



Committed to professional excellence

IIBF VISION

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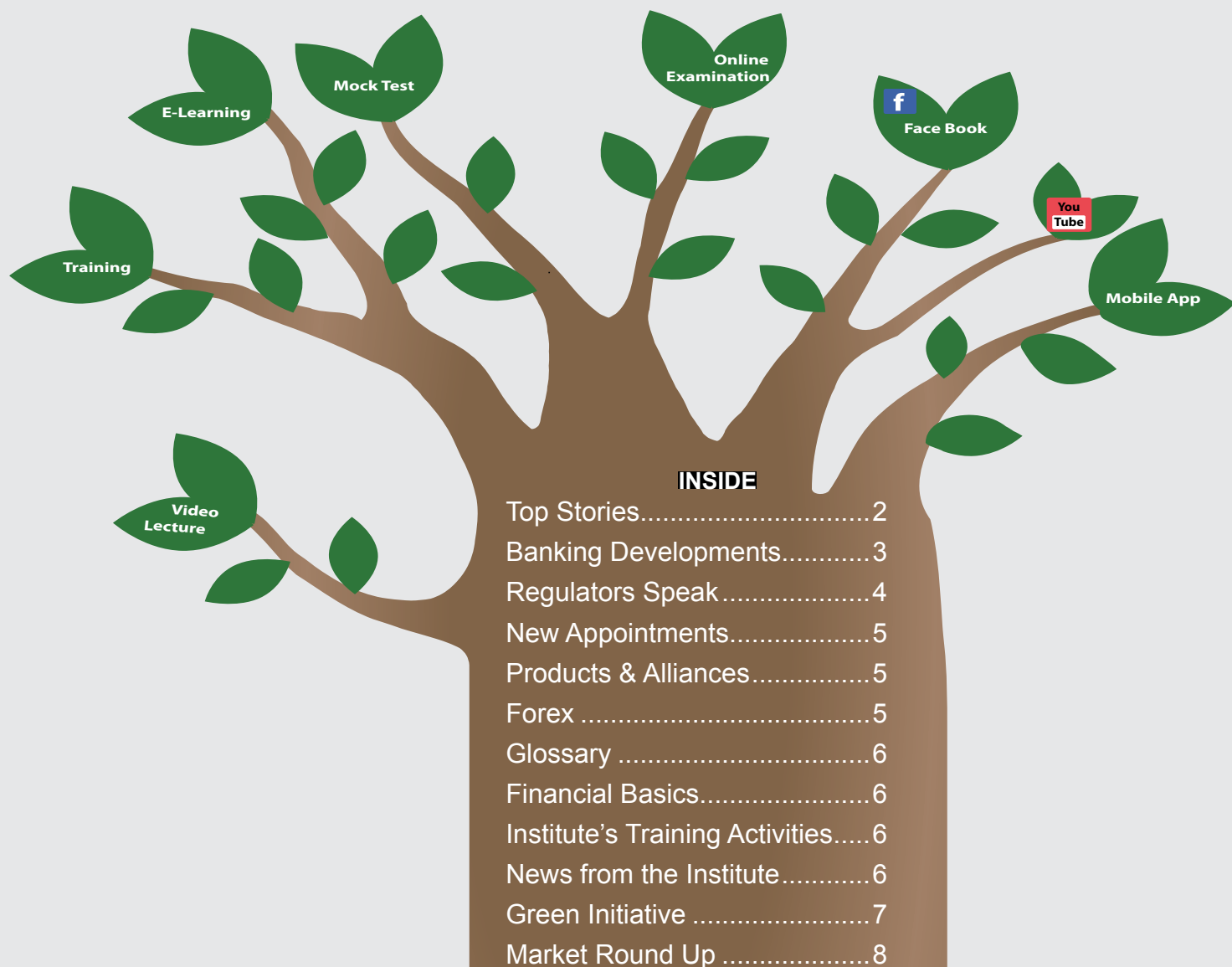
No. of Pages - 8

VISION

To be premier Institute for developing and nurturing competent professionals in banking and finance field.

MISSION

To develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counselling and continuing professional development programs.



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TOP STORIES

Key highlights of sixth bi-monthly monetary policy 2019-20

- Policy rate kept unchanged at 5.15%
- W.e.f. April 1, pricing of loans by banks to medium enterprises will be linked to an external benchmark
- Time for restructuring of GST-registered MSME loans extended till December 2020, from March 2020 at present
- From July 2020, RBI to periodically publish a composite 'Digital Payments Index' (DPI) to capture the graph of digitisation of payments
- Framework for a Self-Regulatory Organisation (SRO) for digital payments to be issued
- Pan India [Cheque Truncation System \(CTS\)](#) to become operational by September 2020
- Extension of Date of Commencement of Commercial Operations (DCCO) of project loans for commercial real estate, delayed for reasons beyond the control of promoters, by one year, allowed

Banks to get 5 yr CRR relief for retail loans

The Reserve Bank of India (RBI) has exempted banks from maintaining cash reserve ratio (CRR) for five years on their deposits, for an amount equivalent to loans given between January 31, 2020 to July 31, 2020 to three productive sectors *viz.* MSMEs (micro, small and medium enterprises), housing, and vehicle sectors. The move is aimed to have multiplier effects to support growth impulses.

One time restructuring scheme for MSME loans extended to Dec 31

The RBI has extended the benefit of one-time restructuring, without an asset classification downgrade, to the standard accounts of GST-registered MSMEs that were in default as on January 1. The restructuring has to be implemented latest by December 31, 2020. This move will benefit the eligible MSME entities that could not be restructured under the provisions of the earlier circular (issued to all banks and NBFCs on January 1, 2019) and also MSMEs that became stressed thereafter.

Spurt in online transactions leads to new index for digi-payments

With the popularity of digital payments soaring every day, the RBI has announced significant measures for the sector, including a Digital Payments Index (DPI), and a plan to establish a Self-Regulatory Organisation (SRO).

The DPI, which will be made available from July, seeks to capture the extent of digitisation of payments. Before that, by April 2020, the RBI plans to etch a framework for establishing an SRO to help foster best practices on security, customer protection and pricing.

RBI eases norms for stressed real estate developers

Granting relief to lenders and real estate developers, the RBI has allowed a one-year extension of the Date of Commencement of Commercial Operations (DCCO) for project loans, which are delayed for reasons beyond the promoters' control. The asset classification of project loans will not be downgraded by lenders during this period. The decision will provide substantial relief to the sector, because repayment schedules are linked to DCCO.

RBI to conduct long-term repo operations at policy repo rate

In its latest monetary policy, the RBI has announced that it will conduct term repos of one year and three year tenors of appropriate sizes, for up to a total amount of ₹ 1 lakh crore at the policy repo rate. Accordingly, banks would be able to borrow one-year and three-year tenor money at just the policy repo rate that currently stands at 5.15%. RBI is also withdrawing the daily fixed rate repo and four 14-day term repos being conducted every fortnight. It will ensure adequate provision/absorption of liquidity as warranted by underlying and evolving market conditions – unrestricted by quantitative ceilings – at or around the policy rate.

Floating rate loans for medium enterprises to be linked to an external benchmark: RBI

In order to further strengthen the monetary policy transmission, the RBI has made it mandatory to link all new floating rate loans to medium enterprises (extended by banks from April 1, 2020) to an external benchmark. Banks can link the loans to one of the four external benchmarks *viz.* RBI's policy repo rate; Government of India three-month Treasury bill yield; six-month Treasury bill yield; and any other benchmark market interest rate published by Financial Benchmarks India Private Ltd.

Banking Developments

DICGC raises insurance cover for depositors

The Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly owned subsidiary of the RBI, has raised the limit of insurance cover for depositors in insured banks from ₹1 lakh to ₹5 lakh per depositor, w.e.f. February 4, 2020. The hike, with the approval of the Government of India, is aimed to provide a greater measure of protection to depositors in banks. The scheme covers all types of accounts - savings, current and term deposits.

RBI's accounting year to sync with government's fiscal year

As per the decision taken in a recent Board Meeting, w.e.f. 2020-2021, the RBI will be aligning its financial accounting year with that of Union Government. With this move, the Central bank will do away with paying interim dividend to the government. The Board recommended aligning the financial year of the RBI (currently July-June), with the government's fiscal year (April-March) from the year 2020-21. The current financial year will end in June 2020, while the next financial year starting July 1, 2020 would end on March 31, 2021. The apex bank will, thus, prepare a truncated balance sheet for a period of nine months (from July 2020 to March 2021). Following next year, the RBI's full fiscal year will start from April 1, 2021.

Regulator Speaks

RBI's 'enhanced regulatory role' will curb malpractices, make financial system more credible - President Kovind

President Mr. Ram Nath Kovind avers that RBI's regulatory role has brought greater stability to banking operations. He further opines that the apex bank's enhanced role will curb malpractices and make the financial system more credible. The President says "India has become one of the largest economies in the world and banks have been a constant part of the nation's growth saga. As India aims to become a \$5 trillion economy, the banking sector has to start preparing for the next big leap. This mainly involves 'banking with the unbanked' and 'securing the unsecured'

Policy transmission up by 20 bps in 2 months: Das

RBI Governor Mr. Shaktikanta Das has stated that monetary policy transmission has been steadily improving and is expected to pick up further. RBI is reviewing the retail inflation targeting framework behind policy decisions, as well as, its effectiveness. It also plans to hold consultations with stakeholders and the government, in June 2020.

RBI focusing on sharper off-site surveillance: Das

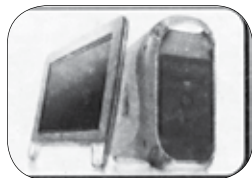
RBI Governor Mr. Shaktikanta Das has mentioned that the apex bank has been focusing on a 'sharper and more forward-looking' off-site surveillance framework to aid its on-site supervision. A sup-tech (supervisory technology) initiative is being implemented as part of the integrated compliance management and tracking system to facilitate transparent and efficient monitoring of all pending compliances of supervised entities through a web-based interface, automate the inspection planning process and cyber incident reporting, and ensure seamless data collection.

The regulator is looking to deploy a range of tools and technology to meet its supervisory objectives. In addition to the four pillars of supervision *viz* onsite inspection, off-site surveillance, market intelligence and reports of statutory auditors, a fifth pillar of supervision in the form of periodic interaction with all the stake-holders – including statutory auditors, credit rating agencies, credit information companies, mutual funds and banks having large exposures to NBFCs – has been instituted to gain a clear understanding of emerging risks and development in the sector.

According to Mr. Das, the Indian banking sector is slowly turning around on the back of improvements in asset quality, following enhanced resolutions through the Insolvency and Bankruptcy Code (IBC). Despite the recent decline in impaired assets and a significant improvement in provisioning, profitability of the banking sector remains fragile and it continues to face challenges in the telecom sector. Regulators have to focus on achieving a balance between promoting innovation and applying a measured and proportional supervisory and regulatory framework. He says "As the Indian banking sector is propelled forward to a higher orbit, banks would have to strive hard to remain relevant in the changed economic environment by reworking their business strategies, designing customer-centric products, and focusing on improving the efficiency of their services."

New Appointments

Name	Designation/Organisation
Mr. L V Prabhakar	Managing Director and Chief Executive Officer of Canara Bank.



Products & Alliances

Organisation	Organisation tied up with	Purpose
HDFC Bank	Indigo	To launch a travel credit card and rewards programme.

Forex

Foreign Exchange Reserves		
Item	As on February, 21 2020	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	3410238	476122
(a) Foreign Currency Assets	3161973	441458
(b) Gold	212456	29662
(c) SDRs	10216	1426
(d) Reserve Position in the IMF	25593	3575

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for March 2020

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.15400	1.01200	0.98300	0.97300	1.01000
GBP	0.56670	0.5732	0.5588	0.5583	0.5680
EUR	-0.39630	-0.423	-0.402	-0.397	-0.370
JPY	-0.08000	-0.123	-0.128	-0.160	-0.161
CAD	1.94000	1.503	1.405	1.397	1.394
AUD	0.55050	0.511	0.501	0.613	0.659
CHF	-0.74250	-0.813	-0.812	-0.791	-0.759
DKK	-0.30280	-0.2854	-0.2752	-0.2537	-0.2290
NZD	0.87500	0.913	0.915	0.935	0.970
SEK	0.10100	0.085	0.085	0.092	0.110
SGD	1.14000	1.075	1.080	1.095	1.110
HKD	1.55000	1.385	1.340	1.320	1.310
MYR	2.78000	2.700	2.710	2.720	2.730

Source: www.fedai.org.in

Glossary

Cheque Truncation System (CTS)

Cheque Truncation System is the process of transmitting an electronic image of the cheque to the paying bank branch through the clearing house, along with relevant information like data on the MICR band, date of presentation, presenting bank, etc. The need to move the physical instruments across bank branches is obviated.

Financial Basics

Arbitrage

Arbitrage is the benefit accruing to traders who play in different markets simultaneously, thus making profits due to market imperfection.

Institute's Training Activities

Training Programmes for the month of March 2020		
Programme	Dates	Location
Post Examination Classroom Training or Certified Credit Professional Course	11 th March to 13 th March, 2020	Chennai
Post Examination Training for Certified Credit Professionals	17 th to 19 th March 2020	Virtual
Post Examination Training for Certified Credit Professional Course	11 th March to 13 th March, 2020	Chennai
Post Examination Classroom Learning for Certified Credit Professional	16 th to 18 th March 2020	Delhi

News from the Institute

Call for Diamond Jubilee Research Proposals

The Institute invites Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) research proposals for the year 2019-20. The last date for submission is 16th March 2020. For details visit www.iibf.org.in

Mandatory certification of Business Correspondents

RBI has identified IIBF as the sole certifying agency for certifying the BCs of both SCBs and Payment Banks. The Syllabus for the exam has been revised in consultation with RBI. The Institute has also tied up with CSR - e – Governance and BFSI-SSC for certifying the BCs.

Virtual Classroom Solution

The Institute has acquired a software for conducting training through the Virtual Classroom mode. This will enable the Institute to disseminate training inputs to a larger audience, without diluting quality. Virtual training for Certificate in Risk in Financial Services, Certified Treasury Professional and Accounting & Audit have also been introduced. For more details, please visit our website www.iibf.org.in.

Mock Test facility for Examinations

The Institute is offering mock test facility for three of its specialized courses, *viz.* Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses *viz.* JAIIB & CAIIB. The mock test can be taken by any bank staff.

Bank Quest Theme for upcoming issue

The theme for the January-March 2020 issue of “Bank Quest” is Alternative Channels of Investments - Sub-themes: Mutual Funds, Post-Office & Bank Deposits & others.

Cut-off date of guidelines /important developments for examinations

The Institute has a practice of asking some questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that:

- (i) In respect of the exams to be conducted by the Institute for the period from August 2019 to January 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2019 will only be considered for the purpose of inclusion in the question papers.
- (ii) In respect of the exams to be conducted by the Institute for the period from February 2020 to June 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th December, 2019 will only be considered for the purpose of inclusion in the question papers.

Green Initiative

Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

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I, Dr. J. N. Misra, hereby declare that the particulars given above are true to the best of my knowledge and belief.

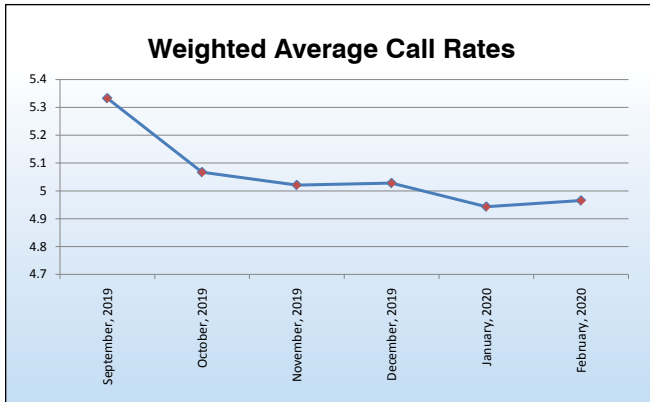
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Dr. J. N. Misra

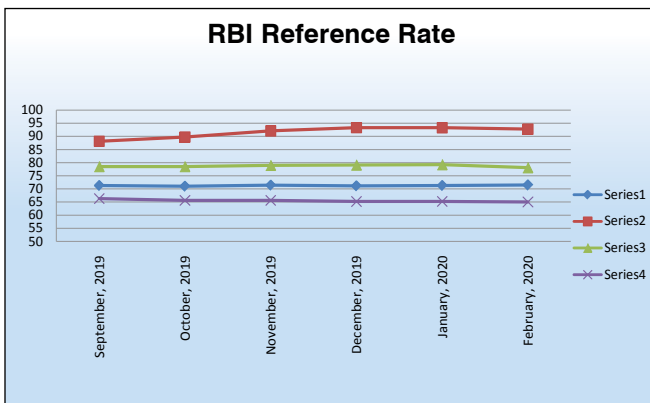
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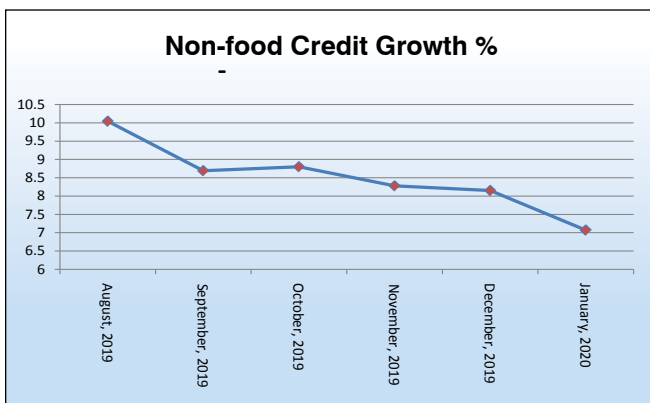
Market Roundup



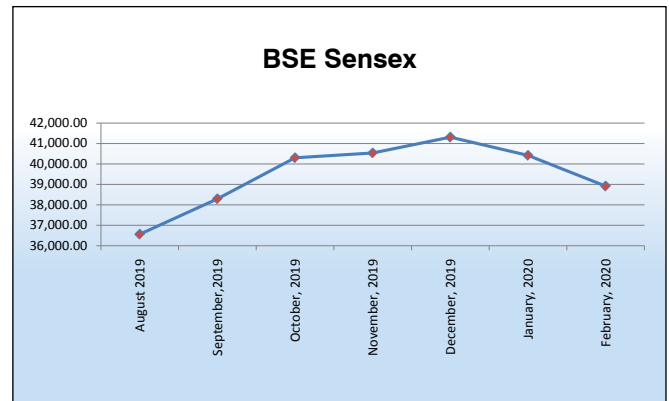
Source: CCIL News Letters - February 2020



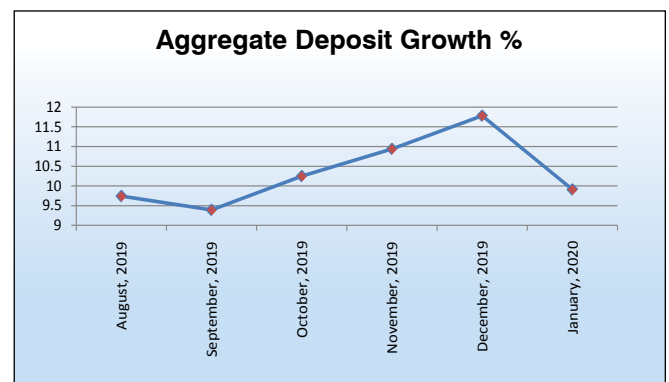
Source: FBIL



Source: Monthly Review of Economy, CCIL, February 2020



Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy CCIL, February 2020

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