



# IIBF VISION

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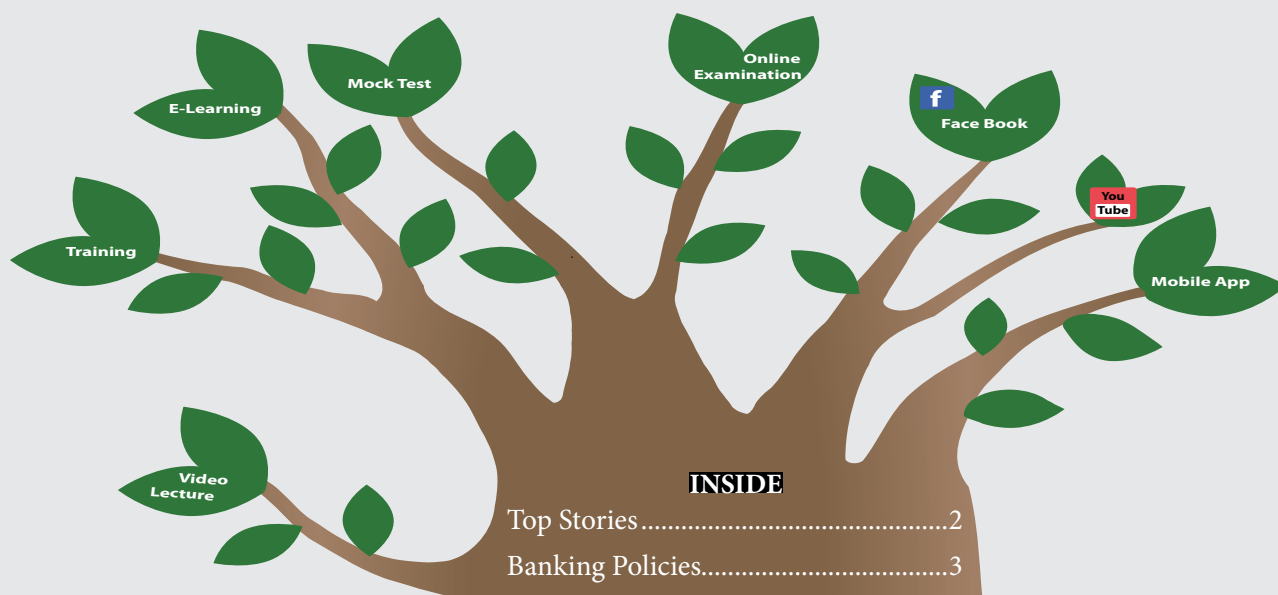
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## VISION

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 (Oct 4-6, 2023)**

The Monetary Policy Committee of Reserve Bank of India (RBI) held its meeting from Oct 4-6, 2023. The key takeaways from this meeting are as follows:

- Repo rate and SDF rate unchanged at 6.5% and 6.25% respectively.
- MSF rate and Bank Rate maintained at 6.75%; and CRR at 4.5%.
- To double the Gold loan limit from ₹2 lakh to ₹4 lakh for such UCBs who have met the overall PSL target and sub targets as on March 31, 2023.
- PM Vishwakarma Scheme included under PIDF scheme; tenure extended by 2 years.
- To issue an omnibus framework for recognising Self-Regulatory Organisations (SROs) for various Regulated Entities (REs).
- To introduce Card on File (CoF) token creation facilities directly at the issuer bank level.
- Permits NBFCs in Middle Layer and Base Layer to offset their exposures with eligible credit risk transfer instruments.

**PM Vishwakarma Scheme launched to empower artisans, craftspeople**

The Government recently launched the PM Vishwakarma Scheme to empower artisans and craftspeople engaged in 18 types of trades, by providing them collateral-free loan of up to Rs. 3 lakhs. The Vishwakarma scheme has a corpus of Rs. 13,000crore, that will be deployed from FY 2023-24 to FY 2027-28 to support artisans & craftspeople via skill upgradation, digital transactions and marketing support among other things.

**Finance Ministry updates rules pertaining to Angel tax, strikes balance between FEMA, IT rules**

In a bid to strike a balance between FEMA (Foreign Exchange Management Act) related valuation and IT-based rules, Finance Ministry has updated some rules regarding Angel tax. According to the updated rules, the Ministry has prescribed five new valuation methods of unquoted equity shares held by non-resident investors in India's unlisted companies, including start-ups. These methods are: Comparable Company Multiple Method, Probability Weighted Expected Return Method, Option Pricing Method, Milestone Analysis Method and Replacement Cost Method.

**Data Quality Index (DQI) by CICs for Credit Institutions**

Aiming to assess and improve the quality of data submitted by Credit Institutions (CIs) to Credit Information Companies (CICs), Reserve Bank of India (RBI) has asked CICs to set out a common Data Quality Index (DQI) for CIs of all commercial and microfinance segments. The apex bank has also advised CIs to conduct half-yearly review of the DQI. Also, each CI shall submit a report to its top management for review within two months before the end of each half-year duration.

**SAC ponders on ways to strengthen MSME sector for a developed economy status by 2047**

Standing Advisory Committee (SAC) chaired by RBI Deputy Governor Swaminathan J., recently met to review the flow of credit to MSMEs on the backdrop of the important role that MSMEs shall play in helping India attain the status of developed economy by 2047. He emphasised on the need for all stakeholders to collaborate to unleash the full potential of MSMEs, the SAC reviewed the flow of credit to MSME sector and addressed various issues such as reviving and rehabilitating stressed MSMEs, assessing and bridging the credit gap to MSMEs, improving credit flow to women entrepreneurs, exploring digital solutions for improved credit linkage and accelerating the adoption of TReDS.

**RBI moves towards greater transparency; asks lenders to disclose debtors whose assets are possessed under SARFAESI Act**

Regulated Entities (REs) have been mandated by RBI to publish on their website, information on borrowers whose secured assets have been possessed by them under the SARFAESI Act, 2002. REs have been given next six months to publish their first list. Thereafter, the list shall be updated every month.

## Banking Policies

### **RBI to REs: Release original documents, file charge satisfaction form within 30 days of full settlement of loan account**

As part of the RBI's Responsible Lending conduct for Regulated Entities (REs), the apex bank has mandated that all banks, NBFCs and Asset Reconstruction Companies (ARCs) shall release all the original movable/immovable property documents and also remove charges registered with any registry, within a maximum of 30 days after the borrower makes full repayment/settlement of the loan account. If the RE cannot release the documents and/or file the charge satisfaction form with relevant registry within 30 days, they will need to duly communicate the reason for delay to the borrower. If the delay is attributable to the RE, it will need to compensate the borrower at the rate of ₹5,000 per day of the delay.

### **Investment portfolio of commercial banks gets revised guidelines by RBI**

RBI has come out with revised framework, Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2023, which shall be applicable from April 1, 2024, to all Commercial Banks except for Regional Rural Banks (RRBs). As per the revised norms, from the next FY, banks will have to categorise investments into three categories viz. Available For Sale (AFS), Held To Maturity (HTM) and a new category called 'Fair Value Through Profit and Loss' (FVTPL). The existing Held For Trading (HFT) category will be sub-categorised under FVTPL.

### **I-CRR to be discontinued in phases to prevent sudden shocks to the system**

Following the countrywide drive to return ₹2,000 banknotes, along with the surplus transfer made by RBI to the Government and an acceleration in government spending and capital inflows, the banking system saw a gush of surplus liquidity by end of September 2023. In order to drain this surplus away, RBI implemented Incremental Cash Reserve Ratio (I-CRR), which succeeded in siphoning a little over ₹1-lakh crore from the system. After assessing the current and evolving liquidity conditions, the apex bank has decided to discontinue the I-CRR measure in a phased manner, such that system liquidity does not suffer sudden shocks and money markets function in an orderly manner.

## Banking Developments

### **Now, conduct UPI transactions through pre-sanctioned credit lines**

The RBI is expanding the scope of Unified Payments Interface (UPI) System by including pre-sanctioned credit lines issued by banks for transactions. Now, UPI payments can be made via a pre-sanctioned credit line issued by a Scheduled Commercial Bank to individuals, with the prior consent of the said individuals. Banks may stipulate terms & conditions regarding credit limit, period of credit, rate of interest, etc., as per their board-approved policies. This can reduce the cost of such offerings and help develop unique products for Indian markets.

### **AIFIs get new norms by RBI to enhance their efficiency**

Aiming to govern the operations of five prominent All India Financial Institutions (AIFIs), RBI has announced the issuance of Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023. The new directions will come into effect on April 1, 2024 and will include under its purview the Export-Import Bank of India (EXIM) Bank, National Bank for Agriculture and Rural Development (NABARD), National Bank for Financing Infrastructure and Development (NABFID), National Housing Bank (NHB) and Small Industries Development Bank of India (SIDBI). The directions have been designed to ensure that AIFIs adhere to prudential regulations aligning with the Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation, Operation of Investment Portfolio Norms and Resource Raising Norms.

## Regulator Speaks

### **RBI Governor urges fintech ecosystem to focus on customer-centricity, self-regulation, responsible conduct**

RBI Governor Shaktikanta Das has emphasised on the need for India's fintech ecosystem to focus on customer-centricity, governance and self-regulation. He observed that while it is easy to get caught up in chasing revenues and valuations in an immensely dynamic world of business, every enterprise should remember that the key to their success is the trust and satisfaction of their customers. Hence, they must pay attention to what their customers need; they should work to protect the customers' interest; and should strive continually to earn and retain their trust. On a separate note, he also flagged the cyber-risk and data-security issues that have entered along with digital innovations. Das urged entities to ensure that innovations should always be accompanied by prudential safeguards and responsible conduct.

### **RBI committed to scaling inflation down to 4%: RBI Governor**

Delivering the lecture at Delhi School of Economics (DSE) on "Art of monetary policy making: The Indian Context", RBI Governor Shaktikanta Das asserted that the apex bank remains committed to achieve an inflation target of 4%, in spite of recurring food price shocks. He also emphasised that RBI is vigilant against the secondary effects of these shocks and is working towards maintaining price stability through timely actions. In his speech, he also conceded that the pandemic, Russia-Ukraine war and high global inflation has been creating significant challenges for the conduct of our monetary policy.

### **RBI Dy Governor underlines the need for combatting cybercrime, adopting customer-centric approach**

RBI Deputy Governor Swaminathan J. met with heads of the Customer Service Committee of the Board, Managing Directors, Executive Directors in charge of customer service verticals and the principal nodal officer of top banks. In this meeting, he emphasised the importance of combatting cybercrime and training the front-line staff in upholding customers' trust in the banking system. He wants banks to adopt a customer-centric approach and work towards addressing the root cause of complaints. He spoke extensively on the importance of resolving issues at the first point of contact, handling complaints responsibly, equipping front-line staff with authority, tools & training and combatting cybercrime.

### **India's financial sector shifting from exuberance to prudence: RBI Dy Governor**

Speaking at the 16th SEACEN BIS high level seminar by National Bank of Cambodia, RBI Deputy Governor Michael Patra averred that India's financial sector is undergoing transformative change leveraged on technology. The trinity of JAM – Jan Dhan (basic no-frills accounts); Aadhaar (universal unique identification); and Mobile connections – has been immensely useful in bringing the previously-excluded people under the ambit of banking and has enabled beneficiaries to get direct benefit transfers from the Government. NBFCs have emerged as an important alternative to banks. Exuberance is being replaced by prudence. Buffers are being implemented well in time, as seen in the example of accumulation of forex reserves which, has become our national safety net in the absence of a truly global financial shield.

### **Orderly credit growth, risk management imperative for India's growth story: RBI Dy Governor Rao**

Speaking at IIM Kozhikode's First Annual Seminar on Banking Regulation, Intermediary Soundness and Systemic Stability, RBI Deputy Governor M Rajeshwar Rao stated that India is on its way to become a solid global player due to robust financial regulations, despite global turmoil and monsoon risks to growth. Financial institutions must form their strategies with 'credit risk' as a core element to be focussed on, in order to maintain the institutions' resilience. Mr. Rao described the RBI's approach towards risk management as a '5M' framework, which focuses on five elements viz. Measuring, Monitoring, Managing, Mitigating and Migrating.

### **Fintechs can act both as competitors and collaborators: RBI Dy Governor**

Speaking at the Global Fintech Fest, RBI Deputy Governor T Rabisankar said that traditional banks / NBFCs and fintech players can share a dual-toned relationship. Traditional players can bring strength and stability to the table with their robust balance sheets, capital base and risk management practices. Fintechs can deliver on customer experience and expand access with their agility and innovative capabilities. Moreover, he emphasised

the importance of Self-Regulatory Organisations (SROs) to ensure that these companies have responsible practices and maintain ethical standards.

## Economic Wrap Up

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

- The contribution of net exports to GDP growth has increased in Q1 of FY24, as service exports have performed well.
- The estimates of national income released by the NSO show real GDP growing at 7.8 per cent in Q1 of FY24.
- Index of Industrial Production (IIP) grew by 4.5 per cent in Q1 of FY24.
- The retail inflation decreased in August, with both core inflation and food inflation easing from the July figure and consumer food price inflation eased to 9.9 per cent in August.
- A variety of indicators suggest increasing resilience of the banking sector through declining Non-Performing Assets, improving Capital Risk-weighted Asset Ratio, rising Return on Assets and Return on Equity as of March 2023.
- As of March 2023, data for NBFCs indicated improvements in their profitability and risk-taking behaviour.
- As per the July 2023 estimates by RBI, there has been consistent and broad-based growth in the non-food bank credit of Scheduled Commercial Banks (SCBs) since April 2022.
- Personal loan growth continues to be impressive in an environment of higher interest rates, growing at 20.9 per cent in Q1 of FY24, driven by strong consumption.

## Forex

Foreign Exchange Reserves		
Item	As on September 22, 2023	
	₹ Cr.	US\$ Mn.
	1	2
<b>1 Total Reserves</b>	4898336	590702
<b>1.1 Foreign Currency Assets</b>	4339928	523363
<b>1.2 Gold</b>	367410	44307
<b>1.3 SDRs</b>	149366	18012
<b>1.4 Reserve Position in the IMF</b>	41633	5019

Source: Reserve Bank of India

**BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON SEPTEMBER 29, 2023 - APPLICABLE FOR THE MONTH OF OCTOBER 2023**

Currency	Rates
USD	5.32
GBP	5.186
EUR	3.905
JPY	-0.064
CAD	5.0200

Currency	Rates
AUD	4.10
CHF	1.701741
NZD	5.5
SEK	3.908
SGD	3.8579

Currency	Rates
	5.65942
	5.65942
	3.00
	3.00
	3.5230
	3.5230

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

## Glossary

### Angel Tax

Angel Tax is a tax levied on the capital raised via the issue of shares by unlisted companies if the share price of issued shares is seen in excess of the fair market value of the company. It was initially introduced in 2012 to discourage the generation and utilisation of unaccounted money through investments in closely held companies.

## Financial Basics

### Discounted Cash Flow (DCF)

Discounted cash flow (DCF) refers to a valuation method that estimates the value of an investment using its expected future cash flows. Discounted cash flow analysis helps to determine the present value of an investment based on its future cash flows. If the DCF is higher than the current cost of the investment, the opportunity could result in positive returns.

## Institute's Training Activities

### Training Programmes for the month of October 2023

Programmes	Dates	Location
Post Examination Training for Certified Credit Professional	09 <sup>th</sup> to 11 <sup>th</sup> October	Virtual
Programme on Prevention Vigilance & Fraud Management	10 <sup>th</sup> -12 <sup>th</sup> October	
Programme on Credit Appraisal, Monitoring & Recovery	11 <sup>th</sup> - 13 <sup>th</sup> October	
Programme on Leadership and Development of Soft skills for Branch Managers	12 <sup>th</sup> -13 <sup>th</sup> October	
Programme on Foreign Exchange Operations	18 <sup>th</sup> - 20 <sup>th</sup> October	
Programme on Integrated Treasury Management with Bourse Game	30 <sup>th</sup> October - 08 <sup>th</sup> November	Leadership Centre, Indian Institute of Banking & Finance, Mumbai

## News from the Institute

### IIBF organised a webinar on “Conflict Resolution and Stress Management in Banks”

IIBF organised a webinar on “Conflict Resolution and Stress Management in Banks” on 05.10.23 in Virtual mode. The distinguished panellists for the discussion were Shri Babuji K, Principal, Reserve Bank of India Staff College, Chennai, Smt. Suranjana Dutta, CGM & Head (Strategic Training Unit), State Bank of India, Shri Sangram Pradhan, HR Head-Support Services, Yes Bank Ltd. The webinar was well received and was attended by professionals from Banking and Finance domains.

### 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.

### JAIB/DB&F/SOB/CAIB - Introduction of Revised Syllabi

The syllabi of JAIB/DB&F/SOB/CAIB 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](http://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 has extended till 31.10.2023. For more details, please visit our website [www.iibf.org.in](http://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](http://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 October – December, 2023 is “Climate Risk & Sustainable Finance”.

**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.

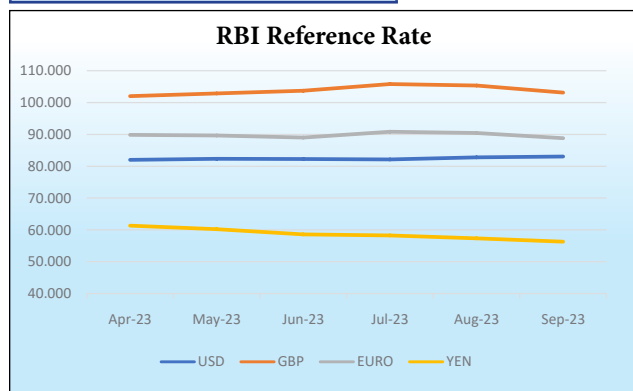
In order to address these issues effectively, it has been decided that:

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.

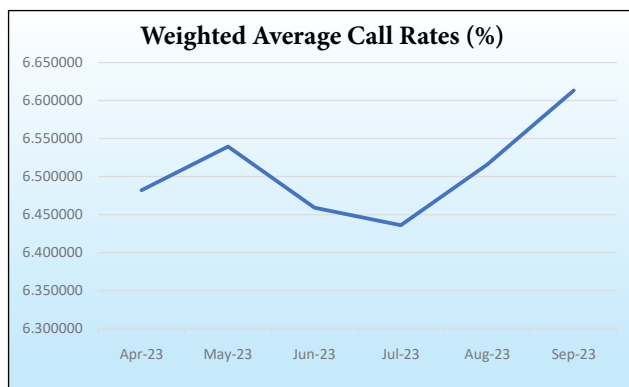
**Green Initiative**

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**

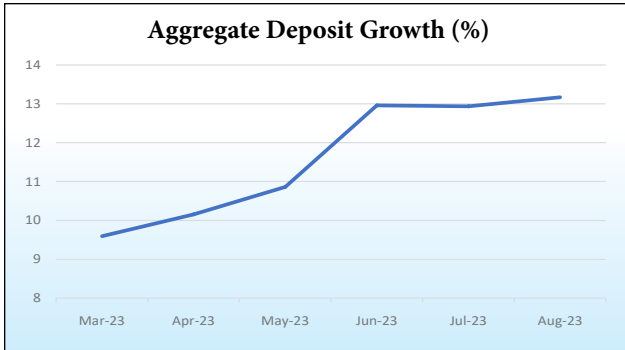


Source: FBIL

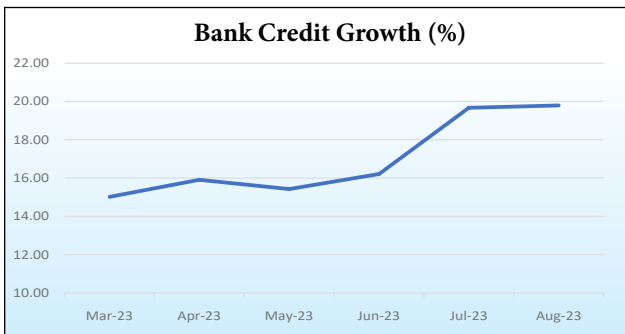


Source: Weekly Newsletter of CCIL

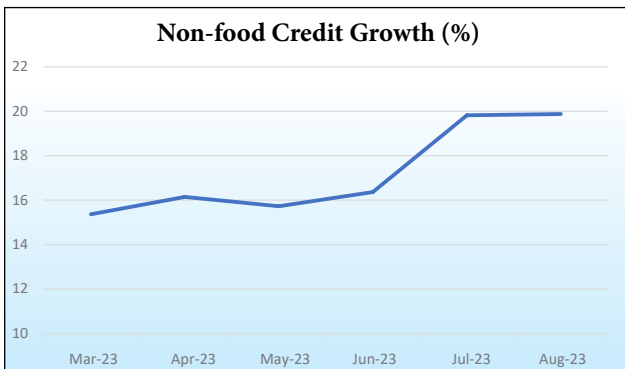
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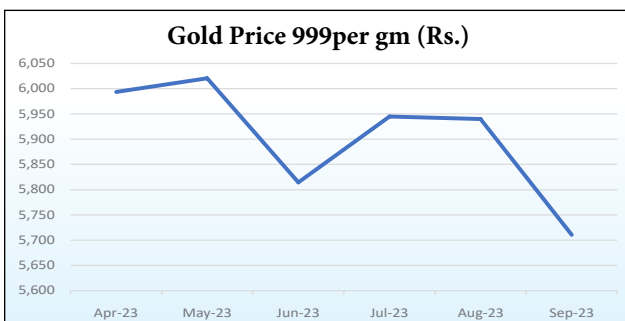
Source: Monthly Review of Economy, CCIL, September 2023



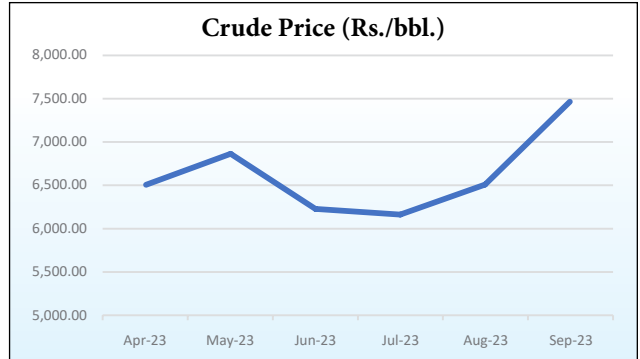
Source: Reserve Bank of India



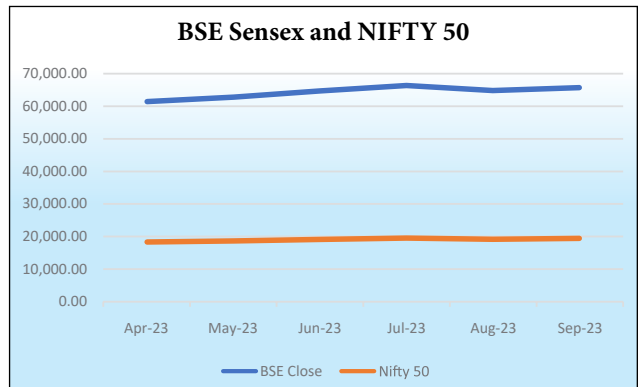
Source: Monthly Review of Economy, CCIL, September 2023



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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