



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

**Monetary Policy Highlights June 6-8, 2022**

The key highlights of the Monetary Policy Committee meeting, held from June 6 to June 8, 2022, are as below:

- Repo rate hiked by 50 basis points to 4.90% to tackle elevated inflation.
- Standing Deposit Facility (SDF) has been raised to 4.65 % from 4.15%.
- Marginal Standing Facility (MSF) rate and Bank rate raised to 5.15% from 4.65%.
- CPI inflation for the current financial year now at 6.7%.
- GDP growth projection for the current financial year retained at 7.2%.
- Proposed to allow the linking of RuPay credit cards to UPI.
- Proposed to make modifications to the PIDF Scheme.
- Proposed to enhance the limit of e-mandate based recurring payment to Rs. 15000 per recurring payment.

**RBI ups limits on housing loans from co-op banks, backs affordable housing**

The Reserve Bank of India doubled the limit on housing loans from cooperative banks. The limits for tier-I/ tier-II UCBS stand revised from Rs 30 lakh to Rs 60 lakh and Rs 70 lakh to Rs 1.40 crore, respectively. It also permitted Rural Cooperative Banks (RCB) to finance residential real estate projects to support affordable housing and inclusive growth. The limits stand revised from Rs 20 lakh to Rs 50 lakh for RCBs with assessed net worth less than Rs 100 crore and for other RCBs, the limits would increase from Rs 30 lakh to Rs 75 lakh.

**RBI panel to assess customer service standards in banks, NBFCs**

The RBI has set up a six-member panel to evaluate the quality, effectiveness, and sufficiency of the customer service mechanisms instituted in banks, NBFCs, and such other entities under its regulation. Headed by former RBI Deputy Governor B P Kanungo, the panel is expected submit its report within three months from the date of its first meeting.

The panel will review the emerging and evolving needs of customers, especially on the backdrop of the ever-evolving landscape of digital/ electronic financial products and distribution. It'll also suggest the relevant regulatory measures. Further, it will identify the best practices that have been adopted on a domestic and international scale in the ambit of customer service and grievance redressal, and suggest means to apply them for improving services rendered to retail and small customers, especially pensioners and senior citizens.

The panel has also been asked to suggest measures for leveraging technology to enhance customer service efficiencies; upgrade internal grievance redressal mechanisms in RBI-regulated entities; and strengthen the RBI's overall consumer protection framework.

**RBI allows exporters to settle trade transactions with Sri Lanka in INR**

Exporters trading with the crisis-hit Sri Lanka are facing immense troubles in getting their payments. Taking cognizance of this issue, the RBI has permitted trade transactions with Sri Lanka to be settled in Indian rupee, outside the Asian Clearing Union (ACU) mechanism. In March 2022, the government stood guarantee for a term loan of USD 1 billion extended to Sri Lanka by the State Bank of India (SBI) for financing its purchase of essential goods from India.

**RBI Governor to banks: Take mitigating steps to minimise impact on balance sheets**

RBI Governor Shaktikanta Das, in a meeting held with MDs and CEOs of select banks, has asked banks to take due cognizance of the ongoing geopolitical developments and accordingly take mitigating measures (including raising capital) to soften the impact on their balance sheets. He also wants banks to improve their grievance redressal systems and provide continual support to the revival of economic activity. He deliberated on credit off-take, outlook on asset quality, collection efficiency, establishing Digital Banking Units, cyber security defences in banks and resilience of IT infrastructure.

## Banking Policies

### NBFCs, NBFC-MFIs get continual bank support for on-lending to priority sectors

Removing the time-limit of March 31, 2022, the Reserve Bank of India (RBI) has extended permission for banks and small finance banks (SFBs) to extend credit to NBFCs and NBFC-MFIs respectively, for on-lending to priority sectors. Accordingly, banks can now extend up to 5% of its total priority sector lending (PSL) towards NBFCs including housing finance companies. This limit is 10% for SFBs for their credit extension to NBFC-MFIs and other RBI-recognised MFIs having a gross loan portfolio of up to Rs 500 crore as of March 31 of the previous financial year. The computation of the stipulated limits shall be done by averaging across four quarters of the financial year.

### RBI wants ATMs to provide interoperable card-less cash withdrawal

Banks, ATM networks, white label ATM operators, and the National Payments Corporation of India (NPCI) have been asked by RBI to provide interoperable card-less cash withdrawal at all ATMs. The NPCI has been asked to facilitate Unified Payments Interface (UPI) integration with all banks and ATM networks. UPI will aid in customer authorisation in such transactions, whereas the National Financial Switch (NFS) / ATM networks would aid in settlements. The on-us / off-us interoperable card-less cash withdrawal transactions shall be processed without any extra charges, except for the ones prescribed on interchange fee and customer charges. Withdrawal limits will be the same as those for regular on-us / off-us ATM withdrawals.

RBI Governor Shaktikanta Das avers that this facility will not just enhance the ease of transactions, but would also help prevent frauds like card skimming and card cloning, which become rampant while using cards. While financial experts laud the comfort and convenience of this facility, they have also pointed to the adverse impact it will have on debit cards.

### Net-worth requirement for non-bank Bharat Bill Payment entities reduced by RBI

With an aim to encourage more players in the segment, the RBI has reduced the minimum net-worth requirement for non-bank entities to set up Bharat Bill Payment operating units (BBPOU) from Rs. 100 crores to Rs 25 crore, with a view to encourage more players in the segment. Bharat Bill Payment System (BBPS) is an interoperable platform for bill payments. Its scope and coverage extends to all categories of billers who raise recurring bills.

## Banking Development

### RBI issues norms for import of gold by qualified jewellers

The RBI has issued norms to facilitate physical import of gold by Qualified Jewellers (QJs) in India, through India International Bullion Exchange IFSC (IIBX) or similar authorised exchange. As per the guidelines, banks may allow QJs to remit advance payments for 11 days for import of gold through IIBX, in compliance with the extant Foreign Trade Policy and regulations issued under IFSC Act. However, the advance remittance should not be leveraged to import gold worth more than the advance remittance made. If the import does not materialise after the advance remittance is made; or, the advance remittance made is more than the amount required, the unutilised advance remittance shall be remitted back to the same bank within 11 days. All payments for import of gold through IIBX, shall be made through exchange mechanisms approved by IFSCA.

## Regulator Speaks

### Recent trade agreements, geopolitical conditions conducive for market opportunities: RBI Governor

In an off-cycle policy announcement, RBI Governor Shaktikanta Das has stated that recent trade agreements and geopolitical conditions are very conducive for opening up new market opportunities for India. Strong revenue guidance by major information technology (IT) companies also makes for an encouraging overall external sector outlook in 2022-23. "Net foreign direct investment (FDI) flows have remained robust, despite some recent moderation. Long term flows such as external commercial borrowings (ECBs) also remain stable. India's foreign exchange reserves are sizeable, with net forward assets providing a strong back-up. The external debt to GDP ratio remains low at 20%," he said. The governor has assured that the RBI will ensure adequate liquidity to meet the productive requirements of the economy, viz. credit offtake and growth. He also emphasised that the

apex bank's monetary policy actions are aimed at lowering inflation and anchoring inflation expectations to strengthen and consolidate the economy's medium-term growth prospects.

### **RBI Governor Shaktikanta Das: Out-of-turn MPC rate hike will save economy from rude shocks**

In spite of supply-side factors (especially those related to the war) causing a sharp surge in inflation, the RBI's Monetary Policy Committee (MPC) still raised policy rates by 40 bps to 4.4% in early May, out of turn. This step was taken to manage inflation expectations on the backdrop of inflation getting more generalised. Speaking in favour of the MPC's decision to hike rates, the governor stated that the war is expected to last longer than anticipated and waiting till the June MPC would have meant losing precious time, thus necessitating a stronger action in June MPC, which is now avoidable.

### **RBI Governor reveals further rate hikes in the offing**

RBI Governor Shaktikanta Das has affirmed that the apex bank will be again hiking rates in the coming months, while simultaneously asserting that it will not allow a runaway depreciation of the rupee. The RBI and the Government are in the next phase of checking inflation and he feels that the Centre would be committed to the fiscal deficit target for the year of 6.4%.

Regarding liquidity, he stated that it would be normalised in a calibrated manner over a 2-3 year long cycle. The 'adequacy of liquidity' would depend on the growth inflation dynamics and could be a 'moving figure'. The governor affirmed that the RBI is well-placed to finance any deficit in the balance of payments arising from the rising current account deficit (CAD). The RBI has \$600-billion of reserves, a steady FDI, and also a good export performance. Its main objective is to prevent any excessive volatility. As for cryptocurrencies, Das reiterated that legalising them would seriously undermine monetary and financial stability.

### **Do not wait for borrower to default; extend PPIRP to all borrowers - RBI's Deputy Governor M Rajeshwar Rao**

RBI Deputy Governor M Rajeshwar Rao opines that lenders should not wait for borrowers to default to initiate resolution processes. Instead, they should consider extending the pre-packaged insolvency resolution process (PPIRP) to all borrowers. Unless there is wholehearted participation of all lenders, any effort towards resolution will be half-baked and incomplete. The time lost in such incomplete resolutions will just compound the eventual losses to the creditors and costs to the financial system.

He emphasised on the importance of group resolution process, especially in an economy like India where credit contracts have traditionally been embedded with cross obligations and credit mitigating covers provided by parent and group companies of the borrower. Lenders' risk management practices have to be sophisticated enough to capture the changes in risk factors that may affect the safety of the said credit exposure. Lenders should also perform periodic stress tests to estimate possible trajectories that the credit exposure is likely to take and calibrate their responses accordingly. Ultimately, it is lenders who are responsible for safeguarding their own interest and interest of their stakeholder.

## **Economic Wrap Up**

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

- Retail inflation measured by the Consumer Price Index – Combined (CPI-C) rose to 6.95% and Wholesale inflation, measured by the wholesale price index (WPI) increased to 14.6% in March 2022.
- The combined Index of Eight Core Industries stood at 157.3 points in March 2022, registering a YoY growth of 4.3%.
- The Index of Industrial Production (IIP) grew YoY by 1.7% in February 2022.
- India manufacturing PMI and services PMI expanded in April 2022 to 54.7 points and 57.9 points respectively.
- Merchandise exports stood at USD 38.2 billion and merchandise imports rose to USD 58.3 billion.
- The GST collection touched ₹1.68 lakh crore during April 2022 (reflecting March transactions) registering a YoY growth of 18.8%.
- The value and volume of UPI transactions processed on the platform in April 2022 was Rs. 9.7 trillion (increase of 96.5%) and 5.4 billion (increase of 104.5%) respectively, over the corresponding period of FY 2021.
- Credit support to agriculture, industry and services witnessed a YoY growth of 9.9%, 7.1% and 8.9% respectively in March 2022.

- Gross FDI for the period April - February FY 2021-22 stood at USD 76.9 billion.
- The 10-year G-Sec yields increased by 28 basis points to 7.11% in April 2022.

## New Appointments

Name	Designation
Mr. Rajiv Ranjan	Executive Director, RBI and ex-officio member, Monetary Policy Committee
Mr. Sitikantha Pattanaik	Executive Director, RBI

## Forex

Foreign Exchange Reserves		
Item	As on May 27, 2022	
	₹ Cr.	US\$ Mn.
	1	2
<b>1 Total Reserves</b>	4665848	601363
<b>1.1 Foreign Currency Assets</b>	4166344	536988
<b>1.2 Gold</b>	317466	40917
<b>1.3 SDRs</b>	143058	18438
<b>1.4 Reserve Position in the IMF</b>	38980	5019

Source: Reserve Bank Of India

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

Currency	Rates
USD	0.78
GBP	0.9383
EUR	-0.585
JPY	-0.021
CAD	0.9600
AUD	0.35

Currency	Rates
CHF	-0.709455
NZD	2.00
SEK	0.146
SGD	0.7681
HKD	0.02054
MYR	1.98

Source: [www.fbil.org.in](http://www.fbil.org.in)

## Glossary

### Current Account Deficit (CAD)

The current account deficit is a measurement of a country's trade where the value of the goods and services it imports exceeds the value of the products it exports. The current account includes net income, such as interest and dividends, and transfers, such as foreign aid. The current account represents a country's foreign transactions and, like the capital account, is a component of a country's balance of payments (BOP).

## Financial Basics

### Annuity

The term "annuity" refers to an insurance contract issued and distributed by financial institutions with the intention of paying out invested funds in a fixed income stream in the future. Investors invest in or purchase annuities with monthly premiums or lump-sum payments. Annuities are mainly used for retirement purposes and help individuals address the risk of outliving their savings.

## Institute's Training Activities

### Training Programmes for the month of June 2022

Programmes	Dates	Location
Management on Operational Risks in Banks and FIs	13 <sup>th</sup> to 15 <sup>th</sup> June 2022	Virtual
Project Finance for Infrastructure Projects for officials of Central and State Government	13 <sup>th</sup> to 17 <sup>th</sup> June 2022	
Banking Compliance	15 <sup>th</sup> to 17 <sup>th</sup> June 2022	
Digital Transformation, Emerging Technologies and use of Data Analytics in Banking & Finance	16 <sup>th</sup> to 18 <sup>th</sup> June 2022	
Trade-based Money Laundering	17 <sup>th</sup> to 18 <sup>th</sup> June 2022	
AML, KYC and CFT	20 <sup>th</sup> to 22 <sup>nd</sup> June 2022	
Foreign Exchange Operations	20 <sup>th</sup> to 22 <sup>nd</sup> June 2022	
Balance Sheet Reading and Ratio Analysis	23 <sup>rd</sup> to 24 <sup>th</sup> June 2022	
Certified Credit Professional	24 <sup>th</sup> to 26 <sup>th</sup> June 2022	

## News from the Institute

### Training Programme on Project Finance for Infrastructure Projects

The Department of Economic Affairs, Ministry of Finance, Government of India has given its approval for IIBF to conduct a 5-day virtual training programme on Infrastructure Projects for the officials of Central and State Government. This is the first time that IIBF will be conducting a training programme on the subject for the senior officials of Central and State Governments.

### 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](http://www.iibf.org.in).

### Revision in passing criteria of Self-Paced E-learning Course

The passing marks for the Final Evaluation/Test under the Self-paced E-learning mode for the Certificate Courses in DIGITAL BANKING & ETHICS IN BANKING have been revised from 70% to 60%. This will be effective for registrations done for Self-Paced E-learning Courses on or after 1<sup>st</sup> March 2022.

### 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), virtually launched the Certified BFSI Professional course on 11<sup>th</sup> February 2022. 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. The opening remarks were delivered by the dignitaries of the respective institutes and the special address was delivered by Mr. Sunil Mehta, Chief Executive, IBA and Mr. Satyajit Tripathy, Chairman & MD, United India Insurance Company. The program was attended by a good number of colleges, bankers.



### 11<sup>th</sup> Batch -Advanced Management Programme (AMP)

The 11<sup>th</sup> batch of AMP will commence from 11<sup>th</sup> June 2022. As was seen during the previous year, the AMP has seen a very good response from banks. One of the highlights of this programme is a 5-day immersion programme at IIM-Calcutta.

#### 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:

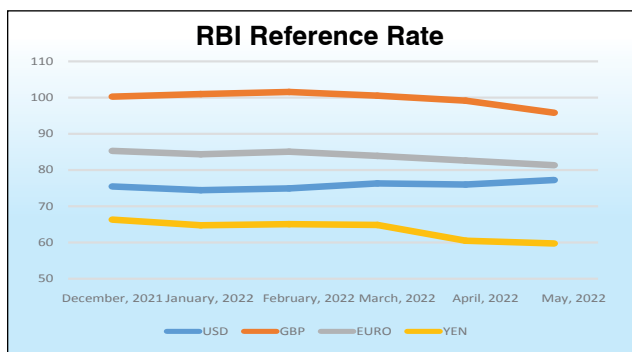
(i) In respect of the exams to be conducted by the Institute for the period from February 2022 to July 2022, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2021 will only be considered for the purpose of inclusion in the question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

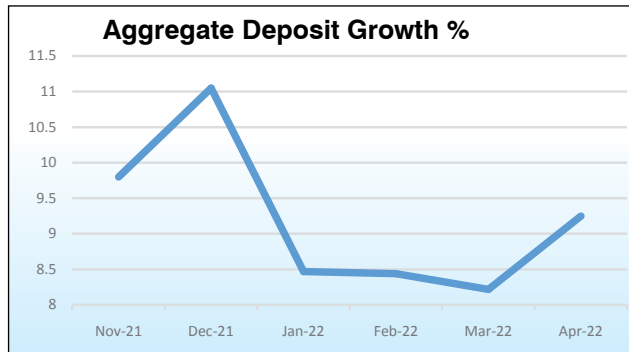
## Green Initiative

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

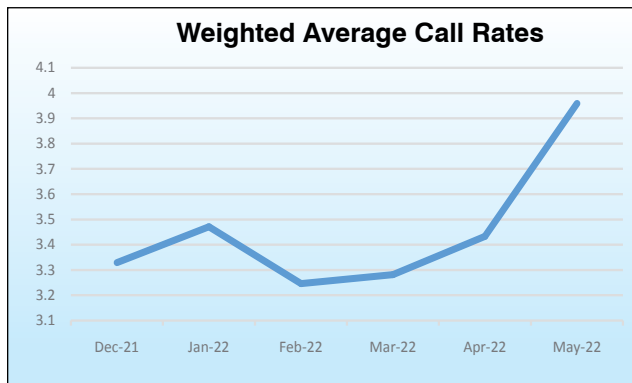
## Market Roundup



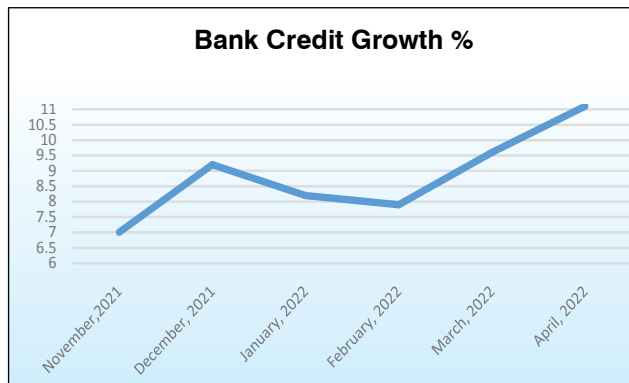
Source: FBIL



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

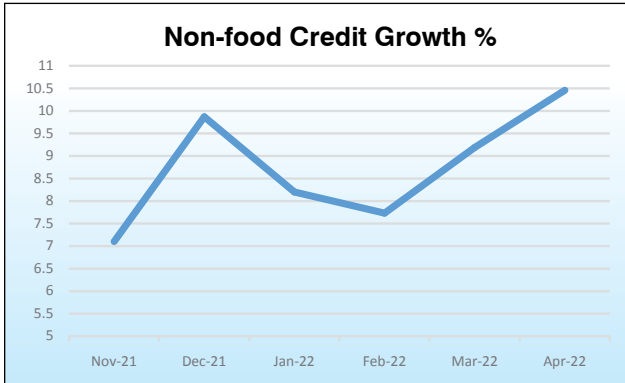


Source: Weekly Newsletter of CCIL

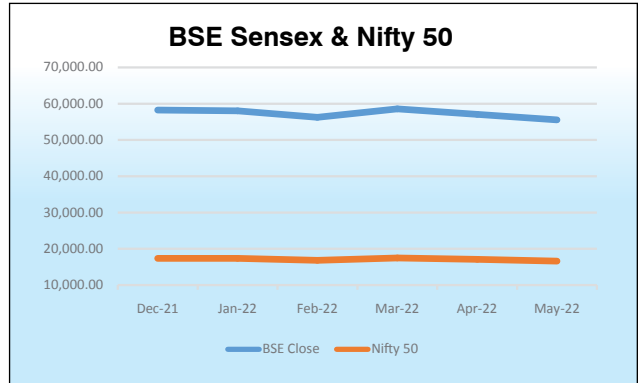


Source: Reserve Bank of India

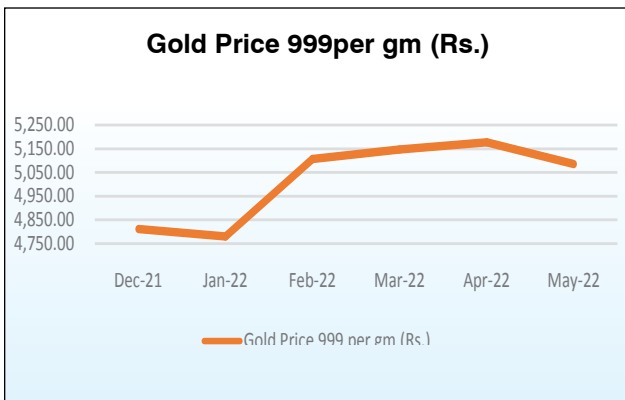
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Source: Monthly Review of Economy, CCIL, May, 2022

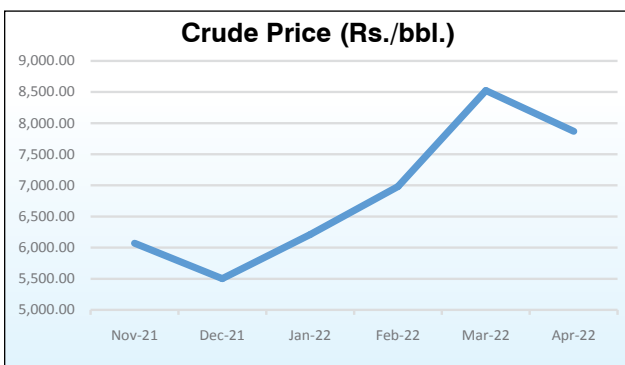


Source: BSE & NSE



Source: Gold Price India

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Source: PPAC, Ministry of Petroleum and Natural Gas

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