CONTENTS

Chapter No.		Page No.
I	INTRODUCTION	1 to 36
1.1	Rationale of the Study	1
1.2	Basel- Accord in the Indian context	4
1.3	Objectives of the Study	5
1.4	Review of Literature	6
1.4.1	Literature Review in International Perspectives	6
1.4.2	Researches in Indian context	16
1.4.3	Gaps in the Research studies	21
1.4.4	Global Reaction/Criticism of Basel-III	21
1.5	Significance of the Study	28
1.5.1	The important Contributions of the study	29
1.6	Data Source and Research Methodology	30
1.6.1	Statistical Tools and analysis	32
1.7	Chapter Outline	33
1.8	Limitations of the Study	35
	EVOLUTION OF BASEL ACCORDS	37 to 79
2.1	The Basel- I Accord; Historical Perspective	37
2.1.1	The main provisions of Basel-I	38
2.1.2		41
2.1.3	Introduction of Basel Norms in India	42
2.2	Migration to Basel-II Norms	43
2.2.1	Salient Features of Basel-II (2004-2006): Introduction	44
2.2.2	Background of Basel-II Accords	44
2.2.3	Three Pillars of Basel-II	45
2.2.4	Critical Evaluation of Basel-II	46
2.2.5	India and Approach to Basel-II	47
2.3	The Way Forward: Migration from Basel- II to Basel- III	50
2.4	Salient Features of Basel-III: Introduction	53
2.4.1	The unique features of Basel-III	53
2.4.2	Minimum Capital requirement Under Basel-III	59
2.4.3	Micro-Prudential elements of Basel-III: CCB	63
2.4.4	CCCB under Basel-III	67
2.4.5	CCCB as tool of SRM/Macro Prudential Measure and its Requirements	69
2.4.6	Liquidity Provisions under Basel-III	70
2.4.7	New Leverage Ratio (LR) requirement	73
2.4.8	Systemic Risk Management (SRM) including for 'Pro-Cyclicity'	76
2.4.9	Status of Implementation of Basel- III in India; More Stringent than BCBS	77
	SYSTEMIC RISK MANAGEMENT UNDER BASEL-III	80 to 101
	Introduction	80
3.1	Risk Management in Banks	81
3.2	Elements of Risk Management as propounded in Basel- I	83

3.3	Risk Management Provisions Propounded In Basel-II	84
3.4	Risk Management Tools Recommended by Basel-III	84
3.5	Macro-Prudential tools in Basel-III to counter systemic risk	86
3.5.1	Systemic Risk Management/ Macro-Prudential Measures of Basel-III	87
3.5.2	RBI's Guidelines on Triggering of CCCB Requirements	89
3.5.3	Addressing to Pro-Cyclicity through CCCB	90
3.5.4	Trigger	91
3.5.5	Prudential measures, monetary policy and the Central-Bank	92
3.5.6	Four Steps Involved in Implementation of Macro-Prudential (trigger) measures to manage Systemic risk	93
3.6	Risk Management System and Structure in Banks in India	93
3.6.1	Risk management structure in Banks in India as prescribed by RBI	94
3.6.2	Evolution of RMS, Procedure and Practices in PSBS in India	96
3.6.3		98
3.7	Adoption of Risk Based Supervision (RBS) in India: SPARC	100
IV	DYNAMICS OF CHANGES ADOPTED BY BANKS IN MIGRATING TO BASEL-III NORMS	102 to178
	Introduction	102
4.1	Migration Strategies: Global Experience	104
4.1.1	Other Findings	105
4.2.1	(I) Plough-back of Profit into Capital /Reduced Dividend Pay-out	109
4.2.2	Consolidation of T-1 Capital	118
4.2.3	Growth in Capital charges for Credit Risks	126
4.2.4	The Statistical analysis of growth of assets	134
4.2.5	Dynamics of Adjustments: Growth of RWAs	142
42.6	Growth of High-Risk Assets (2009-2014)	152
4.9	Chapter Summary	160
V	CHALLENGES FOR BANKS IN MIGRATING TO BASEL- III	183 to 190
	Introduction	183
5.1.	Challenges in Estimating Capital Deficiency of Banks in India as of 2018-19	184
5.2	Objective of the chapter and period of study	186
5.3	Sample Design	187
5.4	Data Source and Methodology Used	187
5.5	The Inherent Limitations and Justification in Proposed Scenarios Above to Determine the Capital Deficit	188
5.6	Estimating the annual capital deficiency/surplus of the sample banks	190
5.7	Analysis of the estimations of capital deficiency/surplus as presented in annexure II.1 to II.4	190
VI	IMPLICATIONS FOR PSU BANKS IN MIGRATING TO BASEL- III	220 to 252
6.1	Introduction	220
6.2	Bank Mergers in India:	222
6.3	GOI initiatives in Recent Years on Consolidation of PSU Banks:	223
6.4	Basel-III Norms Require Strong and Big Banks alike D-SIBs:	224
6.5	Objective of the chapter and period of study:	225

6.6	Methodology Used:	225
6.7	Merger Proposal with Capital Infusion on Repatriation Basis:	226
6.8	Opportunities anticipated in merger of 27 PSU banks into 5 Big	226
	Banks:	
6.9	Sound Merger Proposal of all 27 PSU Banks with Capital Infusion	227
	from GOI on the novel concept of 'Repatriation Basis':	
6.10	Justification for the basis of parameters of proposed	234
	amalgamation of 27 PSU banks into 5 Big Banks from March-end	
	2019 to onwards period	
VII	SUMMARY AND CONCLUSIONS	253 to 262
7.1	The Background	253
7.2	Objectives of the Study	254
7.3	Significance of the Study	255
7.4	Data Source and Research Methodology	257
7.5	Major Summary and Findings	260
	BIBLIOGRAPHY	263