



Committed to professional excellence

IIBF VISION

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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**RBI raises repo rate by 40 bps and CRR by 50 bps**

In a sudden move, RBI increased the repo rate by 40 basis points to 4.40% with immediate effect to tame inflation. The hike was seen as a reversal of the May 2020 rate reduction due to the pandemic wherein the repo rate was reduced by 40 bps. Consequently, the Standing Deposit Facility (SDF) and MSF rate were adjusted to 4.15% and 4.65%. The Cash Reserve Ratio was hiked by 50 basis points to 4.50% in order to drain out Rs. 87,000 crore liquidity from the banking system. It will be effective from the reporting fortnight beginning May 21, 2022.

Monetary Policy Highlights

The 1st Monetary Policy Committee (MPC) meeting for FY2022-23 was held from April 6 to April 8, 2022. The key highlights of the MPC are:

- GDP growth projection for FY23 lowered by the RBI to 7.2% from 7.8%.
- Standing Deposit Facility introduced with 3.75% interest rate to provide symmetry to operating framework of monetary policy.
- Inflation forecast for FY23 hiked to 5.7% from 4.5%.

RBI amps up customer convenience by permitting 24X7 DBUs

Banks have now been permitted by the Reserve Bank of India (RBI) to open digital banking units (DBUs) to offer products and services 24X7 in self-served and assisted modes. The products and services that DBUs can provide include account opening, cash withdrawal and deposit, KYC updation, loans and complaint registrations. Scheduled commercial banks (SCBs) with prior experience in digital banking have been permitted to open DBUs in Tier 1 to Tier 6 centres without requiring RBI's express permission.

RBI hikes HTM cap to aid govt borrowing

RBI has hiked the HTM cap from 22% to 23% until March 2023. Banks will be allowed to include eligible SLR securities acquired between April 1, 2022, and March 31, 2023, under the presently enhanced limit. From Q1 of FY24, the limit will start being reduced in phases from 23% to 19.5%. Accordingly, SLR securities in the HTM category should not exceed 22% by end-June 2023, 21% by end-September 2023, 20% by end-December 31, 2023, and 19.50% by end-March 2024.

Banking Policies**RBI permits FPIs to sell credit default swaps worth ₹2,22,623 crore**

The RBI has given a go-ahead for foreign portfolio investors (FPIs) to sell credit default swaps (CDS) aggregating to a notional amount of ₹2,22,623 crore, in FY23. Debt instruments received by FPIs as deliverable obligation and debt instruments purchased by FPIs for meeting deliverable obligation in physical settlement of CDS contracts, shall be considered under the investment limits for corporate bonds. With regards to the outstanding stock of securities for FY 2022-23, the limits for FPI investment in G-Secs, SDLs and corporate bonds remain unchanged at 6%, 2% and 15% respectively

Non-individual borrowers get 3-years to acquire tracking code

Non-individual borrowers with aggregate exposure above Rs. 25 crore from banks and financial institutions have been mandated to get the Legal Entity Identifier (LEI) tracking codes on or before April 30, 2023. For those with exposure between Rs. 10 to 25 crore have till April 30, 2024 to get the LEI code, whereas those with exposure of Rs 5 to Rs 10 crore have time till on or before April 30, 2025. Borrowers failing to obtain the LEI codes from an authorized Local Operating Unit (LOU) within the mandated time periods, will not get sanctions for any new exposure, and nor will they be granted renewal/enhancement of any existing exposure. These guidelines have also been extended to UCBs and NBFCs. However, departments and agencies of Central and State Governments are exempt from this provision

RBI gives banks till June 30, 2023 to issue claims on short term crop loan scheme

Banks have to claim the amount of interest subvention provided under short term crop loan scheme through Kisan Credit Card (KCC). Pending claims for FY 2021-22 can be submitted by June 30, 2023 and the statutory auditors will have to duly certify them as “true and correct”. “Any remaining claim pertaining to the disbursements made during the year 2021-22 and not included in the claim as on March 31, 2022 may be consolidated separately and marked as an ‘Additional Claim’ and submitted latest by June 30, 2023 duly certified by the Statutory Auditors as true and correct.”

Banking Development

Upper and middle layer NBFCs need compliance, CCO by stipulated timelines

NBFCs in the Upper Layer and Middle Layer have been asked by the RBI to formulate a board approved policy and compliance function - including the appointment of a Chief Compliance Officer (CCO) - latest by April 1, 2023 and October 1, 2023, respectively. The CCO shall be appointed for a minimum tenure of 3 years and shall ideally be a senior executive of the NBFC with a position not below two levels from the CEO.

RCBs can raise funds from preference shares, debt instruments

Following their inclusion under the amended Banking Regulation Act, Rural Cooperative Banks (RCBs), including state co-operative banks and district central co-operative banks, have been permitted by the RBI to raise funds from people in their area of operation or existing shareholders through preference shares which include perpetual non-cumulative preference shares (eligible for inclusion in core tier I capital), perpetual cumulative preference shares, redeemable non-cumulative preference shares and redeemable cumulative preference shares (eligible for inclusion in tier II capital). RCBs can also raise funds through debt instruments, including perpetual debt instruments eligible for inclusion in tier I capital, and, long term subordinated bonds eligible for inclusion in tier II capital.

RBI raises accountability quotient of NBFCs, infra finance companies

In a bid to increase the accountability quotient of NBFCs, the RBI has issued a Large Exposures Framework (LEF) for upper layer NBFCs and infrastructure finance companies, which will come into force on October 1, 2022. It has laid down specific disclosure norms whereby all categories of NBFCs will have to make specific disclosures in their annual financial statements about their direct and indirect exposure to the real estate sector. They will also need to report their sector-wise outstandings in a format similar to the one applied to banks.

NBFCs need approval, comply with rules to issue credit cards: RBI

NBFCs wanting to issue credit cards will need the RBI's approval, as well as, a certificate of registration. Any finance company, including non-deposit taking NBFC, will need to have a net-owned fund of at least Rs 100 for entering the credit card business. Regional rural banks (RRBs) can issue credit cards in collaboration with their sponsor bank or other banks. Financially sound, well-managed, and CBS-enabled scheduled UCBs with minimum net worth of Rs 100 crore can also issue credit cards, subject to some conditions.

Compensation of key managerial staff of NBFCs to be decided by NRC

The RBI has mandated that key managerial personnel and senior management of NBFCs will have to be compensated in accordance with policies drafted by a Nomination and Remuneration Committee (NRC), which every NBFC will have to institute. These guidelines will come into effect from April 1, 2023 and will be applicable to all the finance companies, apart from the ones in the base layer.

Regulator Speaks

RBI needs to act in tune with the dynamic global situation: RBI Governor

Speaking at the MPC meeting, RBI Governor Shaktikanta Das has averred that the apex bank will have to constantly re-assess the “dynamic and fast changing global economic situation” and tailor its actions accordingly. MPC member and RBI Deputy Governor Michael Debabrata Patra opined that in a world facing imminent de-globalisation, inflation

is the only thing that is becoming globalised. “With 60% of developed countries facing inflation above 5% - unheard of since the 1980s - and more than half of the developing countries experiencing inflation above 7%, the climb in prices is testing societal tolerance levels,” he said.

Economic Wrap Up

Performance of some of the key economic indicators, as per the Monthly Economic Report March 2022 from the Department of Economic Affairs:

- Consumer Price Index - Combined (CPI-C) and WPI inflation for April-February FY 2022 stood at 5.4% and 12.7% respectively.
- The combined Index of Eight Core Industries stood at 137.1point in February 2022,
- The YoY growth of IIP for the period April-January 2021-22 stood at 13.7% as compared to (-)12% in April-January 2020-21.
- India’s manufacturing activity as per PMI manufacturing continued to expand in March and stood at 54 points.
- Services activity continued to strengthen in March, 2022 as PMI Services increased to 53.6 points.
- India’s monthly merchandise exports reached USD 40.4 billion in March 2022.
- Merchandise imports stood at USD 59.1 billion in March.
- GST collections crossed Rs.1.4 lakh crore in March, 2022 heralding the onset of post-recovery growth.
- Volume of UPI transactions crossed 5 billion in March 2022. The value of the transactions processed on the platform in FY 2022 was ₹84.2 trillion.
- Agriculture sector, industry and services witnessed a YoY growth of 3.3%, 6.5% and 5.6% respectively.
- FDI inflows rose to US\$ 69.7 billion during April 21-January 22
- Investments funded through External Commercial Borrowings (ECBs) registered a 29.7% growth during April-February, 2021-22
- 10-year AAA corporate bonds market yields fell by 21 bps from 7.17% in February 2022 to 6.96% in March 2022
- 10-year G Sec yields hardened by 5 bps from February 22 to March 22 on account of geopolitical climate.

EBLR to boost monetary transmission with further increase in EBLR-linked loans: RBI report

Since its launch in October 2019, the External Benchmark linked Lending Rate (EBLR) system has notably improved the transmission of monetary policy to banks’ lending and deposit rates. According to a RBI report in April, the trend is likely to grow further as the proportion of EBLR-linked loans increases. The report stated that the near-term global outlook appears grim, caught up amid rapidly materialising geopolitical risks, strained supply chains and the quickening pace of monetary policy normalisation. Fast-widening trade and current account deficits, coupled with portfolio capital outflows, could weigh on external sustainability, although the strength of underlying fundamentals and the stock of international reserves could provide buffers.

New Appointments

Name	Designation
Mr. Murli M. Natrajan	MD and CEO, DCB Bank (Re-appointed)

Forex

Foreign Exchange Reserves		
Item	As on April 22, 2022	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4592398	600423

Foreign Exchange Reserves		
Item	As on April 22, 2022	
	₹ Cr.	US\$ Mn.
	1	2
1.1 Foreign Currency Assets	4083917	533933
1.2 Gold	327120	42768
1.3 SDRs	142737	18662
1.4 Reserve Position in the IMF	38623	5060

Source: Reserve Bank Of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS APPLICABLE FOR THE MONTH OF MAY 2022

Currency	Rates	Currency	Rates
USD	0.28	CHF	-0.707814
GBP	0.6902	NZD	1.50
EUR	-0.583	SEK	-0.106
JPY	-0.018	SGD	0.4155
CAD	0.9200	HKD	0.01731
AUD	0.10	MYR	1.75

Source: www.fbil.org.in

Glossary

Standing Deposit Facility (SDF)

It is an additional tool for absorbing liquidity without any collateral. By removing the binding collateral constraint on the RBI, the SDF strengthens the operating framework of monetary policy. The SDF is also a financial stability tool in addition to its role in liquidity management.

Financial Basics

Angel Investor

An angel investor (also known as a private investor, seed investor or angel funder) is a high-net-worth individual who provides financial backing for small start-ups or entrepreneurs, typically in exchange for ownership equity in the company. The funds that angel investors provide may be a one-time investment to help the business get off the ground or an ongoing injection to support and carry the company through its difficult early stages.

Institute's Training Activities

Training Programmes for the month of May 2022

Programmes	Dates	Location
Preventive Vigilance and Fraud Management	9 th to 11 th May 2022	Virtual
Certified Treasury Professional	12 th to 14 th May 2022	
Agriculture financing and Farm Credit Management	16 th and 17 th May 2022	
Program for Law Officers of Public & Pvt. Sector Banks & FIs	17 th to 20 th May 2022	

Programmes	Dates	Location
Certified Credit Professional	19 th to 21 st May 2022	Virtual
KYC/AML & CFT	19 th to 21 st May 2022	
Effective Branch Management	24 th to 26 th May 2022	
Certified Accounting and Audit Professional	25 th to 27 th May 2022	
Discipline Management & Disciplinary Action / Proceedings	30 th to 31 st May 2022	

News from the Institute

Webinar on “INR in 2022-2023” on 12th May 2022

The Institute, in collaboration with FEDAI, had organised a webinar on the topic viz “INR in 2022-2023”. The speakers, Mr. Madan Sabnavis, Chief Economist, Bank of Baroda spoke on the Economic perspective of INR in 2022-2023 and Mr. Neeraj Gambhir Group Executive- Treasury, Markets & Wholesale Banking Products, Axis Bank spoke on the Market’s view of the currency. The panel discussion held was moderated by Mr. Ashwani Sindhvani, Chief Executive, FEDAI. The webinar was livestreamed in the Institute’s official Facebook page. It witnessed good participation by bankers.

Workshop on “Integrated Governance, Risk and Compliance (GRC) Framework” on 27th May 2022

The Institute, in collaboration with The Institute of Company Secretaries of India (ICSI) is organising a workshop on “Integrated Governance, Risk and Compliance (GRC) Framework” on 27th May 2022 from 2.00 pm to 6.30 pm. The venue for the workshop is the Institute’s Seminar Hall, 3rd Floor, Mumbai. For registration and more details, please visit www.iibf.org.in.

Launch of Advanced Management Programme 2022-23

IIBF announces the XI Batch of Advanced Management Programme 2022-23. The Programme is designed for working executives and covers varied areas of Banking & Finance over a period of 10 months. It is a hybrid program with weekend sessions in online mode and immersion programs in-between. The sessions are taken by expert faculty from Industry and Academia. The batch begins in June 2022. For more details, please visit our website <http://www.iibf.org.in/>.

IIBF releases the Banking and Finance Yearbook

IIBF releases the “Banking & Finance Yearbook” updated up to December, 2021. It is a comprehensive digest of all major developments, trends, expert views and regulatory changes across different verticals in Banking & Finance domain including the extracts of important speeches rendered by senior officials of RBI, select articles published in IIBF’s journal Bank Quest for giving the reader a wholesome reading experience. The book is available on Amazon both as a paperback and as a Kindle edition. The book will also be available in the retail outlets of our publisher, M/s Taxmann Publications (Pvt.) Ltd.

Launch of Certified BFSI Professional Course

IIBF, in collaboration with the National Institute of Securities Markets (NISM) and National Insurance Academy (NIA) launched the Certified BFSI Professional course. This course is a unique and one-of-its kind initiative offered to aspirants desiring to make a career in the BFSI sector. It is a 187 hour E-learning programme to be completed over a duration of 9 months. For more details visit www.iibf.org.in.

JAIIB/DB&F/SOB/CAIIB – Introduction of Revised Syllabi

To keep pace with the developments and to ensure greater value addition to the flagship courses offered by IIBF, the syllabi of JAIIB/DB&F/SOB & CAIIB have been restructured to make them more conceptual and contemporary. The JAIIB/DB&F/SOB/CAIIB examinations under the revised syllabi are tentatively proposed to be held from November/ December 2022 onwards or latest from the May / June 2023 onwards in any case. The last exams under JAIIB/DB&F/SOB/CAIIB as per the old syllabi (present syllabi) will be held during November/December 2022 after which, it will be discontinued. JAIIB/DB&F/SOB/CAIIB exams from May / June 2023 onwards will be held as per the revised

syllabi only. For more details, please visit our website www.iibf.org.in.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter April-June, 2022 is “Embedding ESG (Environmental, Social and Governance) into Banks’ strategy”.

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:

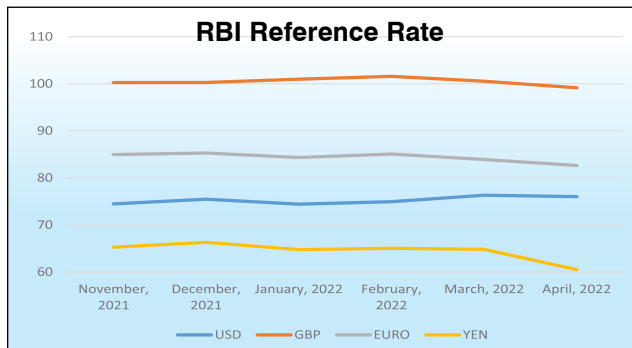
(i) In respect of the exams to be conducted by the Institute for the period from February 2022 to July 2022, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2021 will only be considered for the purpose of inclusion in the question papers.

(ii) In respect of the exams to be conducted by the Institute for the period from August 2022 to January 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2022 will only be considered for the purpose of inclusion in the question papers.

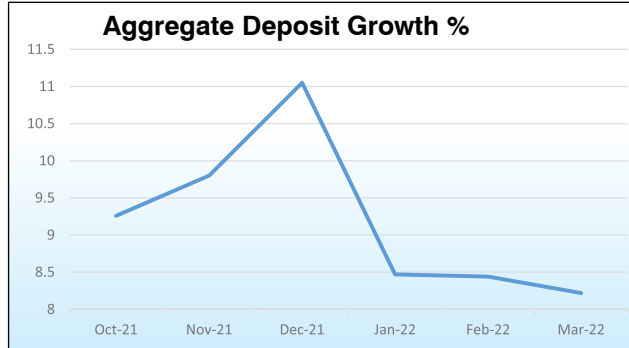
Green Initiative

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

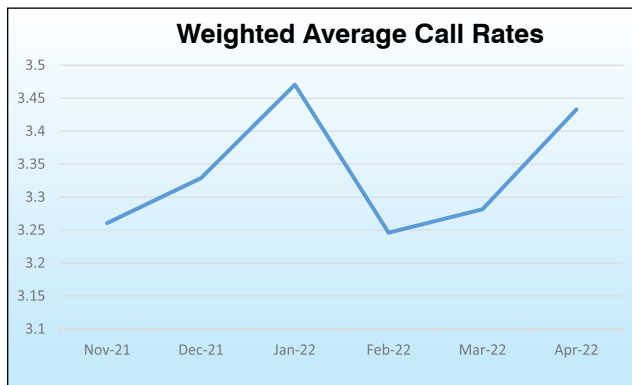
Market Roundup



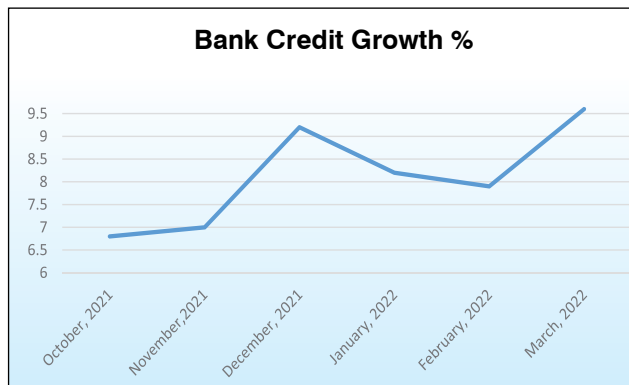
Source: FBIL



Source: Monthly Review of Economy, CCIL, April, 2022

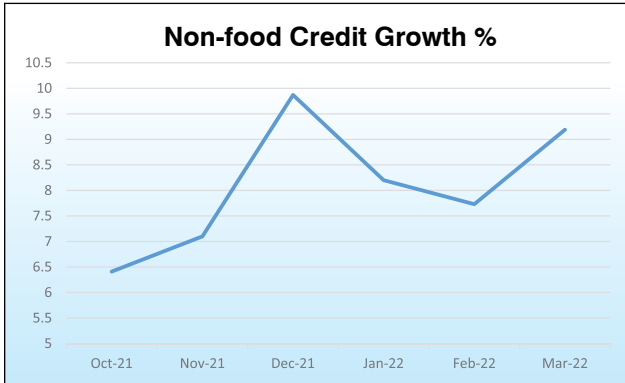


Source: Weekly Newsletter of CCIL

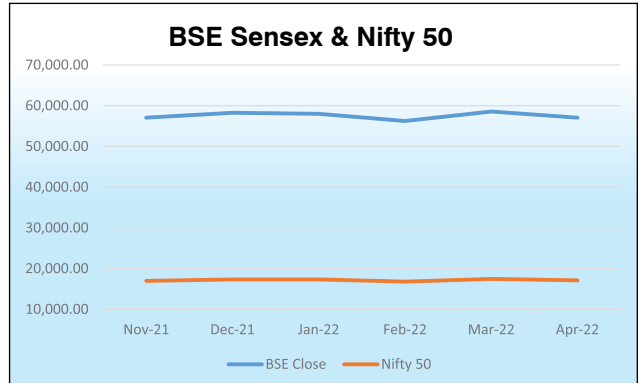


Source: Reserve Bank of India

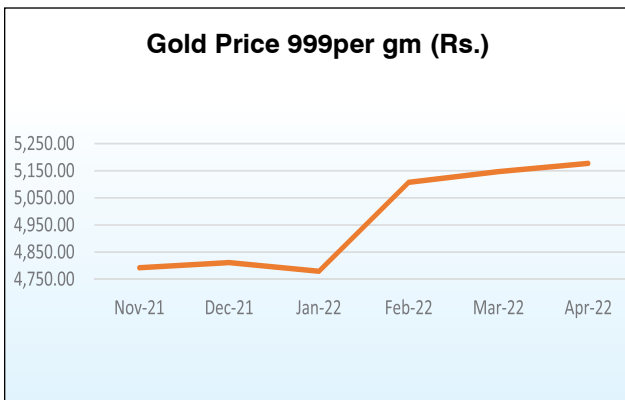
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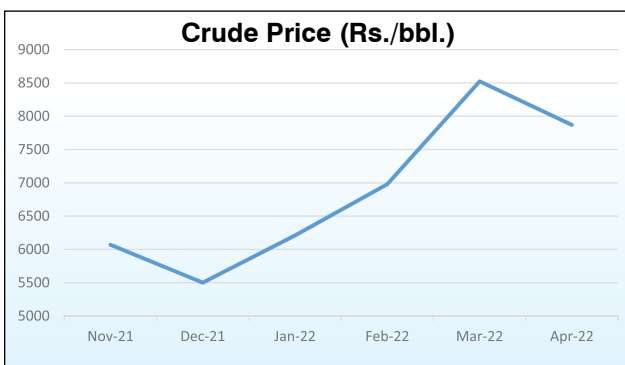


Source: BSE & NSE



Source: Gold Price India

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Source: PPAC, Ministry of Petroleum and Natural Gas

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