



Committed to professional excellence

IIBF VISION

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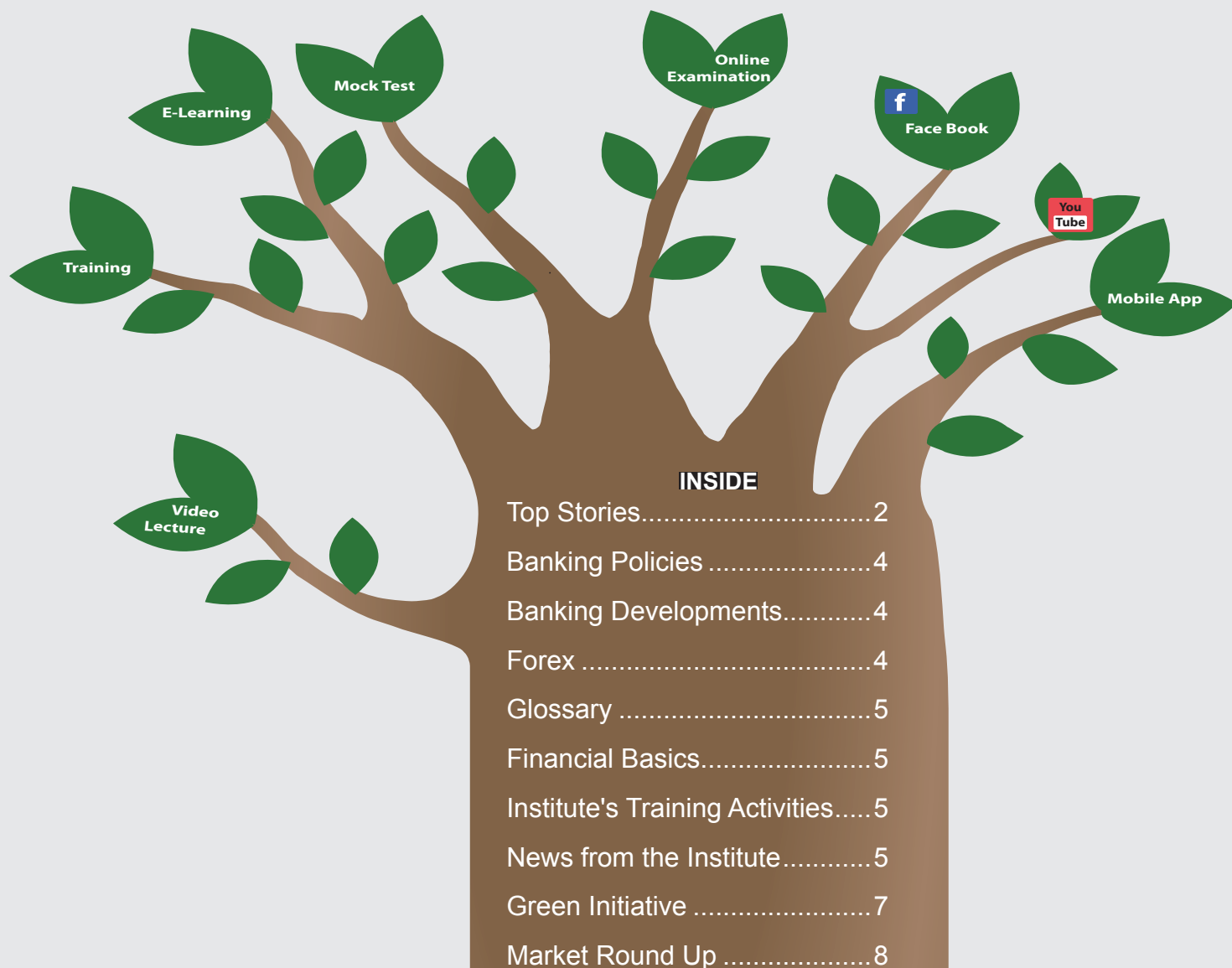
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VISION

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

Key highlights of Monetary Policy statement 2020-21

The first bi-monthly Monetary Policy meeting was held from May 20 to May 22, 2020. Few key decisions, announced on 22nd May 2020, are as follows:

- Repo rate reduced by 40 bps from 4.40% to 4.00%.
- Reverse repo rate reduced by 40 bps from 3.75% to 3.35%.
- Bank rate and Marginal Standing Facility (MSF), stands adjusted at 4.25%.
- CRR maintained at 3% of NDTL
- INR 15,000 crores line of credit given to EXIM bank for a period of 90 days from the date on which it was availed with a roll-over up to 1 year.
- Maturity of INR 15,000 crores credit line for SIDBI extended for further 90 days.
- Provision for State governments to use additional amount from the consolidated sinking fund maintained with RBI to meet repayment obligations, enabled.
- One-time provision to allow banks to increase group exposure to connected counterparties to 30% from earlier 25%.
- Moratorium on term loan instalments extended by another 3 months till August 31, 2020.
- Provision for deferment of interest payment on working capital extended by another 3 months till August 31, 2020.
- Further relaxation on asset classification as NPAs relaxed till August 31, 2020.

Definition of MSME changed; loans worth Rs 3-trillion announced

Hon'ble Finance Minister recently conveyed a change in the definition of MSMEs, by raising the investment limits for classifying MSMEs and introducing 'annual turnover' as an added feature to define them.

As per Gazette notification, criteria for classification of micro, small and medium enterprises will be as under:

- A micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- A small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;
- A medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees

The notification comes into effect from 01.07.2020.

Further, the government has also announced collateral-free, automatic loans worth Rs 3 trillion for 4.5 million MSME units. Available till October 31, these loans can be availed only by MSMEs with outstanding loans up to Rs 25 crore or with a turnover up to Rs 100 crore. The loans will have a 4-year tenure, along with a moratorium on repayment for 12 months. The government will provide 100% credit guarantee cover to banks and NBFCs on both principal and interest. The first year's interest is envisaged to accumulate and repayment will be spread over the entire loan tenure, because seeking the entire accumulated interest immediately after the first year will put undue pressure on the companies.

All government bodies and central public sector enterprises have to clear their entire MSME dues in 45 days. The government will provide Rs 4,000 crore to the MSME Ministry's Credit Guarantee Fund Trust for Micro and Small Enterprises (CGFTMSE), which will provide partial credit guarantee support to banks. A mega fund with a corpus of Rs 10,000 crore is also to be established to help MSMEs expand their capacity. Measures like support to the e-market linkages for MSMEs are to be promoted as a replacement for trade fairs and exhibitions which were a regular and important feature of export promotion.

RBI extends moratorium till Aug 31,2020

Allowing borrowers more time to repay loans, the RBI has extended the moratorium on EMI payments by another three months till August-end, taking the total moratorium period to six months. The deferment of interest payment on working capital loans has also been extended till August 31, 2020.

On March 27, the RBI had provided a three-month moratorium on all term loans (from March 1 to May 31), during which, firms had expressed concern over having to pay the deferred interest in one shot after the moratorium ends. Thus, the RBI has asked lenders to convert the accumulated interest on working capital facilities over the deferment period into a funded interest term loan "repayable not later than the end of the current financial year". Rescheduling of payments on account of the moratorium or deferment will not qualify as default. There will also be a standstill in asset classification for all accounts, which were standard as of March, 2020, and opted for the moratorium.

Further, the RBI has relaxed provisioning norms in cases where large accounts have defaulted and no resolution plan has been implemented even after 210 days. Providing an extension for resolving such assets, banks have been asked to exclude the moratorium period from the calculation of 30-day review period or 180-day resolution period. Lenders have been also asked to "recalculate their drawing power" in the case of working capital loans, by reducing their margins till August 31, 2020 which can be restored by March 31, 2021. The RBI has also allowed banks to reassess the working capital cycle of a borrowing entity till March 31, 2021.

RBI provides higher export credit, more time to pay import bills

Offering importers and exporters more time and liquidity on the backdrop of the COVID-19 crisis, the RBI has issued a series of relaxations including higher export credit, more time to pay for import orders, and increased flexibility in repaying loans. The Export-Import (EXIM) Bank of India has been offered a line of credit worth Rs 15,000 crore for a period of 90 days (with a roll-over of up to one year) to enable it to avail a dollar-swap facility. The maximum permissible period of pre and post-shipment export credit sanctioned by banks for exporters has also been raised to 15 months (from the earlier 12 months), for disbursements made up to July 31, 2020. Further, the RBI has permitted an increase in the period of realization and repatriation of export proceeds to India from 9 months to 15 months. This will be valid from the date of export for shipments sent out till July 31, 2020.

For inbound shipments, importers will now get 12 months to complete outward remittances, as opposed to the earlier 6 months. The new facility, however, will not be available for import of gold, diamonds, precious stones or jewellery.

Bank exposure limit to a group hiked by 5%

In order to facilitate flow of credit to large corporates, RBI has raised the exposure limit of banks to a group by 5% to 30%. This relaxation will be available till June 30, 2021. With debt markets and other market capital segments witnessing heightened volatility on the backdrop of the COVID-19 crisis, corporates are finding it difficult to raise funds from the capital market and are hence predominantly dependent on banks for its funding. As the earlier limit was making it difficult for corporates to draw additional funds from banks, RBI has introduced this short-term measure to resolve these problems.

FPIs get more time to adhere to VRR

RBI has accorded FPIs with more time to adhere with the condition under the Voluntary Retention Route wherein at least 75% of allotted limits have to be invested within 3 months. FPIs that have been allotted investment limits between Jan 24 and April 30, 2020 will get an additional time of 3 months.

Banking Policies

RBI extends interest subsidy scheme till March 2021

Providing major relief to exporters, RBI has extended the interest subsidy scheme for post and pre-shipment rupee export credit by a year, till March 31, 2021. Exporters get subsidy under the Interest Equalisation Scheme. The Government has approved the extension of the Interest Equalisation Scheme for pre and post shipment Rupee Export Credit with same scope and coverage for one more year, w.e.f. April 1, 2020 to March 31, 2021.

Implementation date for hedging of foreign exchange risk postponed

Directions pertaining to hedging of Foreign Exchange Risk were to be implemented from June 1, 2020. However, in the aftermath of the difficulties arisen due to COVID-19, the implementation date for the Directions has been postponed to September 1, 2020. Directions on the participation of Banks in Offshore Non-deliverable Rupee Derivative Markets have come into effect from June 1, 2020.

Banking Developments

IBUs to report all OTC forex deals to CCIL platform

From June 1, 2020, the RBI has made it mandatory for all OTC foreign exchange, interest rate and credit derivative transactions (inter-bank and client) undertaken by IFSC Banking Units (IBUs) to be reported to CCIL's trade reporting platform. Additionally, all matured and outstanding transactions as on May 31, 2020, shall also be reported to the CCIL platform by July 31, 2020. This is a one-time measure undertaken to ensure comprehensiveness of data.

Further, from June 1, 2020, banks operating IBUs have been permitted to offer non-deliverable derivative contracts (NDDCs) involving the rupee, or otherwise, to persons not residing in India.

Forex

Foreign Exchange Reserves		
Item	As on May 22, 2020	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	3721819	490044
1.1 Foreign Currency Assets	3430708	451706
1.2 Gold	248955	32779
1.3 SDRs	10876	1432
1.4 Reserve Position in the IMF	31278	4127

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for June 2020

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.30300	0.26700	0.28600	0.32500	0.37900
GBP	0.19920	0.2659	0.2572	0.2728	0.3017
EUR	-0.21930	-0.287	-0.297	-0.287	-0.268
JPY	0.00560	-0.023	-0.035	-0.040	-0.036

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
CAD	0.85000	0.591	0.651	0.715	0.777
AUD	0.18250	0.240	0.293	0.401	0.479
CHF	-0.60500	-0.650	-0.640	-0.618	-0.585
DKK	-0.04720	-0.0840	-0.0920	-0.0815	-0.0605
NZD	0.27300	0.268	0.283	0.325	0.388
SEK	0.11500	0.104	0.119	0.139	0.172
SGD	0.30000	0.325	0.385	0.455	0.520
HKD	1.27000	1.170	1.150	1.125	1.110
MYR	2.13000	2.110	2.135	2.220	2.270

Source: www.fedai.org.in

Glossary

Voluntary Retention Route (VRR)

The Voluntary Retention Route (VRR) route was introduced in March 2019. Under this route, the FPIs have to invest the amount allocated (called, committed portfolio size) in relevant debt instruments and remain invested at all times during the voluntary retention period, subject to certain relaxations. The minimum relaxation period was kept at 3 years.

Financial Basics

Non-deliverable Derivative Contract (NDDC)

NDDC is a foreign exchange derivative contract involving the Rupee, entered into with a person not residing in India and settled without involving the delivery of rupee.

Institute's Training Activities

Training Programmes for the month of June 2020		
Programme	Dates	Location
Programme on Balance Sheet Analysis & Ratio Analysis	20 th to 21 st June 2020	Virtual
Post Examination Training for Certified Credit Professional	5 th to 7 th June 2020	Virtual
Post Examination Training for Certified Treasury Professional	12 th to 14 th June 2020	Virtual
Post Examination Training for Certified Risk Professional	23 rd to 25 th June 2020	Virtual

News from the Institute

Remote Proctored Examinations.

The Institute is pleased to announce introduction of Remote Proctored Examinations allowing flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. The salient features are as under:

- Remote proctoring for three Certificate examinations namely: AML/KYC, MSMEs and Prevention of Cyber Crimes and Fraud Management.
- Examination shall be conducted on second and fourth Saturdays and Sundays.
- Pass percentage for each of the certificate examinations will be 60%.
- Examinations for the three subjects will not be held at physical centres.
- There will be no change in the examination fee.
- Remote proctoring will be done in combination with auto-proctoring and physical remote proctoring processes.

Fresh registrations can be done for the July examinations. Registration from 9th June 2020.

For detailed instructions, exam schedule, rules and regulations, please click on the following link.

http://www.iibf.org.in/documents/pdf/Rules%20and%20regulation%20of%20RP%20exam_20200525.pdf

Special initiatives by the Institute during lock down period.

In view of the lock down, the Institute is in physical shut down. However, its employees continue to work from home and seek to ensure that critical activities are functional. The Institute has invoked its Business Continuity Plans (BCP), nearly 15,000 certificates have been digitally signed and sent, all its publications are released in digital mode etc.

The Institute has also taken the initiative of offering some special online learning courses for the banking and finance professionals. The following have been made available free of cost for a period of 3 months:

- Video lectures of JAIIB (3 subjects), CAIIB (2 subjects), MSME and Business Correspondents.
- E-learning for JAIIB (3 subjects), CAIIB (2 subjects) and Credit Management.

While the video lectures are already available on the YouTube page of the Institute for all, the e-learning will be available free of charge for a period of three months to those who register.

The Institute also organised certain online lecture series on some contemporary topics like Introduction of various type of risks and Basel III guidelines, Basic Derivative products, New developments in Digital technologies and Payment systems and MSME Financing. During the month of June 2020, lecture series on topics like Applied Analytics in the Financial sector; ALM, Liquidity risk, NSFR were organised.

The Institute has seen a good number of registrations and participations in the above special initiatives taken. For more details, please visit www.iibf.org.in.

Bank Quest included in UGC CARE List of Journals

IIBF's Quarterly Journal, Bank Quest has been included in the Group B of UGC CARE list of Journals. The University Grants Commission (UGC) had established a "Cell for Journals Analysis" at the Centre for Publication Ethics (CPE), SavitribaiPhule Pune University (SPPU) to create and maintain the UGC-CARE (UGC – Consortium for Academic and Research Ethics). As per UGC's notice, research publications only from journals indexed in UGC CARE list should be used for all academic purposes.

Self-paced E-learning (SPeL) Courses

The Institute, since April 2019, has introduced Self-paced E-learning courses for two of its certificate courses viz Digital Banking and Ethics in Banking. The objective of self-paced e-learning is to provide a more conducive training environment to professionals employed in the banking & finance sectors. Under this mode, a candidate will have the flexibility to register online for the exam, learn, and take an examination from his/her own place. For more details, please visit <http://www.iibf.org.in/documents/SPeL-notice.pdf>.

Mandatory certification of Business Correspondents

RBI has identified IIBF as the sole certifying agency for certifying the BCs of both SCBs and Payment Banks. The Syllabus for the exam has been revised in consultation with RBI. The Institute has also tied up with CSR – e – Governance for certifying the BCs.

Capacity building in banks

The Institute offers courses in the five key areas of operations identified by RBI i.e. Treasury Management, Risk Management, Accounting, Credit Management, Foreign Exchange. These are blended with an online examination followed by training for those who successfully clear the online examination. The Certificate Course in Foreign Exchange, offered by IIBF in association with FEDAI, will be a mandatory certification for all bank employees who are working or desirous of working in the area of foreign exchange operations, including, treasury operations. Please visit the website www.iibf.org.in for examination registration and more details.

Virtual Classroom Solution

The Institute has acquired a software for conducting training through the Virtual Classroom mode. This will enable the Institute to disseminate training inputs to a larger audience, without diluting quality. Virtual training for Certificate in Risk in Financial Services, Certified Treasury Professional and Accounting & Audit have also been introduced. For more details, please visit our website www.iibf.org.in.

Mock Test facility for Examinations

The Institute is offering mock test facility for three of its specialized courses, viz. Certified Treasury Professional, Certified Credit Professional and Risk in Financial Services, in addition to its flagship courses viz. JAIIB & CAIIB. The mock test can be taken by any bank staff.

Bank Quest Themes for upcoming issues

The theme for the upcoming issues of our quarterly Bank Quest journal are:

April-June 2020 – Strategic Technology Trends in Banks – Sub-themes: Traditional lending to digital flow based lending, Fintech Landscape in India, Cyber Security, Big Data Analytics, Customer Experience

July-September 2020 – NBFCs, Systemic Risk and Interconnectedness amongst Financial Institutions

Cut-off date of guidelines /important developments for examinations

The Institute has a practice of asking some 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:

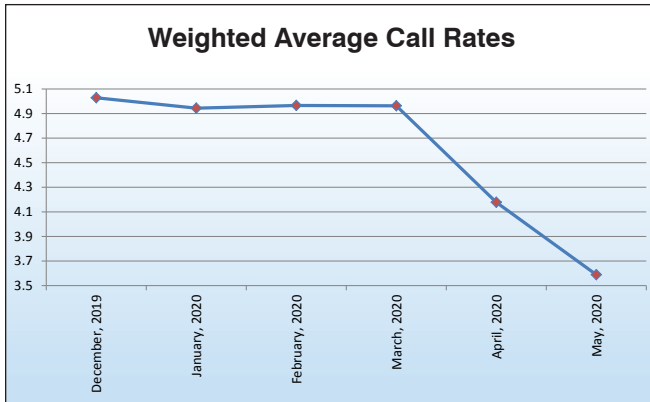
- (i) In respect of the exams to be conducted by the Institute for the period from August/September 2020 to February 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2020 will only be considered for the purpose of inclusion in the question papers.
- (ii) In respect of the exams to be conducted by the Institute for the period from February 2021 to June 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th December, 2020 will only be considered for the purpose of inclusion in the question papers.

Green Initiative

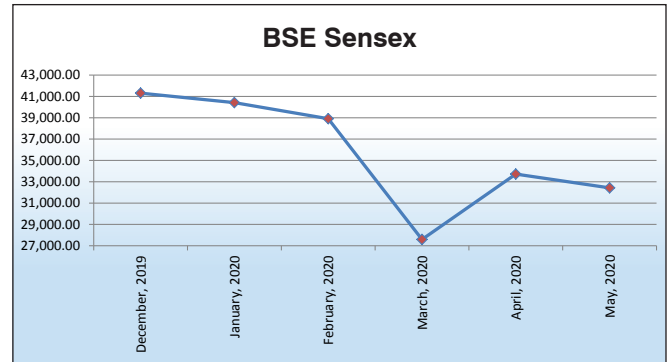
Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

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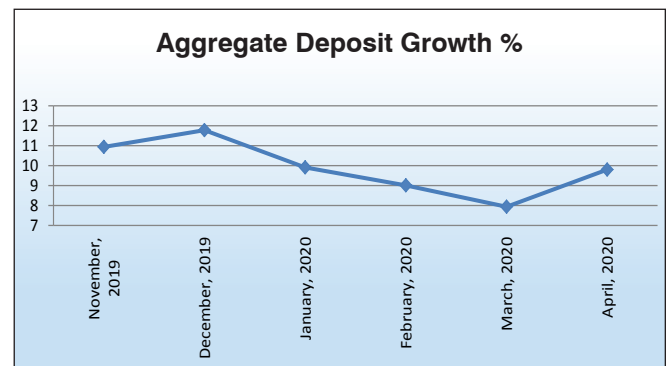
Market Roundup



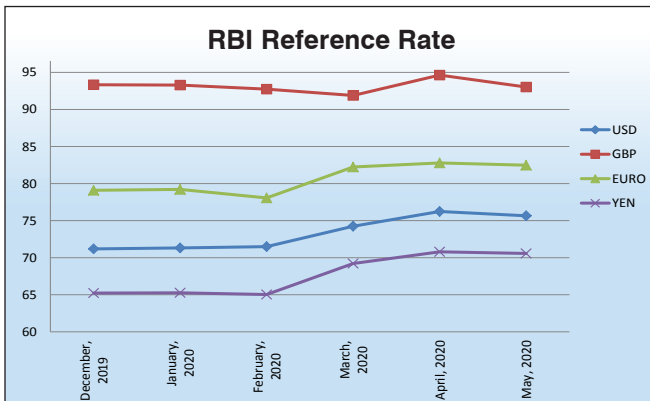
Source: CCIL News Letters - May 2020



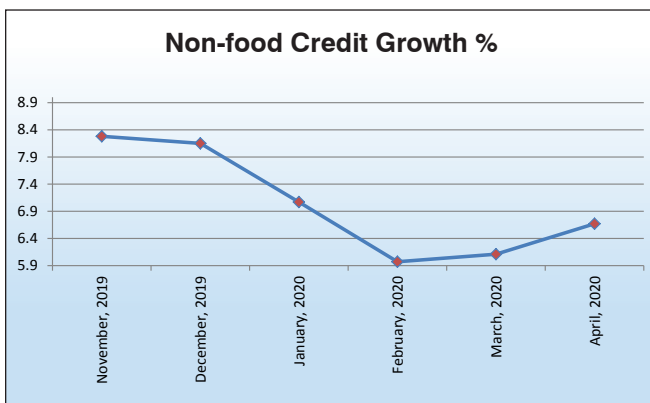
Source: Bombay Stock Exchange



Source: Monthly Review of Economy CCIL, May 2020



Source: FBIL



Source: Monthly Review of Economy, CCIL, May 2020

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