Nadu through Tamil Nadu e-Governance Agency (TNeGA).

The Managing Director, TNSC Bank approved conducting a one-day workshop at ACSTI for implementing the e-Office in TNSC Bank. Accordingly a workshop was conducted at ACSTI on 28.06.2024.

The Managing Director of TNSC Bank Thiru. P. Loganathan, Additional Registrar of Cooperative Societies inaugurated the programme.

40 staff members from TNSC Bank representing Head Office/ Branches and ACSTI participated in the programme.

The Guest Faculty Thiru. Prasanna, of the Tamil Nadu e-Governance Agency handled the sessions on e-office implementation training.



Field Visits

(1) In the training programme on "Role of Circle Supervisors and Field Managers" held from 23.04.2024 to 26.04.2024 a field visit was arranged on 25.04.2024 and the participants were taken to Tirur PACCS.

Heritage building : Museum of Tirur PACCS.

Since Tirur PACCS being the first Cooperative society in India, the Govt. of Tamilnadu have announced, it should be considered as a special one and it has to be developed as a model society so that dignitaries, cooperators, staff and trainees from all over India may be taken to this society for visits. As such the Govt. have sanctioned funds for the renovation of the old building as a heritage one and made it as a museum.

(2) The candidates of Diploma in Coop. Management (DCM) course being conducted at ACSTI, were taken for a field visit to Aringnar Anna Silk Cooperatrive society, Kancheepuram on 30.04.2024, as part of the curriculum.



Field Visits

(3) In the training programme on “Farmers Producer Organization (FPO)” for the staff of SCB/DCCBs the participants were taken for a field visit to “**Ponneri Uzhar Urpathiyalar Niruvanam**” on **24.05.2024**. One of the Directors explained how the FPO was formed and registered as a company and the grant and support received from NABARD. He also took the participants to the processing centre for Green gram produced by the members. He said this fetch higher rate of return for the farmers.



(4) In the programme on “Project Appraisal of Farm & Non-farm loans” conducted for the staff of PACCS from 20.05.2024 to 23.05.2024 the participants were taken to a field visit to Devampattu PACCS on 22.05.2024. The Secretary of that PACCS Tmt. Sumathi explained about KCC fisheries loan scheme to the trainees.



Field Visits

(5) In the training programme on “Financing of Organic Farming and Green Financing” for the staff of SCB /DCCBs the participants were taken for a field visit to **“Ashoka Mooligai Pannai”** on **06.06.2024** at Vandalur. This farm use only organic manure to produce more than 500 varieties of herbs used for preparing Siddha medicines. The participants were explained about the preparation of land, composted animal manure and its usage.



(6) In the training programme on “Project Appraisal for farm sector advances” held from 11.06.2024 to 14.06.2024, the participants were taken for a field visit to Kolar- Panapakam PACCS on 13.06.2024.



On-site Trainings

(1) On-site training was conducted by ACSTI at **Thoothukudi DCCB** from 24.05.2024 to 25.05.2024 on the topic "KYC, PMLA & Financial Inclusion".



35 trainees from Thoothukudi DCCB participated in the programme.

On-site Trainings

(2) On-site training was conducted by ACSTI at **Tiruchirapalli DCCB** from 14.06.2024 to 15.06.2024 on the topic "Digital Banking & Cyber Security".



35 trainees from the Tiruchirapalli DCCB participated in the programme.

(3) On-site training was conducted by ACSTI at **Virudhunagar DCCB** from 28.06.2024 to 29.06.2024 on the topic "NPA Management & Recovery Strategies".



34 trainees from the Virudhunagar DCCB participated in the programme.

Diploma in Cooperative Management

Diploma in Cooperative Management Course was started in ACSTI from the academic year 2022-2023. For the Second batch (2023-24) the second semester examination for the DCM course was held at ACSTI on 28.06.2024.



The Managing Director, TNSC Bank while inspecting the examination hall.

Enhanced CAMELSC - An Interim Approach in Shifting Phase of Supervision of SCBs and DCCBs by NABARD

1.Introduction

1.1 In view of the recent developments in the Indian financial system and also its inter connectedness with global banking ecosystem, now the focus is squarely on the ability of banks and supervisors to understand risks inherent in banking business and to institutionalise an appropriate architecture for effectively managing these risks.

1.2 The need for a robust supervisory framework for monitoring the risk levels in banks' operations has been given paramount importance.

1.3 Accordingly, measures to strengthen supervisory oversight of banks have been at the core of the reforms process that have been since set in motion.

2. Regulator's Role in Reforming Supervisory Methods

2.1 In this direction, the Reserve Bank of India has introduced Risk Based Supervision (RBS) for its Supervised Entities(SEs) which seeks to address several of the present concerns regarding the supervisors' and banks' ability to identify and manage the key risks in banks' operations.

3.Swift adoption of Supervisory Methods by NABARD

3.1 NABARD, as the supervisor of Regional Rural Banks (RRBs) and Rural Cooperative Banks (RCBs) in the country had also reviewed the existing framework for Supervision and suggested a roadmap for migrating to RBS.

3.2 NABARD has been following the CAMELSC

1.Capital Adequacy,

2.Asset Quality,

3.Management,

4.Earnings,

5.Liquidity,

6.Systems and Controls, and

7.Compliance

approach for evaluating the performance of Supervised Entities (SEs) viz., SCB/DCCBs and RRBs.

4. Adoption of Forward Looking Risk Assessment

4.1 With a view to enhance role of NABARD on banking supervision, in line with leading practices and with a specific focus **on adopting a forward-looking risk assessment** of the banks' activities to the financial system, it was felt necessary to shift to Risk Based Supervision (RBS).

4.2 It has been decided that an interim approach of 'Enhanced CAMELSC' will be adopted before fully migrating to RBS.

4.3 Accordingly, the Enhanced CAMELSC approach has been implemented from 01 April 2023.

5. Enhanced CAMELSC -Model

5.1 Enhanced CAMELSC is a hybrid approach wherein risks of an entity are assessed based on which a rating is given to the bank.

5.2 Enhanced CAMELSC structure:

(i)	Enables identification of specific risks being faced by an entity based on both quantitative and qualitative sub-parameters scores
(ii)	Focuses on setting a benchmark for banks to reach the next maturity level and finally evolve towards the RBS model.

5.3 The benefits of Enhanced CAMELSC therefore accrue to the supervisors and to the entities by way of improved risk oversight along with performance assessment.

5.4 Areas of Assessment under Enhanced CAMELSC model

5.4.1 As narrated in the Enhanced CAMELSC Structure above, the framework contains both

- (i) Quantitative and
- (ii) Qualitative

sub-parameters to determine the supervisory rating for a SE based on the scoring rules as defined in ENSURE.

5.4.2 The scores for qualitative sub-parameters are provided by the Inspecting Officers based on

- field visits,
- discussions with bank's board and
- senior management,

besides reviewing bank's systems and controls.

5.5 Analysis under Enhanced CAMELSC model

5.5.1 The Analysis begins with the scoring of the quantitative sub-parameters, based on the predefined scoring rules (in ENSURE) and qualitative sub-parameters, based on the inputs from Inspecting Officers.

5.5.2 The sub-parameters scores are multiplied with their respective weights to arrive at the parameter score.

5.5.3 The parameter scores are multiplied with their respective weights to arrive at the bank level score. Certain pre-defined model overlays are applied to the bank level score to arrive at the Supervisory Rating.

6. Submission Requirements from Banks

6.1 Institutional mechanisms in Banks for data accuracy

It is essential that banks put in place robust systems and clearly defined processes for

- Collection,
- Collation and
- Submission

of accurate data/information in a timely manner to the Supervisor.

7. Systems and Process

While these systems and processes would vary amongst banks depending upon their organizational structure and business models; however, all banks may need to ensure that the following issues are taken into account while putting in place their systems for ensuring integrity and accuracy of data/information.

- i. A comprehensive strategy for ensuring adequacy of MIS systems for generating/ collating the required data/information.
- ii. A robust process and accountability structure for ensuring the accuracy of data and information supplied to the Supervisor.
- iii. Effective dissemination to the grassroots level the understanding of relevance/use of data/information under Enhanced CAMELSC, the implications of erroneous data and accordingly the criticality of ensuring accuracy of data.
- iv. A system of centralized ownership of data i.e. a Single Point of collation and submission to check consistency of data/information submission across departments [Supervisory Data Cell in the bank] should be put in place. This would also ensure timeliness in submission of data/information failing which, i.e. delay in submissions, appropriate penal action against banks may be initiated.
- v. Mapping of data/information to its source system/department as also basic validation checks prior to data submission (e.g. fund based exposure to top twenty borrowers fundbased exposure of the bank).
- vi. Review of data/information being submitted to NABARD by a committee of senior officers.

8. Expectations from Banks

The following expectations with respect to the reporting of data/information should be met by the banks:

- i. Timely submission of data/information;
- ii. Accuracy of data/information submitted;
- iii. Consistency with the (same) data/information submitted through other regulatory returns.
- iv. Availability of evidence to substantiate/validate the data/information submitted; and
- v. Ability to provide a further drill down/break-up of the data as and when requested by the Department.

9. Risk sensitisation of Supervisors and Supervised Entities (SEs)

9.1 The SEs will develop understanding about factoring in risk in reporting as well as capability to identify, assess and initiate risk mitigating measures.

9.2 Enhanced CAMELSC is expected to enable the SEs to move towards efficient data management, investing in the required digital infrastructure and in adopting procedures which facilitate transition to RBS.

10. Conclusion

10.1 NABARD has developed the Enhanced CAMELSC Supervisory Rating Model by mapping data points with existing CAMELSC parameters and included significant number of additional quantitative and qualitative indicators for enhanced supervisory judgements.

20.2. The Enhanced CAMELSC Model will serve as a useful risk management mechanism to mitigate the Risk levels in RCBs as an interim measure. This model would gradually pave a smooth path to migrate to Risk Based Supervision in RCBs in near future.

Knowledge Corner

CASH RESERVE RATIO (CRR) :

This term refers to a policy instrument to control money supply. The Reserve Bank of India Act requires the scheduled banks to maintain a minimum average daily cash balance equivalent to a specified percentage of their time and demand liabilities in India outstanding as on the Friday of the previous fortnight. This is known as Cash Reserve Ratio. The RBI is empowered to vary the Cash Reserve Ratio between 3 percent and 20 percent depending on the prevalent monetary conditions. Total cash reserves actually maintained by a scheduled commercial bank may consist of (1) the minimum CRR of 3% or prescribed CRR (2) additional cash reserves relating to incremental demand and time liabilities (DTL) and (3) excess cash reserves over and above the level required to comply with the prescribed cash reserve requirement or short fall therein.

Following the amendment of the Reserve Bank of India Act in 2006, the Reserve Bank, keeping the needs of securing monetary stability in the country, can prescribe CRR for scheduled commercial banks without any floor rate or ceiling rate.

Knowledge Corner

When there is a change in CRR, the first impact is felt by the banks. For banks, a rise in CRR would mean that a larger proportion of their lendable resources will be with RBI, while a fall in the rate will mean a lower proportion will be with the Central Bank. In times of boom, lending will give a higher rate of return to banks. Hence, if they have to keep a large proportion of their funds away from lending and in the form of a deposit with the RBI, it is a loss of opportunity for them. This will bring down their earnings.

An increase in CRR would also mean that money is being sucked out of the system. This would mean that funds are hard to come by and hence banks will have to pay more to depositors in order to induce them to keep their funds with banks. This will push up cost of funds for banks. The banks therefore will also have to raise lending rates in order to meet the increased cost while maintaining their margins.

There may also be an overall impact on companies in terms of scarcity of funds, along with an increase in costs, due to which the overall interest charges for capital intensive companies will increase.

A lower lending could lead to a contraction in the activities which might slow down demand in various sectors. Raising CRR is a measure used by the RBI to contain inflation by mopping up excess liquidity in the economy.

The Current prescribed Cash Reserve Ratio is 4.5%.

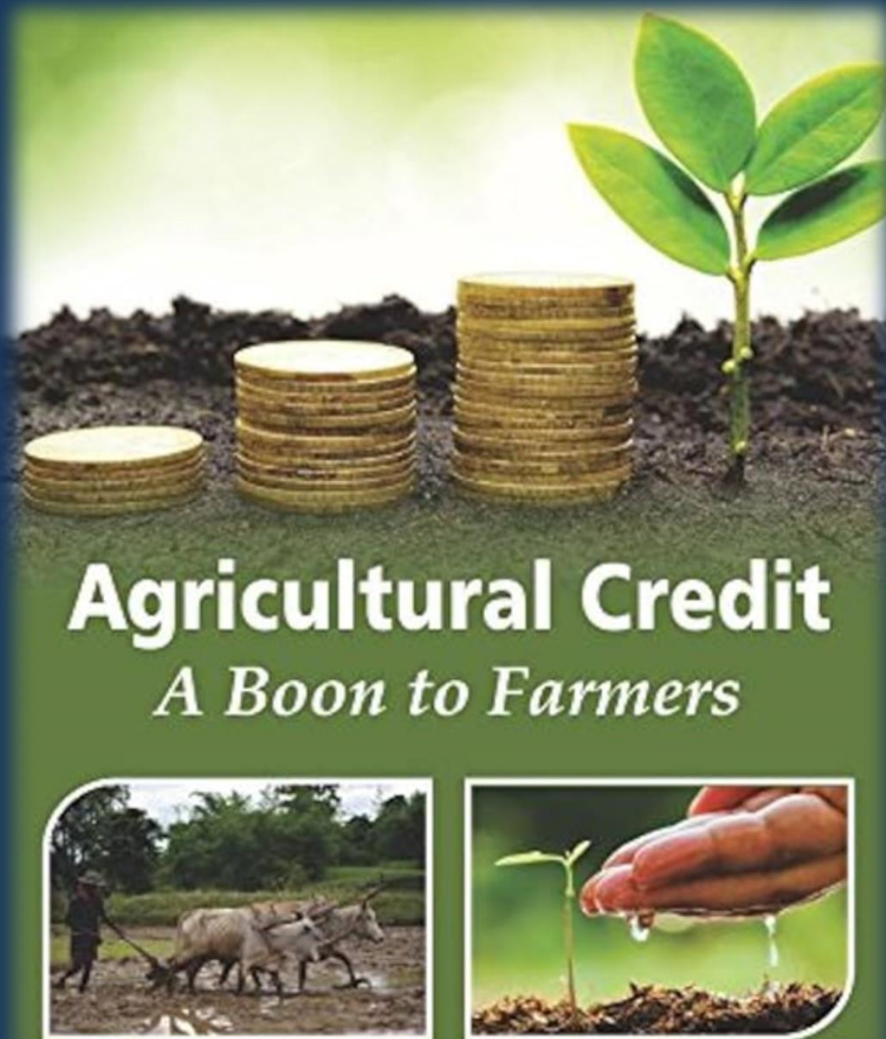
STATUTORY LIQUIDITY RATIO (SLR) :

Under the provision of Banking Regulation Act governing the banking operations, banks are required to hold liquid assets such as government securities, or other unencumbered approved securities, cash or gold, against their demand and time liabilities in India. This is known as supplementary reserve requirement or secondary reserve requirement.

The main objective of this monetary policy instrument is to ensure solvency of commercial banks by compelling them to hold low risk assets up to a stipulated extent. It also helps to regulate the pace of credit expansion to commercial sector. SLR refers to the ratio of holdings of the prescribed liquid assets to total time and demand liabilities.

The Current prescribed Statutory Liquidity Ratio is 18.00%.

Agricultural Co-operative Staff Training Institute
Post Box No.5, (Opposite to Aavin Illam),
Madhavaram Milk Colony, Chennai, -600051.



Phone : 044-25557737

Mobile : 89254 77751

E-Mail id : acsti.tnsc@gmail.com

Website : www.acstitnsc.in