



[Glossary]

Various Developments in Banking Sector

Subject:	Business Economics
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Glossary

ARCs: The word asset reconstruction company is typical used in India. Globally the equivalent phrase is used is "asset management companies". The word "ARCs" in India were used in Narsimham 1 report where it was envisaged for the setting up of a central ARCs fund with money contributed by the central Government, which was to be used by Banks to shore up their balance sheets to clean up their Non-performing loans.

Debt recovery tribunal: the DRTs main object and role was to recover all outstanding loans due to banks and financial institutions.

Discounting of base: trading or selling a bill of exchange prior to the maturity date at a value less than par value of the bill. the amount of discount will depend on the amount of time left before the bill matures, and on the perceived risk attached the bill.

EFT (electronic fund transfer): EFT is a device to facilitate automatic transmission and processing of message as well as fund from one bank branch to another bank branch .EFT allows transfer of funds electronically with debit or credit to relative account.

FCNR (foreign currency non-repatriable account deposits): this is fixed deposits foreign currency account and not a savings account. deposit in this account can be made in any of the major currency like USD, UK POUND, CANADIAN DOLLAR, DEUTSCHT MARK,JAPANESE YEN and EUROPE.

NPAs: If interest and instalments and other banks dues are not paid in any loan account within a specified time limit it is being treated as NPAs (Non-performing Assets) of a bank.

NRE(non-resident external):it refers to fund deposited with a financial institution that allows for the efficient conversion and transfer of Indian foreign currency both within and outside of India.

Standard category: the asset would classify as standard assets if it remain non-perform since 12 months.

Sub-standard/ doubtful category: the asset would classify as sub-standard category if it remains non-perform for since 18 months.