



Committed to professional excellence

IIBF VISION

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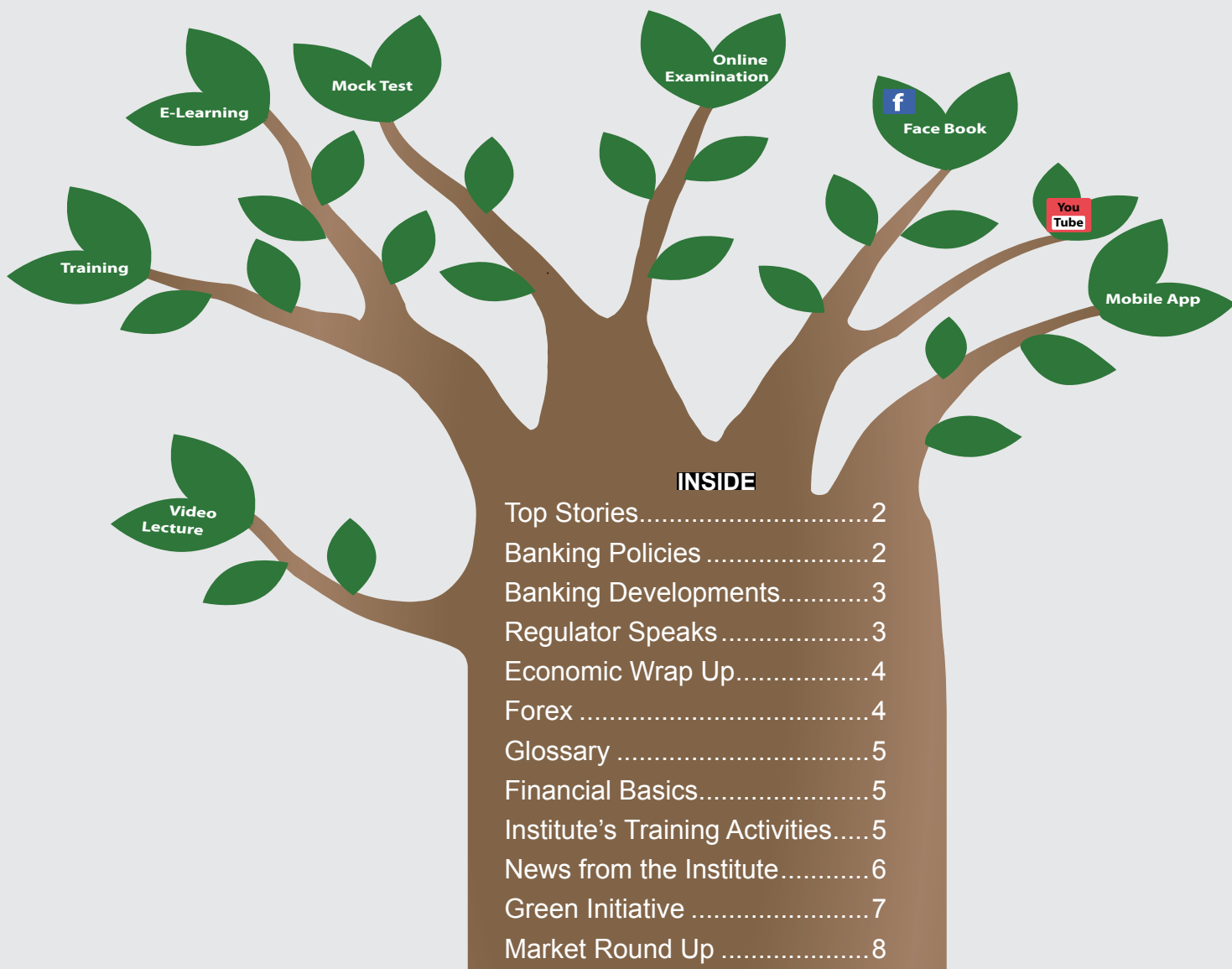
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VISION

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
Following Covid disruptions, RBI extends application deadline for umbrella entity on retail payment

Taking cognizance of requests received from various stakeholders including Indian Banks' Association (IBA) for extending the timeline to set up an umbrella entity for retail payments, the Reserve Bank of India (RBI) has extended the deadline to file applications for the same, from the earlier 26 February 2021 to 31st March 2021. The extension has been given in view of the Covid-19 related disruptions and inconveniences.

The umbrella entity shall have a minimum paid-up capital of Rs 500 crore. No single promoter/promoter group will have more than 40% investment in the capital. A minimum net-worth of Rs 300 crore shall be maintained at all times.

2-6% inflation target is appropriate for monetary policy: RBI report

RBI's recently-released Report on Currency and Finance 2020-21, has suggested that the current mandate of 2-6% inflation target for the monetary policy is appropriate and should continue for the next five years.

The report argues that since advanced economies keep their inflation target unchanged at 2%, notwithstanding persistent deflationary conditions, the lower tolerance band in India should not be less than 2%. As for the upper tolerance limit, international experience suggests that countries with a large share of food in the CPI basket tend to have higher inflation targets and wider tolerance bands. Threshold estimates over a longer sample period work out to 6%, beyond which tolerance of inflation can be harmful to growth.

Expert committee on primary UCBs set up by RBI

The RBI has set up an eight-member expert committee on regulation of primary urban cooperative banks (UCBs), under the chairmanship of former RBI deputy governor N S Vishwanathan. The committee will take stock of regulatory measures taken by RBI and other authorities vis-à-vis UCBs and assess their impact over the last five years to identify key constraints and enablers in fulfilment of their socio-economic objectives. It will also review the current regulatory/supervisory approach and recommend suitable measures to strengthen the sector, especially considering recent amendments to the Banking Regulation Act, 1949.

The committee is expected to suggest effective measures for faster rehabilitation and resolution of UCBs, as well as, assess the potential for consolidation of the sector. It will consider the need for differential regulations and examine if more leeway can be given in permissible activities for UCBs, to enhance their resilience. On a broader, futuristic note, the committee shall draw up a vision document for a vibrant and resilient UCB sector vis-à-vis the principles of cooperation, as well as, depositors' interest and systemic issues.

The expert committee will submit its report within three months from the date of its first meeting.

Non-FATF nations to face tighter norms while investing in NBFCs

RBI has tightened the rules regarding investments in NBFCs originating from countries that are not compliant with global standards on prevention of money laundering. Accordingly, fresh investors from such countries shall hold less than the threshold of 20% of the voting power, including potential voting power, in an NBFC. However, existing investors from such countries, will be allowed to continue with the investments or bring in additional investments.

Banking Policies
RBI exempts SCBs' exposure to foreign sovereigns, from LEF

The RBI has exempted scheduled commercial banks' (SCBs) exposure to foreign sovereigns or their central banks, from the large exposure framework (LEF). Such exposures, that are subject to a 0% risk weight; are denominated

in the domestic currency of that sovereign; and are met out of resources of the same currency of all SCBs to foreign sovereigns or their central banks, are now exempt from LEF.

Residents can make remittances to IFSCs under LRS

RBI has now permitted resident individuals to make remittances under LRS (Liberalised Remittance Scheme) to IFSCs set up in India under the Special Economic Zone Act, 2005. The remittance shall be made only for making investments in IFSCs in securities, other than those issued by entities/companies' resident (outside IFSC) in India. However, they cannot settle any domestic transactions with other residents through these FCAs held in IFSCs.

Further, resident individuals may also open a non-interest-bearing Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS. Any funds lying idle in the account for a period up to 15 days from the date of its receipt into the account shall be immediately repatriated to domestic INR account of the investor in India.

While allowing the remittances, the banks will have to ensure compliance with all other terms & conditions, including reporting requirements prescribed under the scheme.

Banking Developments

RBI issues Master Direction for security of digital payments

The RBI has issued a Master Direction for banks and card-issuing entities to ensure security of digital payments. The Master Direction comprises of common minimum standards and guidelines for internet banking, mobile payments, card payments, customer protection and grievance redressal mechanism. The directions would apply to the Regulated Entities (REs) -- SCBs, Small Finance Banks, Payments Banks, and Credit Card issuing NBFCs. These directions contain requirements for robust governance, implementation and monitoring of certain minimum standards on common security controls for channels like internet and mobile banking, card payments, etc. The strong protocols will help in checking frequent outages and disruptions and provide secure environment for digital transactions.

RBI's updated directions for HFCs

The RBI has issued a slew of directions to come into immediate effect for housing finance companies (HFCs), with regard to maintenance of liquidity coverage ratio (LCR), risk management, asset classification and loan-to-value ratio, among others. These directions are aimed at protecting the interest of investors and depositors, by preventing the affairs of any HFCs from being conducted in a manner detrimental to them. All non-deposit taking HFCs with asset size of Rs 100 crore and above and all deposit taking HFCs (irrespective of asset size) shall pursue liquidity risk management, which, inter alia, should cover adherence to gap limits, making use of liquidity risk monitoring tools, and adoption of stock approach to liquidity risk. It would be the responsibility of the HFC's board to ensure that the guidelines are adhered to.

Regulator Speaks

Assets purchased for reducing Covid-induced stress have not diluted our balance-sheet: Governor Das

RBI Governor Shaktikanta Das has asserted that asset purchases made by RBI for reducing COVID-19-related liquidity stress on the system, has not diluted its balance sheet or compromises on core principles of central banking. In fact, forward guidance has gained increased prominence in RBI's communication strategy for cooperative outcomes.

Speaking on the topic 'Creating New Opportunities for Growth', the governor said that the manufacturing sector is spearheading the growth recovery, as many contact-intensive services sub-sectors are severely affected by the pandemic. The Emergency Credit Line Guarantee Scheme (ECLGS) and the Credit Guarantee Scheme for Subordinate Debt (CGSSD), along with various monetary and regulatory measures including rate cuts, moratorium and restructuring, will help in ameliorating stress in the MSME sector and also open new opportunities.

Digital penetration in the country has scaled a new high. It is time to leverage its applications, while simultaneously strengthening our digital infrastructure.

One of the policy areas to be focussed on for providing a durable push to the country's exports and growth is Free Trade Agreements (FTAs) with key strategically important economies. "Potential FTAs need to take cognisance of not only domestic strengths and global opportunities but also the emerging geo-political landscape in the post-pandemic period," said Das, adding that the post-Brexit scenario offers a greater scope for separate trade agreements with the UK and the European Union.

Economic Wrap Up

Some key extracts from the monthly economic review of the Department of Economic Affairs, Government of India are produced below:

- Digital Transactions - UPI transactions total value decreased marginally from 4.31 lakh crores in Jan'21 to 4.25 lakh crores in Feb'21.
- Trade Deficit - India's overall merchandise imports stood at USD 40.55 billion and a trade deficit of USD 12.88 billion in Feb'21.
- Inflation - CPI based inflation eased to 4.1% in Jan'21 from 4.6% in Dec'20. On the contrary, the WPI inflation saw a rising trend at 2% in Jan'21 compared to 1.2% in Dec'20.
- USD rate movements – The rupee declined 0.75% on 26th Feb'21 to INR/USD 73.04 due to equities plunging and sharp FPI selling off of USD 0.8 billion in Indian debt markets.
- Open Market Operations (OMO) – RBI conducted an OMO purchase auction Rs. 20,000 crores and a special OMO (Operation Twist) in Feb'21 to enable comfortable financial conditions.
- G-Sec yields ease - India's 10-year G-Sec yield reached at 6.34% on 26th Feb'21 as compared to 5.96% on 29th Jan'21. The 10-year AAA corporate bond spreads also widened from 74 bps in Jan'21 to 83 bps in Feb'21 amid subdued domestic market participation and moderate flows from foreign portfolio investors.
- Debt issuances by Indian corporates, as per CCIL data, grew to Rs. 1,31,116 crore in Q3-FY21, an increase of 29% over Q2-FY21. Issuances were largely dominated by AAA rated finance companies. Certificate of Deposit (CD) issuances doubled from Rs. 6,600 crores in Q2-FY21 to Rs. 13,400 crores in Q3-FY21. Commercial Paper (CP) issuances maintained their uptrend, indicating an improvement in economic activity in the third quarter.
- GST Collection – GST revenues sustained momentum at Rs. 1.13 lakh crore in Feb'21.

Forex

Foreign Exchange Reserves		
Item	As on February 26, 2021	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	4294511	584554
1.1 Foreign Currency Assets	3986598	542615
1.2 Gold	260239	35421
1.3 SDRs	11145	1517
1.4 Reserve Position in the IMF	36529	5001

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for March 2021

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.21500	0.25800	0.43700	0.64700	0.86800
GBP	0.10050	0.2483	0.379	0.5007	0.6075
EUR	-0.49000	-0.467	-0.420	-0.359	-0.291
JPY	-0.03130	-0.018	-0.003	0.015	0.041
CAD	0.62000	0.675	0.923	1.184	1.400
AUD	0.14500	0.220	0.373	0.652	0.919
CHF	-0.65500	-0.623	-0.548	-0.493	-0.343
DKK	-0.10580	-0.0965	-0.0731	-0.0210	0.0350
NZD	0.35000	0.498	0.738	0.985	1.238
SEK	-0.02600	0.040	0.147	0.259	0.377
SGD	0.36500	0.465	0.650	0.840	1.023
HKD	0.28790	0.351	0.516	0.722	0.924
MYR	1.98000	2.110	2.280	2.420	2.555

Source: www.fedai.org.in

Glossary

Liberalised Remittance Scheme (LRS)

Under the Liberalised Remittance Scheme (LRS), all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both. The Scheme was introduced on February 4, 2004, with a limit of USD 25,000. The limit has been revised with prevailing macro and micro economic conditions. The Scheme is not available to corporates, partnership firms, HUF, Trusts etc.

Financial Basics

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under severe liquidity stress scenario. It is computed as Stock of HQLAs/Total Net Cash Outflows over the next 30 calendar days $\geq 100\%$.

Institute's Training Activities

Training Programmes for the month of March 2021		
Programme	Dates	Location
Certified Bank Trainer	15 th to 17 th March 2021	Virtual
Appraisal & Restructuring of MSME Advances	15 th to 16 th March 2021	Virtual
Certificate in Risk in Financial Services	23 rd to 25 th March 2021	Virtual
Certified Accounting & Audit Professionals	19 th to 21 st March 2021	Virtual

News from the Institute

Revised CAIIB elective subjects from May/June 2021 examinations

The number of CAIIB elective subjects being offered by the Institute has been rationalised from 11 subjects to 6 subjects. For the examinations to be conducted from May/June 2021 onwards, the 6 electives viz Retail Banking, Human Resources Management, Information Technology, Central Banking, Rural Banking & Risk Management only will be offered. Retail Banking shall also include the Digital Banking courseware. The 5 electives that will be discontinued from May/June 2021 examination are Corporate Banking, International Banking, Co-operative Banking, Treasury Management and Financial Advising. Candidates, who have already chosen any one of these 5 electives which will be discontinued, will have to choose any one the 6 elective subjects as mentioned above. There will be no change in the number of attempts for completion of the exam. (The time limit & number of attempts for passing the examination will remain same.) The candidates, who have passed the discontinued CAIIB elective subjects, shall retain the credit of the passed subject. For more details, please visit our website www.iibf.org.in

Launch of 10th AMP Batch starting from May, 2021

The Advanced Management Programme (AMP) is a comprehensive management course for working Officers & Executives from the Banking / Financial Sector. The programme being online, candidates across the country, can join from the comfort of their homes during weekends. Eminent Faculties and Industry Experts from all over the country will deliver this programme. The tentative date to commence the batch is from 22nd May 2021 and the **last date of receipt of application is 15th May 2021**. Number of seats is 50 and will be available on a First Come First Serve basis. For details, please visit the link <http://iibf.org.in/PostExamCCO2017.asp?ccono=79>.

Collaboration with XLRI, Jamshedpur

The Institute has entered into a collaboration with XLRI, Jamshedpur for conducting a “Leadership Development Program for Bank/FIs”. The objective of the program is to transform good managers in banks into effective leaders, with a human centric approach. The duration of the program, which will be held in the virtual mode on weekends, is for 36 hours spread over 6 weeks. For more details visit www.iibf.org.in.

Call for Diamond Jubilee Research Fellowship proposals 2020-21

The Institute invites proposals under the Diamond Jubilee Banking Overseas Research Fellowship to undertake a research study on the latest developments in the field of banking and finance in India or abroad. The last date for submitting the research proposal is **31st March 2021**. For details visit www.iibf.org.in

Remote Proctored Examinations

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. Examinations are conducted on second and fourth Saturdays and all Sundays. There is no change in the examination fee. Important instructions and FAQs on this mode of examination have been placed on the website of the Institute. For details, please click on the link http://iibf.org.in/exam_related_notice.asp

New course

A certificate on “Resolution of Stressed Assets of Banks, with special emphasis on the Insolvency & Bankruptcy Code 2016” has been introduced by the Institute. The first exam of the course will be held in April 2021. The course aims to develop among banking professionals and employees an understanding of the Code, enable bankers to better understand the procedure to be followed for resolution of stressed assets and their roles in an insolvency resolution process and strengthen their capacity to discharge their duties and responsibilities, including commercial decisions with utmost care and diligence, in the best interests of all stakeholders.

Introduction of Professional Banker Qualification

The Institute will be introducing a gold level aspirational qualification which will epitomize the pinnacle in learning and knowledge. This qualification which will be known as “Professional Banker” will be a unique qualification to plug the long-felt skill gap in mid-management levels and will provide cutting edge knowledge to professionals in banking & finance fields. A banker seeking to achieve status of a “Professional Banker” needs to have an experience of five years. The details of the qualification will be announced by the Institute in due course.

Revised Continuous Professional Development (CPD) scheme

The Institute has revised the existing Continuous Professional Development (CPD) scheme, effective 15th September 2020. New courses introduced by the Institute have been included, credits for lectures/seminars/webinars attended have been revised. Qualifications acquired from IIBF in the last 9 months, commencing from the date of declaration of result up to date of registration under CPD program, are eligible for credits under the revised scheme. For more details, kindly visit www.iibf.org.in.

Collaboration with Chartered Banker Institute

The Institute has entered into a Mutual Recognition Agreement (MRA) with the Chartered Banker Institute for offering a pathway for the Junior Associates of the Indian Institute of Bankers (JAIIB) holders to acquire the Associate Chartered Banker Status through the JAIIB Professional Conversion Route. For more details, please visit www.iibf.org.in

Bank Quest included in UGC CARE List of Journals

IIBF’s Quarterly Journal, Bank Quest has been included in the Group B of UGC CARE list of Journals. The University Grants Commission (UGC) had established a “Cell for Journals Analysis” at the Centre for Publication Ethics (CPE), Savitribai Phule Pune University (SPPU) to create and maintain the UGC-CARE (UGC – Consortium for Academic and Research Ethics). As per UGC’s notice, research publications only from journals indexed in UGC CARE list should be used for all academic purposes.

Bank Quest Themes for upcoming issues

The themes for the upcoming issue for the quarter January–March 2021 is “Role of financial sector in supporting Atmanirbhar Bharat initiative of GOI”.

Cut-off date of guidelines /important developments for examinations

The Institute has a practice of asking 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 February 2021 to July 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2020 will only be considered for the purpose of inclusion in the question papers.

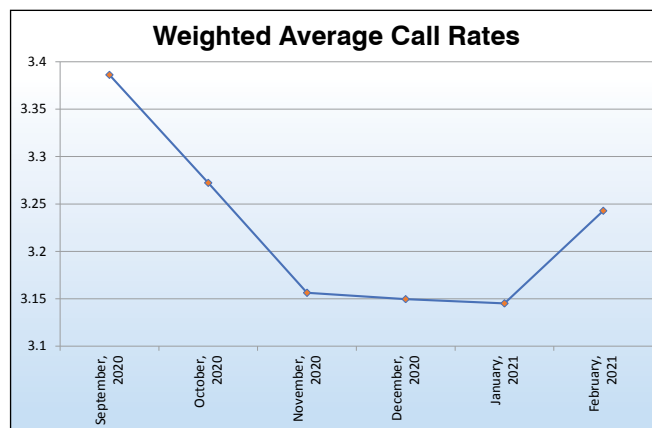
(ii) In respect of the exams to be conducted by the Institute for the period from August 2020 to January 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2020 will only be considered for the purpose of inclusion in the question papers.

Green Initiative

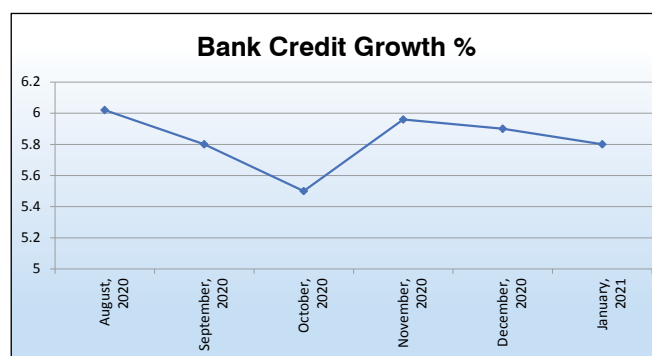
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Market Roundup



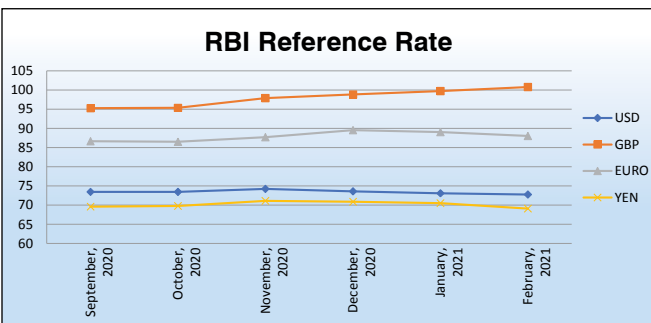
Source: CCIL News Letters – February 2021



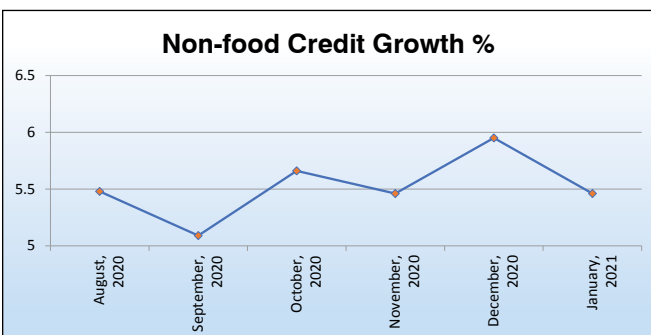
Source: Reserve Bank of India

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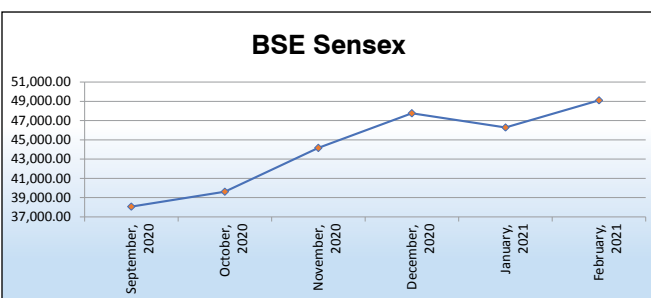
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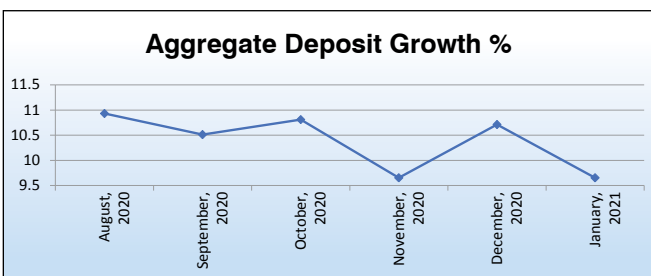
Source: FBIL



Source: Monthly Review of Economy, CCIL, February 2021



Source: Bombay Stock Exchange



Source: Monthly Review of Economy, CCIL, February 2021