



Committed to professional excellence

# IIBF VISION

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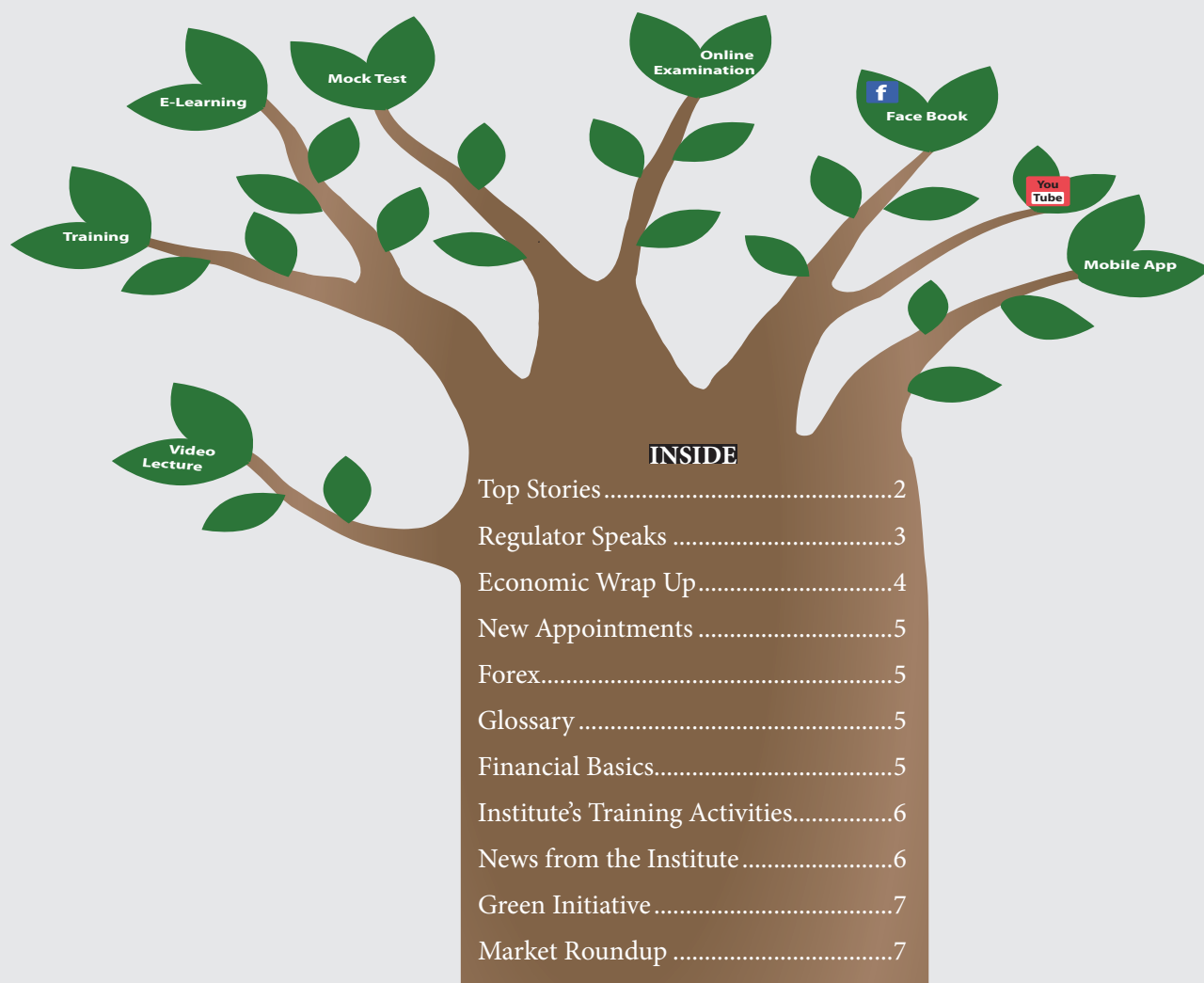
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## VISION

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

**Monetary Policy Highlights April 3 – 6, 2023**

The key highlights of the Monetary Policy Committee (MPC) meeting, held on April 3, 5 & 6, 2023, are mentioned below:

- Repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.50%
- Standing Deposit Facility (SDF) rate unchanged at 6.25%
- Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75%
- Projected GDP growth and inflation for FY24 at 6.5% and 5.2% respectively
- To remain focused on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth.
- To develop a centralised portal for unclaimed deposits to search across multiple banks
- To permit operation of pre-sanctioned credit lines at banks to widen and expand footprint of UPI.
- Banks with IFSC Banking Units (IBUs) will be permitted to offer Non-Deliverable Foreign Exchange Derivative Contracts (NDDCs) involving INR to resident users in the onshore market.

**FTP 2023 focusses on increasing rupee trade, e-com exports**

Aiming to increase India's exports to USD 2 trillion by 2030, by shifting from an incentive-based regime to a remission and entitlement-based regime, the Government has released the Foreign Trade Policy (FTP) 2023, with following takeaways:

- Provides policy continuity and a responsive framework
- Schemes for remission of duties, taxes, and government levies on export goods
- Digitisation of applications
- Promotion of trade in INR
- FTP-related applications to benefit from automatic system-based approval
- Provisions for merchanting trade
- FTP benefits to e-commerce exports
- Streamlining export of dual-use items under SCOMET policy
- Proactive work on 'Districts as Export Hubs initiative' by engaging with states & districts
- A perpetual policy, the FTP will be updated intermittently as due requirements arise.

**G20 Chennai FWG meet focussed on managing global inflation, emerging market risks**

The second G20 Framework Working Group (FWG) meeting under the Indian G20 presidency, recently concluded in Chennai. Co-chaired by V Anantha Nageswaran, Chief Economic Adviser of India and Clare Lombardelli, Chief Economic Adviser, UK Treasury, the two-day meeting comprised discussions on global economic outlook and risks. Emphasis was laid on continual efforts required to manage global inflation and emerging financial risks.

The meeting deliberated on global macroeconomic issues and policy cooperation for Strong, Sustainable, Balanced, & Inclusive Growth (SSBIG). International organisations like WBG, IMF, FAO, IEA, NGFS and OECD delivered detailed technical presentations on issues like global inflation, macroeconomic implications of food and energy insecurity, climate change, and transition policies.

### **RBI Central Board reviews global and domestic economic situation, challenges**

The 601<sup>st</sup> meeting of the Central Board of Directors of Reserve Bank of India (RBI) was recently held at Hyderabad, under the chairmanship of Governor Shaktikanta Das. On the backdrop of banks in USA going belly-up amid aggressive monetary tightening, the board reviewed the global and domestic economic situation and studied its associated challenges, including the current global geopolitical developments. Policymakers aver that in spite of the global turmoil, the Indian banking system remains in good shape.

### **Government hikes withholding tax on royalties to non-resident firms to 20%**

Making due amendments to the Finance Bill, 2023, the withholding tax rate on royalties and fees for technical services earned by non-resident companies has been doubled by the government from 10% to 20%.

Companies can get a beneficial tax rate of 10-15% if they are covered by double taxation avoidance agreements. However, the requirement of tax residency certificate and related documentation from the foreign firm will still be there.

## **Regulator Speaks**

### **‘Internationalise our payment products like UPI and RuPay’: RBI Governor Shaktikanta Das**

Delivering an address while inaugurating the Payment System Operators (PSO) conference, RBI Governor Shaktikanta Das exhorted the relevant players to use the G20 presidency as a platform to present India’s e-payment story to the world and seize the opportunity to internationalise payment products like UPI and RuPay.

Emphasising that the apex bank stands committed to ‘E-Payments for Everyone, Everywhere, Everytime’ (4Es) under the RBI’s Payments Vision 2025, he averred that the expanding global footprint of UPI and RuPay networks is bound to make cross-border payments easier.

However, the Governor also reminded that payments and settlements are serious businesses with potential downsides; due steps should be taken to mitigate such downsides and capitalise on the upsides.

### **Indian economy stable, banking system resilient: RBI Governor Shaktikanta Das**

At the 17<sup>th</sup> KP Hormis Commemorative ceremony, RBI Governor Shaktikanta Das focused on the urgent need for banks to ensure prudent asset liability management, robust risk management, and sustainable growth in liabilities and assets, on the backdrop of three banks in USA failing. He also stressed on the importance of conducting periodic stress tests and building up capital buffers.

The Governor cited an IMF data which estimated 15% of low-income countries being in debt distress. An additional 45% low-income countries and 25% of emerging market economies were also at a high risk of debt distress. Continued tightening of financial conditions in emerging market and developing economies have led to capital outflows resulting in reserve losses, sharp currency depreciations, and spiralling imported inflation pressures. However, India is expected to be the fastest-growing major economy in the world.

### **Internationalisation of rupee a welcome step; need better volatility management: RBI Deputy Governor**

Delivering the keynote address at the 17<sup>th</sup> FEDAI conference at Cairo, RBI Deputy Governor M Rajeshwar Rao stated that as India progresses on the path of internationalisation of rupee and freer capital account convertibility, it needs to gear up to manage the exchange rate volatility. While internationalisation of rupee has its own benefits,

the Government and RBI will also have to deal with the challenges and risks that come with it.

Economic growth enhances the scope of participation in foreign exchange markets. With Indian banks being allowed to participate in the offshore non-deliverable market for rupee derivatives, a whole new market with new market participants has opened up. With India's foreign exchange market undergoing immense development and innovation in the last few decades, the apex bank stands committed to moving ahead at a steady pace, in line with the changing global and domestic macro-financial environment.

### **SRO model good for fintechs to monitor misconduct, protect consumers: RBI Deputy Governor MK Jain**

Speaking at the International Research Conference on FinTechs in Ahmedabad, RBI Deputy Governor MK Jain opined that Indian fintechs should organise themselves under a Self-Regulatory Organisation (SRO) model to monitor misconduct of entities, protect consumer rights, and uphold high governance standards. The SRO can also become a two-way bridge between the sector and regulators. Fintechs should design robust customer-centric products, such that customers are protected from company-induced losses arising from cybersecurity breaches, technical glitches, and frauds. Customer suitability and appropriateness should be upheld and mis-selling or imprudent lending should be strongly discouraged, he said. Adding that RBI's norms on NBFC-Account Aggregator framework of 2016, NBFC-Peer to Peer lending guidelines of 2017, and recent Digital Lending Guidelines are all examples of adaptive regulation intended to address emerging risks.

## **Economic Wrap Up**

**The Department of Economic Affairs released its Monthly Economic Review, February 2023. Following are its key highlights:**

- With food and core inflation declining, the CPI inflation eased slightly from 6.5% in January 2023 to 6.4% in February 2023.
- The PMI indices for employment in manufacturing and services remained in an expansionary zone in February 2023; manufacturers experienced an increase in new work intakes.
- India's corporate sector credit-GDP ratio at end-September 2022 stood at about 12.3 percentage points below its historical trend, indicating that the corporate sector has sufficient space to borrow.
- At 2011-12 prices, the gross fixed capital formation rose from ₹34 lakh crore in the first nine months of FY 22 to ₹39 lakh crore in the corresponding period of FY 23 following the Government's increasing focus on capital expenditure.
- The Index of Industrial Production (IIP) and the Index of Eight Core Industries observed positive YoY growth during April-Jan of 2022-23, indicating an increment in output volume.
- Merchandise exports witnessed tepid growth in the second half of 2022; yet, they remained resilient growing YoY at 7.6% in April-February 2022-23.

### **Key points on India's economic development released by World Bank**

- The overall growth remains robust due to strong investment activity and buoyant private consumption
- World Bank revised the GDP forecast to 6.3% for FY 2023-24 from 6.6% due to slower consumption growth and challenging external conditions.
- India's financial sector remains strong due to improvements in asset quality and robust private-sector credit growth.
- Debt-to-GDP ratio is projected to stabilize and the Current Account Deficit is projected to narrow down.

- Recent developments in financial markets in the US and Europe may pose a risk to short-term investment flows to emerging markets, including India.
- Indian banks remain well capitalized.

## New Appointments

NAME	DESIGNATION
Mr. Sumant Kathpalia	Re-appointed MD & CEO, IndusInd Bank

## Forex

Foreign Exchange Reserves		
Item	As on March 24, 2023	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4773649	578778
1.1 Foreign Currency Assets	4204245	509728
1.2 Gold	375117	45480
1.3 SDRs	151923	18419
1.4 Reserve Position in the IMF	42364	5151

*Source: Reserve Bank of India*

### BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON MARCH 31, 2023 - APPLICABLE FOR APRIL, 2023

Currency	Rates
USD	4.83
GBP	4.1767
EUR	2.894
JPY	-0.015
CAD	4.5000

Currency	Rates
AUD	3.60
CHF	1.408664
NZD	4.75
SEK	2.889
SGD	3.5253

Currency	Rates
HKD	1.33842
MYR	2.72
DKK	2.5410

*Source: www.fbil.org.in*

## Glossary

### Withholding Tax

Withholding Tax refers to the money that an employer deducts from an employee's gross wages and pays directly to the Government. Employers remit withholding taxes directly to the IRS in the employee's name. Withholding tax is deducted from U.S. residents and non-residents who earn money from American sources.

## Financial Basics

### Return on Average Assets (ROAA)

Return on Average Assets (ROAA) is an indicator used to assess the profitability of a firm's assets, and it is most

often used by banks and other financial institutions as a means to gauge financial performance. It shows how well a company uses its assets to generate profits and works best when comparing to similar companies in the same industry. Companies that invest heavily upfront into equipment and other assets typically have a lower ROAA.

## Institute's Training Activities

### Training Programmes for the month of April 2023

Programmes	Date	Location
Programme for Internal Auditors	5 <sup>th</sup> to 6 <sup>th</sup> April 2023	Virtual
Programme on MSME Financing	10 <sup>th</sup> to 12 <sup>th</sup> April 2023	
Programme on Preventive Vigilance & Fraud Management	11 <sup>th</sup> to 13 <sup>th</sup> April 2023	
Training for Certificate in Risk in Financial Services	11 <sup>th</sup> to 13 <sup>th</sup> April 2023	
Programme on Basic Credit Analysis	17 <sup>th</sup> to 18 <sup>th</sup> April 2023	
Training for Certified Credit Professional	18 <sup>th</sup> to 20 <sup>th</sup> April 2023	

## News from the Institute

### IIBF organised the 38<sup>th</sup> Sir Purshotamdas Thakurdas Memorial Lecture

On 6<sup>th</sup> April 2023, the Institute held the 38<sup>th</sup> Sir Purshotamdas Thakurdas Memorial Lecture in virtual mode. This time the lecture was delivered by Shri. Injeti Srinivas, Chairperson, International Financial Services Centres Authority (IFSCA) on "Role of IFSC in India's Globalization". The inaugural address was given by Shri. A.K. Goel, MD & CEO, Punjab National Bank & Vice-President, IIBF. The lecture was well received and attended by a wide number of bankers.

### IIBF releases the second edition of Banking & Finance Yearbook, 2023

IIBF releases the much-awaited second edition of the "Banking & Finance Yearbook, 2023". It is a comprehensive digest of all major developments, trends, expert views and regulatory changes across different verticals in Banking & Finance domain the year ended December 31, 2022. Further, the extracts of important speeches rendered by senior officials of RBI, select articles published in IIBF's journal Bank Quest have been included 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.

### IIBF - IFC to jointly launch a Certificate course on Climate Risk and Sustainable Finance

The Institute has entered into an agreement with International Financial Corporation (IFC) for providing a certification course on Climate Risk and Sustainable Finance. The course will be provided in the form of e-learning comprising of 4-6 hours of learning followed by an assessment. The certificate will be jointly 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 examinations, under the revised syllabi, will be 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](http://www.iibf.org.in).

### **IIBF invites Application for Research Fellowship in “Banking Technology”: 2022-23 (Joint initiative of IIBF & IDRBT)**

The Institute invites applications for Research Fellowship in “Banking Technology”: 2022-23 (Joint initiative of IIBF & IDRBT). The research fellowship in Banking Technology, aims to sponsor technically and economically feasible technology research projects which has the potential to contribute significantly to the Banking and Financial Sector. The last date for receipt of applications has been extended to 2<sup>nd</sup> May, 2023. For more details visit: [www.iibf.org.in](http://www.iibf.org.in)

### **Bank Quest Theme for upcoming issue**

The theme for the upcoming issue of Bank Quest for the quarter April – June, 2023 is “Competence based Human Resource Management in Banks”.

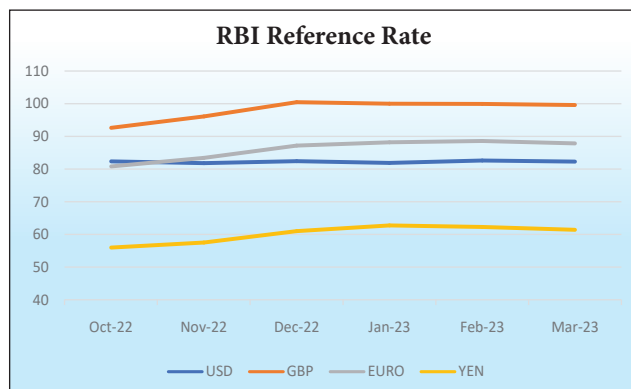
### **Cut-off date of guidelines /important developments for examinations**

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 2023 to July 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December 2022 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 30<sup>th</sup> June 2022 will only be considered for the purpose of inclusion in the question papers.

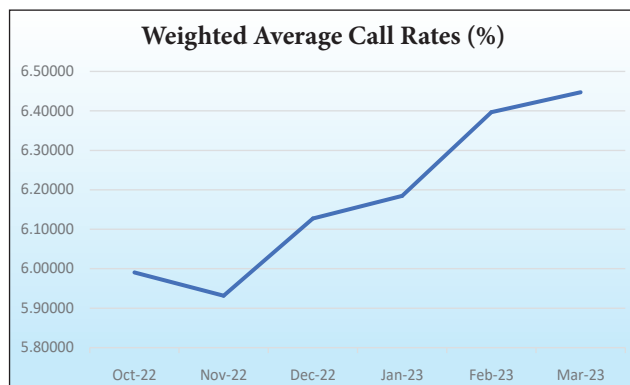
## Green Initiative

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

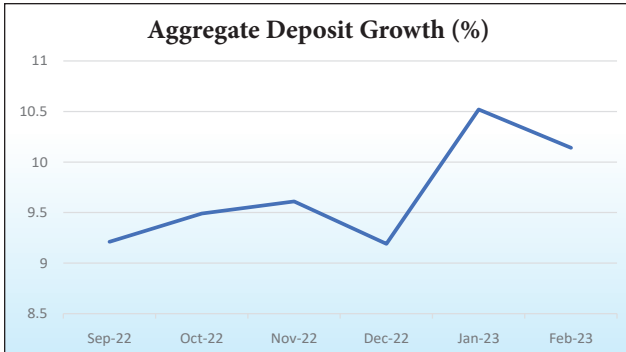


Source: FBIL

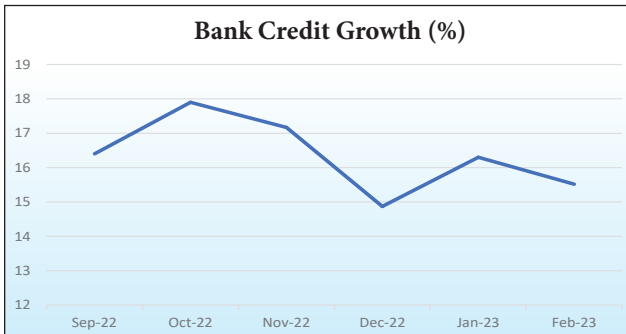


Source: Weekly Newsletter of CCIL

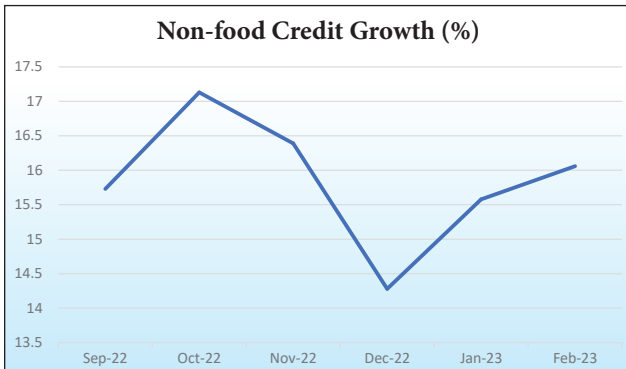
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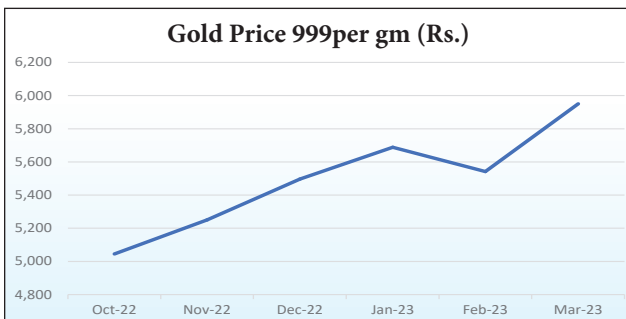
Source: Monthly Review of Economy, CCIL, March, 2023



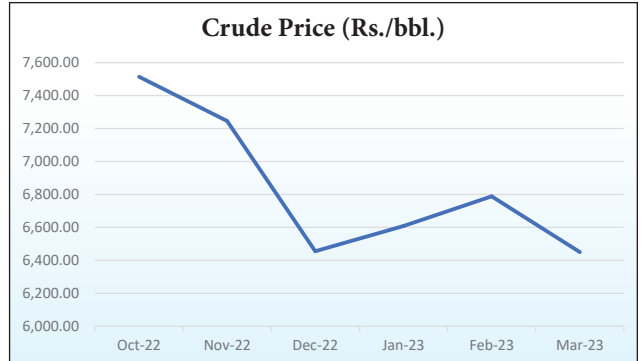
Source: Reserve Bank of India



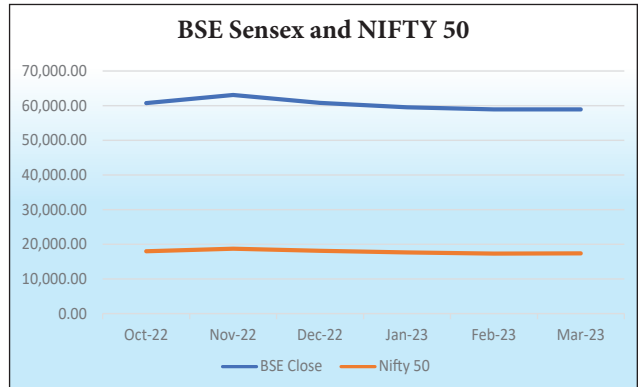
Source: Monthly Review of Economy, CCIL, March, 2023



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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