



IIBF VISION

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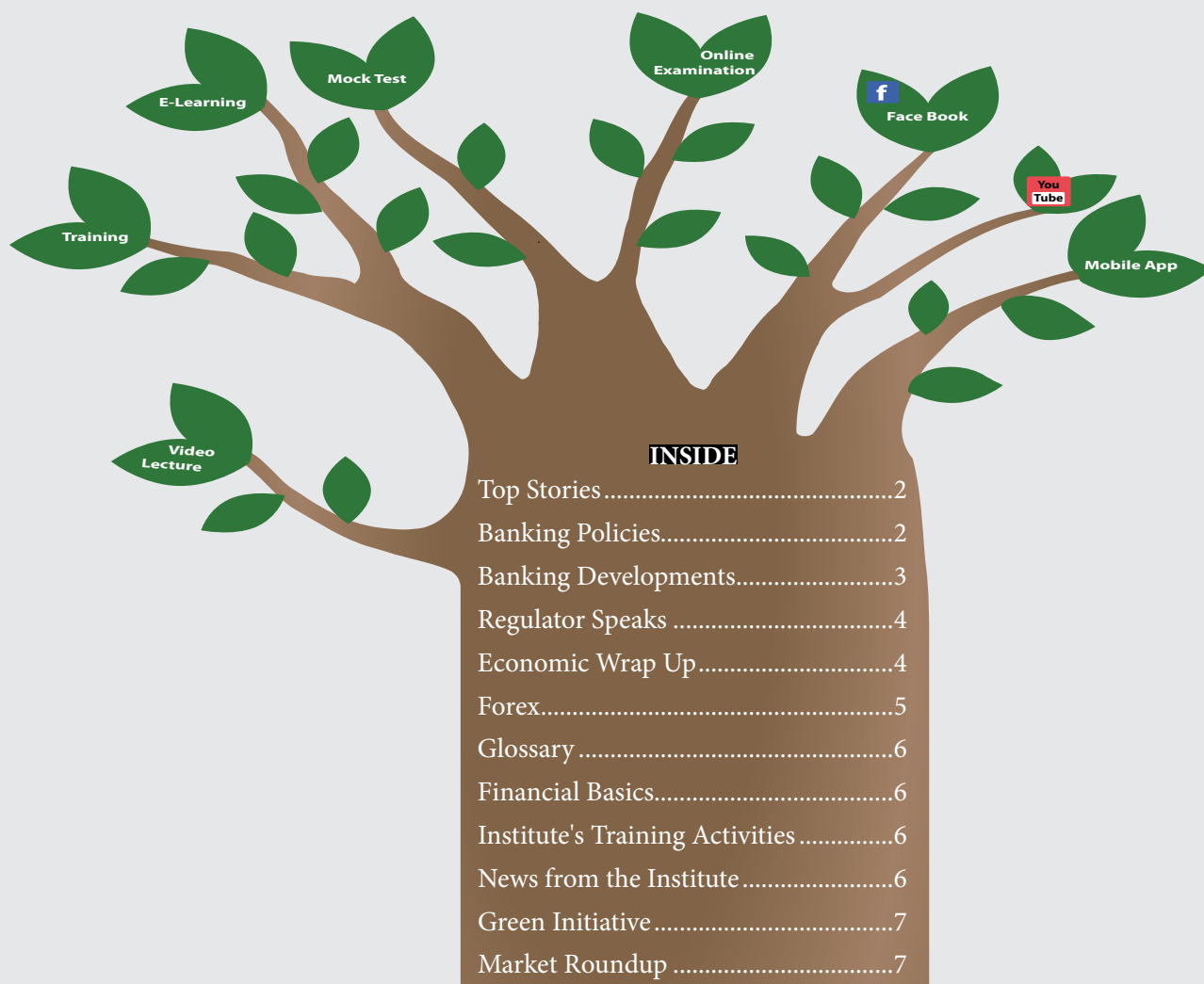
No. of Pages - 8

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**Monetary Policy Highlights (August 8-10, 2023)**

The Monetary Policy Committee of Reserve Bank of India (RBI) held its meeting from August 8 – 10, 2023. The key takeaways from this meeting are as follows:

- Policy repo rate under the Liquidity Adjustment Facility (LAF) kept unchanged at 6.50%.
- Standing Deposit Facility (SDF) rate kept unchanged at 6.25%.
- Marginal Standing Facility (MSF) rate and Bank Rate both kept unchanged at 6.75%.
- Focus is on withdrawal of accommodation so that inflation aligns progressively with the target, while supporting growth.
- Index of Industrial Production (IIP) expanded by 5.2% in May 2023.
- Core industries output rose by 8.2% in June 2023.
- Headline CPI inflation rose from 4.3% in May to 4.8% in June, mostly due to escalating prices of vegetables, eggs, meat, fish, cereals, pulses, and spices.
- Projected CPI inflation for 2023-24 is 5.4%, with Q2 at 6.2%, Q3 at 5.7% and Q4 at 5.2%.
- Bank credit grew by 14.7% y-o-y as on July 28, 2023 vis-à-vis 15.4% on May 19, 2023.

SEBI mandates enhanced disclosure guidelines for certain FPIs

Foreign Portfolio Investors (FPIs) holding more than 50% of their equity Asset Under Management (AUM) in a single corporate group, as well as, FPIs with an overall holding in Indian equity markets of over ₹25,000 crore have been mandated by SEBI to comply with enhanced disclosures for better transparency. These include, furnishing details about ownership and economic interests, as well as, fulfilling the tweaked eligibility criteria. FPIs, that fulfils the criteria specified by the board from time to time shall provide information or documents in relation to the persons with any ownership, economic interest or control, in itself.

SEBI asks FPIs to route 10% market trade in corporate bonds through RFQ

From October 2023, all FPIs will be required to conduct at least 10% of their total secondary market trades in corporate bonds through the Request for Quote (RFQ) platform.

Until now, majority of such trade was conducted over-the-counter (OTC), leading to lots of opacity.

The RFQ was launched by stock exchanges in 2020 as a dedicated platform for debt securities. It provides a single interface for buyers and sellers, facilitating multilateral negotiations on a centralised online trading platform. Apart from encouraging FPIs to trade more on RFQ, SEBI has also established similar thresholds for mutual funds, alternative investment funds, and other participants.

Banking Policies**From next year, RBI-regulated lenders shall follow new guidelines on penal charges**

W.e.f. January 1, 2024, all banking entities regulated by the RBI will adhere to the guidelines issued by the apex bank for penal charges in loan accounts, to ensure transparency in the disclosure of penal charges and interest rates in the same.

Under these extant guidelines, lenders (REs) have been accorded operational autonomy to formulate Board-approved policy for levying penal rates of interest. Non-compliance of material terms and conditions of a loan

contract by the borrower shall be subjected to 'penal charges'; this amount will not be levied as 'penal interest' i.e., it will not be added to the rate of interest charged on the advances.

Furthermore, the quantum of penal charges shall be reasonable and commensurate with the non-compliance. The REs shall also clearly disclose the reason for penal charges in the loan agreement, along with the most important terms & conditions / Key Fact Statement (KFS) as applicable.

All commercial banks, co-operative banks, NBFCs, HFCs, and All India Financial Institutions shall abide by these rules. However, Credit Cards, External Commercial Borrowings (ECBs), Trade Credits, and Structured Obligations covered under product-specific directions, are exempted from these guidelines.

Floating rate loan EMIs get renewed guidelines by RBI to support borrowers

RBI has been receiving several consumer grievances regarding elongation of loan tenor, or, increase in Equated Monthly Instalment (EMI) amount with regards to floating rate personal loans, without proper communication with or consent of the borrowers.

In response to these grievances, the apex bank has issued detailed guidelines to reset the interest rates for EMIs in floating interest loans. Any increase in the EMI/tenor or both, shall be communicated to the borrower immediately and clearly through appropriate channels.

During reset of interest rates, borrowers shall get an option to switch over to a fixed interest loan as per the respective RE's board approved policy. Borrowers shall be clearly apprised about how many times will they be allowed to such a switch during the tenor of the loan.

IDF-NBFCs get revised guidelines by RBI for enhanced financing and harmonising of regulations

In order to enable Infrastructure Debt Fund-NBFCs (IDF-NBFCs) play a greater role in financing the infrastructure sector, as also, to harmonise the regulations governing financing of the infrastructure sector, RBI has revised its commensurate guidelines for the same.

An IDF-NBFC is a company registered as NBFC to facilitate the flow of long-term debt into infrastructure projects. It raises resources by issuing rupee or dollar-denominated bonds of minimum 5-year maturity.

According to the revised guidelines, IDF-NBFCs will now be required to have a minimum net owned fund of Rs. 300 crore and a minimum capital-to-risk-weighted assets ratio of 15%.

Earlier, an IDF-NBFC was required to be sponsored by a bank or an NBFC-Infrastructure Finance Company (NBFC-IFC). But, the requirement of such a sponsor has now been removed.

The IDF-NBFC's shareholders will be subjected to scrutiny as applicable to other NBFCs.

Banking Developments

RBI's UDGAM aids searching unclaimed deposits across multiple banks

Considering the increasing trend of deposits lying unclaimed with banks, RBI has been undertaking public awareness campaigns to sensitise people about the need to claim unclaimed deposits. To make this process easier, the apex bank has recently launched a centralised web portal called UDGAM (Unclaimed Deposits Gateway to Access Information).

UDGAM will help users identify their unclaimed deposits/accounts across multiple banks. Users can either claim the deposit amount and settle the account, or, make their deposit accounts operative at the respective banks.

Initially, the search facility spans across only 7 banks. Remaining banks will be brought under the ambit of UDGAM in a phased manner by October 15, 2023.

RBI promotes UPI-Lite by raising offline transaction's upper limit

With an aim to promote the use of UPI-Lite wallet in areas with weak or no internet connectivity, RBI has raised

the upper limit of an offline payment transaction from the present Rs. 200 to Rs. 500. The total limit for offline transactions on a payment instrument, however, remains Rs 2,000.

UPI Lite was launched in September 2022 to increase the speed of small-value transactions on UPI, optimise processing resources for banks and reduce transaction failures.

Regulator Speaks

Growth without price stability cannot be long-term: RBI Governor Shaktikanta Das

Speaking at the 29th Lalit Doshi Memorial Lecture on 'Building Blocks for a Sustainable Future: Some Reflection', RBI Governor Shaktikanta Das emphasised that price stability is essential for maintaining the country's economic growth. Stating that any growth achieved without price stability will only have a short life, Das said that the macroeconomic and monetary policy has focused on maintaining price stability, ensuring adequate flow of credit to sustain the growth momentum and securing financial stability.

The Governor also stressed that RBI has made a "conscious effort to improve the systemic resilience and efficiency by maintaining external stability and building forex reserves of nearly \$600 billion. These reforms seek to remove market segmentation, facilitate greater access including non-residents, widen the participation base, promote innovation and ensure customer protection."

Mr. Das is optimistic that certain sectors such as agriculture, manufacturing, services, technology, innovation and startups can provide significant growth opportunities in the next quarter of a century.

RBI Governor pitches global debt data sharing platform to combat global debt vulnerabilities; bats for risk sharing

In his address at a seminar held under the G20 Finance Track National Event titled 'Global Economy: Challenges, Opportunities and Way Forward' organised by the Ministry of Finance and RBI, the apex bank Governor Shaktikanta Das pitched for a global debt data-sharing platform to combat high and unsustainable debt levels that have severely constrained the fiscal capacity of many countries. While explaining the benefits of global public goods, Das stated that risk sharing should be an important design element in fostering private financing for global public goods. Multilateral Development Banks (MDBs) could catalyse private sector investment through risk-sharing mechanisms to support this endeavour further.

Economic Wrap Up

Key highlights of the Monthly Economic Review, July 2023 released by the Department of Economic Affairs:

- The International Monetary Fund (IMF), in its latest World Economic Outlook (WEO) of July 2023, has revised India's real GDP growth forecast for FY24 by 20 basis points (bps), raising it from 5.9 per cent (as per its April 2023 WEO) to 6.1 per cent.
- States capital expenditure increased by 74.3 per cent YoY in Q1 of FY24 to complement Centre's Capex increase of 59.1 per cent in the same quarter.
- RBI has implemented a temporary Incremental in Cash Reserve Ratio (I-CRR) of 10 per cent on banks' incremental net demand and time liabilities between 19th May 2023 and 28th July 2023 to ensure that liquidity levels do not hamper the policy rate transmission mechanism.
- India's external sector has displayed resilience with strong services export growth and robust investment inflows.
- Bank credit to the infrastructure sector was 1.7 per cent higher in Q1 of FY24, compared to the corresponding period of the previous year.

- In July 2023, India's merchandise exports and imports declined by 15.9 per cent and 17 per cent respectively on a YoY basis.
- India witnessed an increase of 4.7 per cent in FDI inflow during 2022 over the previous year.
- Net FPI inflows in India were recorded at USD 20.2 billion as compared to net outflows of USD 14 billion during the first four months of FY23.
- The y-o-y growth in UPI (value) is stood at 44.2 for FY 2023-24.

Forex

Foreign Exchange Reserves		
Item	As on August 25, 2023	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4916873	594858
1.1 Foreign Currency Assets	4358044	527249
1.2 Gold	366616	44354
1.3 SDRs	150383	18194
1.4 Reserve Position in the IMF	41828	5061

Source: Reserve Bank of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON AUGUST 31, 2023 - APPLICABLE FOR THE MONTH OF SEPTEMBER 2023

Currency	Rates
USD	5.30
GBP	5.1853
EUR	3.652
JPY	-0.055
CAD	5.0100
AUD	4.10
CHF	1.70741
NZD	5.5
SEK	3.645
SGD	3.6930
HKD	1.75636
MYR	3.00
DKK	3.2880

Source: www.fbil.org.in

Glossary

Foreign Portfolio Investment

Foreign Portfolio Investment (FPI) consists of securities and other financial assets held by investors in another country. FPI holdings can include stocks, ADRs, GDRs, bonds, mutual funds, and exchange traded funds. It does not provide the investor with direct ownership of a company's assets and is relatively liquid depending on the volatility of the market.

Financial Basics

Capital Gains Tax

The capital gains tax is tax that is levied on the profit that an investor makes when an investment/capital asset is sold. Capital assets include land, building, stocks, bonds, jewellery, coin collections and real estate etc.

Institute's Training Activities

Training Programmes for the month of September 2023

Programmes	Dates	Location
Programme on Agri Financing with focus on Hi Tech Agro Projects	15 th – 16 th September 2023	Virtual
Programme on Know Your Customer (KYC), Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT)	19 th - 21 st September 2023	
Programme on Program on Digital Marketing in Banks & Service Excellence	20 th - 21 st September 2023	
Post Examination Training for Certified Bank Trainer	20 th - 22 nd September 2023	

News from the Institute

IIBF - IFC jointly launched a Certificate course on Climate Risk and Sustainable Finance

The Institute entered into an agreement with International Financial Corporation (IFC) for providing a certification course on Climate Risk and Sustainable Finance. The course was launched on 23rd May 2023 at St. Regis Hall, Mumbai. The course is in the form of self paced e-learning, comprising 4-6 hours of learning followed by an assessment. On successful completion, a joint certificate is issued by IIBF and IFC.

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

The syllabi of JAIIB/DB&F/SOB/CAIIB courses have been restructured and revised to make them more contemporary, conceptual and ensure greater value addition. In this regard, the CEO of the Institute addressed a message to the members on the need for revising the syllabi. A detailed notice, about the subjects under the revised syllabi, the examination pattern, time limit for passing, passing criteria etc. has also been placed on the website. To make the transition more candidate friendly, credits for certain subjects have been allowed from the old syllabi to the new syllabi. The first examination, under the revised syllabi, was held from May/June 2023 onwards. The negative marking rule has been deferred by the Institute. For more details, please visit our website www.iibf.org.in.

IIBF invites Research Proposals on “Unclaimed deposits and Pathways for banks” (Funded by Reserve Bank of India)

The Indian Institute of Banking & Finance (IIBF) has been entrusted by RBI to establish a research scheme to undertake a study on “Unclaimed Deposits”. IIBF invites research proposals to study Unclaimed Deposits and provide actionable suggestions. Full-time regular employees of banks, faculty members of colleges/universities, and other academic and financial institutions can apply for the same. Last date for submission is 30.09.2023. For more details, please visit our website www.iibf.org.in.

Mock Test available for Revised JAIIB & CAIIB Examination

The institute is providing Mock Test facility for all the subjects under revised structure of JAIIB & CAIIB at a nominal rate of Rs. 100(plus taxes) per subject. Interested candidate may visit on website www.iibf.org.in for further details.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter July – September, 2023 is “Digital Disruption – Challenges and Opportunities”.

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.

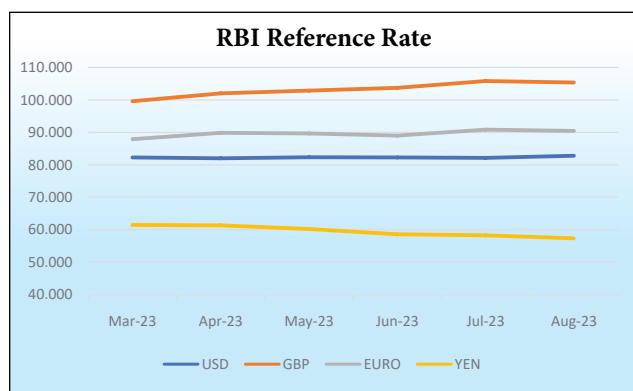
In order to address these issues effectively, it has been decided that:

1. In respect of the exams to be conducted by the Institute for the period from March 2023 to August 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2022 will only be considered for the purpose of inclusion in the question papers.
2. In respect of the exams to be conducted by the Institute for the period from September 2023 to February 2024, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2023 will only be considered for the purpose of inclusion in the question papers.

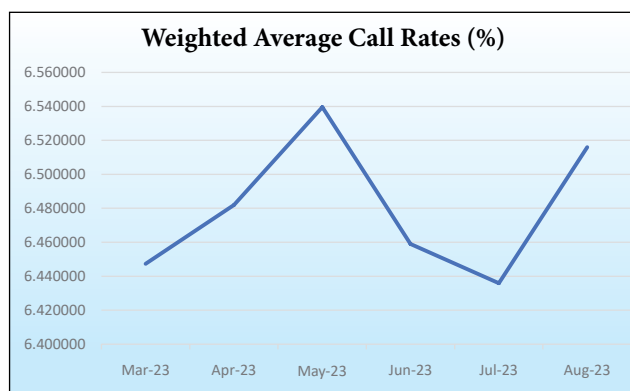
Green Initiative

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

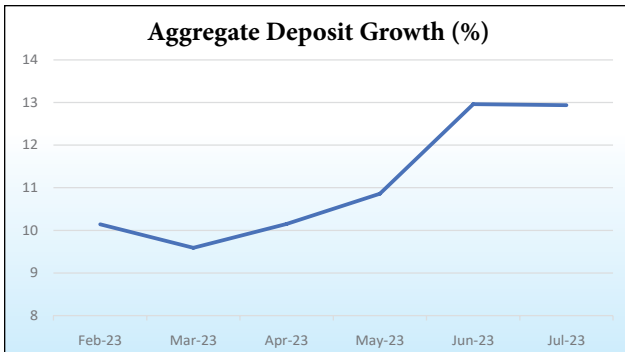


Source: FBIL

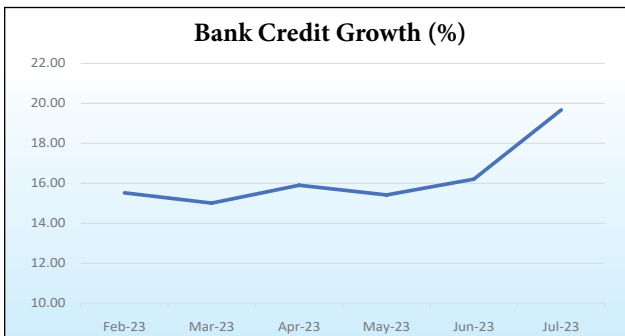


Source: Weekly Newsletter of CCIL

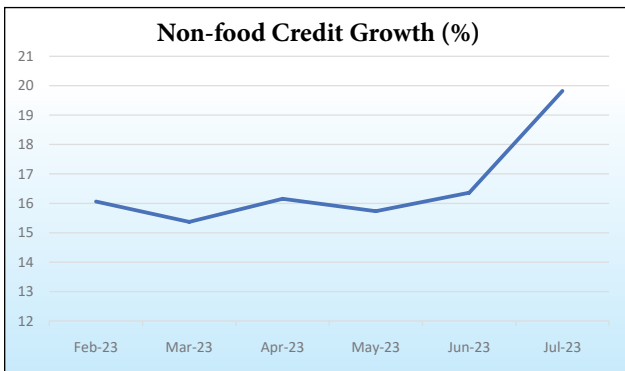
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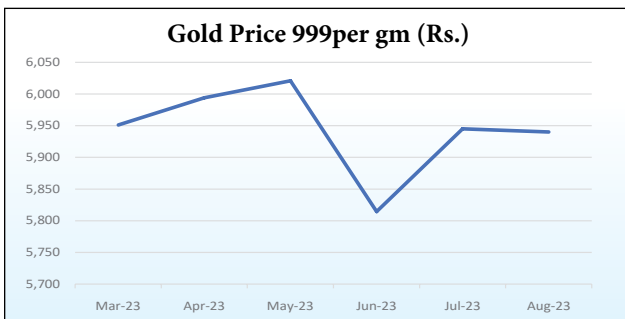
Source: Monthly Review of Economy, CCIL, August 2023



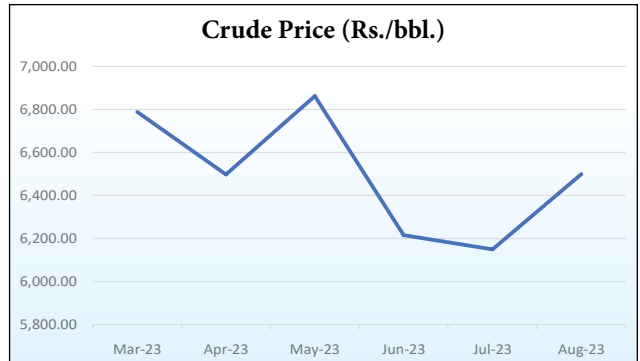
Source: Reserve Bank of India



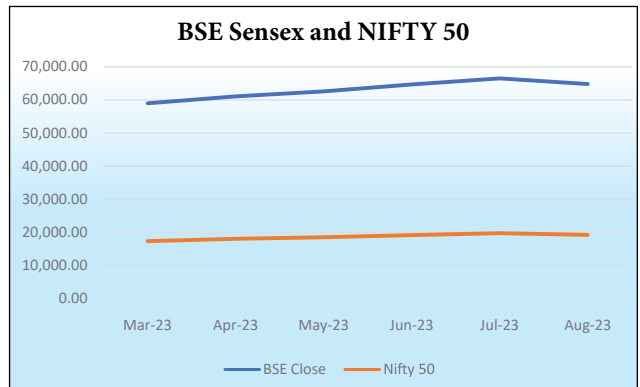
Source: Monthly Review of Economy, CCIL, August 2023



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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