



Committed to professional excellence

IIBF VISION

Volume No. : 13

Issue No. : 7

February 2021

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

Key highlights of the MPC meeting held from February 3-5, 2021

The last bi-monthly monetary policy meeting of the current financial year was held from February 3-5, 2021. The key points of the meeting are as follows:

- Policy repo rate & Reverse policy repo rate remain unchanged at 4% & 3.35% respectively
- Marginal Standing Facility (MSF) Rate and Bank Rate remain unchanged at 4.25%
- Cash Reserve Ratio (CRR) to be restored in two phases from the reporting fortnight beginning March 27, 2021 to 3.5%, and from the reporting fortnight beginning May 22, 2021 to 4.0%
- NBFCs to be included under the TLTRO on-tap scheme for incremental lending to stressed sectors
- MSF facility to banks to be available till September 30, 2021
- To extend dispensation of enhanced held-to-maturity (HTM) category under SLR to 22% up to March 31, 2023
- Banks to be allowed to deduct new credit to MSMEs from their NDTL
- To defer implementation of last tranche of capital conservation buffer and implementation of NSFR by another six months to October 1, 2021

Retail investors get direct access to G-Sec market

The Reserve Bank of India (RBI) has opened up direct access for retail investors to the government securities (G-Sec) markets – a move, which the Governor Shaktikanta Das believes will be a ‘major structural reform to change the dynamics of the bond market in India and perhaps obviate the need to chase foreign investors, by listing Indian bonds in global bond indices.’ The direct access will also help widen the investor base without much compromising on the existing policies on domestic bond investment. Retail investors can directly participate in the primary and secondary market trades through RBI’s e-Kuber system. The modalities for it will be announced soon.

RBI’s academic advisory council for its CoS

The RBI has set up an academic advisory council to advise the full-time director of its College of Supervisors (CoS). The council will need to identify areas that require skill building/up-skilling; plan and develop curricula of all programmes; bring the programmes at par with international standards/best practices; develop appropriate teaching methods and so on. RBI’s former deputy governor N S Vishwanathan will chair the council, whereas RBI’s former executive director Rabi Narayan Mishra will be director of the same.

RBI accredits CRISIL Ratings Ltd. as Eligible Credit Rating Agency (CRA)

Rating company CRISIL has undergone an internal restructuring, as a result of which it has transferred the rating business of CRISIL Ltd. to CRISIL Ratings Ltd. CRISIL Ltd. was accredited for the purpose of risk weighting the banks’ claims for capital adequacy purposes, along with other credit rating agencies registered with the Securities and Exchange Board of India (SEBI). The rating-risk weight mapping for the long term and short-term ratings, and the ratings symbols, assigned by CRISIL Ltd. remain unchanged for CRISIL Ratings Ltd.

Banking Policies

RBI withdraws circulars regarding recovery of excess pension, after contravention of guidelines

After realising that the recovery of excess or wrong pension payments was being made from pensioners in a manner not compliant with the extant guidelines or Court orders, the RBI took cognisance of the issue and decided that w.e.f. January 21, 2021, the three circulars issued by Department of Government, and Bank Accounts, RBI related

to the recovery of excess pension paid by agency banks, stand withdrawn. Agency banks will now seek guidance from respective Pension Sanctioning Authorities regarding what process to follow for recovering any excess pension paid to the pensioners. Where the issue of excess pension payment has arisen due to the bank's mistake, the excess amount will have to be refunded to the Government in lump-sum immediately after detection of the same and without waiting for recovery of any amount from the pensioners.

Banking Developments

RBI operationalises payments infrastructure development fund (PIDF)

The RBI has operationalised the payment infrastructure development fund (PIDF) scheme, intended to subsidise deployment of payment acceptance infrastructure in tier-3 to tier-6 centres, with a special focus on the North-Eastern states. An advisory council (AC), under the chairmanship of RBI deputy governor BP Kanungo, has been constituted for managing the PIDF. The fund will be operational for three years w.e.f. January 1, 2021 with a possibility of being extended for two more years. The PIDF presently has a corpus of Rs 345 crore, with Rs 250 crore contributed by the RBI and Rs 95 crore by the major authorised card networks in the country.

RBI to introduce LEI for large-value transactions in RTGS/NEFT

W.e.f. April 1, 2021, the RBI will be introducing the Legal Entity Identifier (LEI) system for all payment transactions of ₹50 crore and above, undertaken by entities (non-individuals) using the RBI-run Centralised Payment Systems. RBI has asked member banks participating in Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) to advise entities who undertake large value transactions (₹50 crore and above) to obtain LEI in time, if they do not already have one. Member banks should include remitter and beneficiary LEI information in RTGS and NEFT payment messages. Further, they have to maintain records of all transactions of ₹50 crore and above through RTGS and / or NEFT.

RBI to banks: 'Align internal audit function with global best practices'

The RBI has asked banks to align their internal audit function with international best practices, such as those issued by the Basel Committee on Banking Supervision (BCBS). The guidance note lays out the basic approach for Risk Based Internal Audit (RBIA) functions. To bring uniformity in approach followed by banks, as also to align the expectations on internal audit function with the best practices, RBI has advised them certain norms on 'authority, stature and independence', 'competence', 'staff rotation', 'tenor for appointment of head of internal audit', 'reporting line' and 'remuneration'.

Regulator Speaks

RBI committed to take any further measures required to support growth: Shaktikanta Das

The RBI Governor Shaktikanta Das has averred that the apex bank remains committed to take any further measures required to support growth, without compromising on financial stability. Delivering the 39th Palkhivala Memorial Lecture, the governor said that during the pandemic phase, the principal objective was to support economic activity; and, it is evident that RBI's policies have helped in cushioning the severity of the impact of the pandemic on the economy.

The current COVID-19 pandemic related shock will place greater pressure on the balance sheets of banks in terms of NPAs, thus leading to erosion of capital. Building buffers and raising capital by banks – both in the public and private sector – will be crucial, not only to ensure credit flow but also to build resilience in the financial system and maintain financial stability. Financial stability must include not just the stability of the financial system and price stability but also fiscal sustainability and external sector viability.

Emphasising that good governance will have to be supported by effective risk management functions and assurance mechanisms, he said that banks and non-banking finance institutions need to identify risks early, monitor them

closely and manage them effectively. A robust assurance mechanism via internal audit function provides independent evaluation and assurance to the Board that the “operations were performed in accordance with set policies and procedures”.

Economic Wrap Up

The foundational theme of the Economic Survey 2021 is “Saving Lives and Livelihoods”. The Economic survey is an annual document prepared by the Department of Economic Affairs under the guidance of the Chief Economic Adviser. This year’s survey is based on a four pillar strategy of containment, fiscal, financial and long-term structural reforms. A calibrated approach of both demand and supply side policies has been considered while laying down the policy. The survey also emphasized the importance of healthcare sector and its inter-linkages with other sectors. It studied the policy of regulatory forbearance adopted following the Global Financial Crisis to extract important lessons for addressing economic challenges posed by the pandemic. Few key highlights, with specific relevance to the finance sector, are placed below:

- India’s forex reserves at an all-time high of US\$ 586.1 billion as on January 08, 2021, covering about 18 months worth of imports
- India to end with an Annual Current Account Surplus after a period of 17 years. In April-December, 2020, merchandise exports contracted by 15.7% to US\$ 200.8 billion from US\$ 238.3 billion in April-December, 2019. Total merchandise imports declined by (-) 29.1% to US\$ 258.3 billion during April-December, 2020 from US\$ 364.2 billion during the same period last year
- Rupee appreciation/depreciation: In terms of 6-currency nominal effective exchange rate (NEER) (trade-based weights), Rupee depreciated by 4.1% in December 2020 over March 2020; appreciated by 2.9% in terms of real effective exchange rate (REER). In terms of 36-currency NEER (trade-based weights), Rupee depreciated by 2.9% in December 2020 over March 2020; appreciated by 2.2% in terms of REER
- Repo rate cut by 115 bps since March 2020
- Systemic liquidity in FY2020-21 remained in surplus with RBI undertaking various conventional and unconventional measures like Open Market Operations, Long Term Repo Operations, Targeted Long Term Repo Operations
- Gross Non-Performing Assets ratio of Scheduled Commercial Banks decreased from 8.21% at end-March, 2020 to 7.49% at end-September, 2020
- The monetary transmission of lower policy rates to deposit and lending rates improved during FY2020-21
- The recovery rate for the Scheduled Commercial Banks through IBC (since its inception) has been over 45%
- CPI inflation: Averaged 6.6% during April-December, 2020 and stood at 4.6% in December, 2020, mainly driven by rise in food inflation (from 6.7% in 2019-20 to 9.1% during April-December, 2020, owing to build up in vegetable prices). Rural-urban difference in CPI inflation saw a decline in 2020:
- GST Collection – Monthly GST collections have crossed the Rs. 1 lakh crore mark consecutively for the last 3 months, reaching its highest levels in December 2020 ever since the introduction of GST

Forex

Foreign Exchange Reserves		
Item	As on January 29, 2021	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	4306005	590185
1.1 Foreign Currency Assets	3992516	547218
1.2 Gold	264803	36294

1.3 SDRs	11006	1508
1.4 Reserve Position in the IMF	37679	5165

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for February 2021

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.20100	0.21700	0.28200	0.40300	0.53300
GBP	0.00100	0.1	0.1606	0.2215	0.2813
EUR	-0.53000	-0.530	-0.510	-0.470	-0.430
JPY	-0.05250	-0.045	-0.045	-0.038	-0.025
CAD	0.62000	0.516	0.626	0.756	0.883
AUD	0.07600	0.100	0.167	0.320	0.470
CHF	-0.70750	-0.710	-0.674	-0.615	-0.550
DKK	-0.14680	-0.1671	-0.1662	-0.1528	-0.1264
NZD	0.30250	0.335	0.458	0.578	0.703
SEK	-0.05400	-0.031	0.009	0.066	0.130
SGD	0.24900	0.300	0.375	0.478	0.585
HKD	0.27570	0.307	0.349	0.427	0.535
MYR	1.90000	1.900	1.990	2.100	2.200

Source: www.fedai.org.in

Glossary

Legal Entity Identifier (LEI)

A 20-digit number used to uniquely identify parties to financial transactions all around the world, the Legal Entity Identifier (LEI) was conceived after the global financial crisis, as a key measure to improve the quality and accuracy of financial data systems for better risk management. Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the Global Legal Entity Identifier Foundation (GLEIF). In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL), recognised by the RBI as an issuer of LEI under the Payment and Settlement Systems Act, 2007.

Financial Basics

Stop-Loss Limit

A Stop-loss limit indicates an amount of money that a portfolio's single-period market loss should not exceed. Stop-loss limit allows traders to set an exit point for a losing trade. It is a risk management tool which is useful in equity market as well. This is also called "Cut-Loss Limit".

Institute's Training Activities

Training Programmes for the month of February/March 2021		
Programme	Dates	Location
Appraisal & Restructuring of MSME Advances	13 th – 14 th February 2021	Virtual
Program on NPA Management	15 th – 17 th February 2021	Virtual
IT & Cyber Security – Framework, IT Risk Management & Prevention of cyber Crimes	20 th – 21 st February 2021	Virtual
Program on AML/KYC	22 nd - 23 rd February 2021	Virtual

Certified Credit Professional	23 rd – 25 th February 2021	Virtual
Certified Bank Trainer	2 nd – 4 th March 2021	Virtual
Executive Development Program for Women officers of Banks/FLs	8 th March 2021	Virtual
Certified Banking Compliance Professional	9 th – 11 th March 2021	Virtual

News from the Institute

Revised CAIIB elective subjects from May/June 2021 examinations

The number of CAIIB elective subjects being offered by the Institute has been rationalised from 11 subjects to 6 subjects. For the examinations to be conducted from May/June 2021 onwards, the electives viz Retail Banking, Human Resources Management, Information Technology, Central Banking, Rural Banking & Risk Management will be offered. Candidates who have already chosen any one of the 11 elective subjects, that are to be discontinued from the May/June 2021 examination, will have to choose any one the 6 elective subjects as listed above. The candidates, who have passed the discontinued CAIIB elective subjects, shall retain the credit of the passed subject. For more details, please visit our website www.iibf.org.in

11th R K Talwar Memorial Lecture

The 11th R K Talwar Memorial was organised by the Institute on 9th February 2021 at 4.00 pm in the Virtual mode. The lecture was delivered by Dr. Krishnamurthy V Subramanian, Chief Economic Adviser, Government of India. The topic of the lecture was “*India's Covid Response*”. The virtual lecture saw an active participation of more than 300 professionals from varied industries thereby gaining valuable insights into the subject.

Call for Micro and Macro Research proposals 2020-21

The Institute invites micro papers and macro research proposals for the year 2020-21. The topics, on which the micro / macro papers are to be submitted, are listed in the website. The last date for submitting the papers / proposals is **28th February 2021**. For details visit www.iibf.org.in.

Call for Diamond Jubilee Research Fellowship proposals 2020-21

The Institute invites proposals under the Diamond Jubilee Banking Overseas Research Fellowship to undertake a research study on the latest developments in the field of banking and finance in India or abroad. The last date for submitting the research proposal is **28th February 2021**. For details visit www.iibf.org.in

Remote Proctored Examinations

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. Examinations are conducted on second and fourth Saturdays and all Sundays. There is no change in the examination fee. Remote proctoring is done in combination with auto-proctoring and physical remote proctoring processes. Important instructions and FAQs on this mode of examination have been placed on the website of the Institute. For details, please click on the link http://iibf.org.in/exam_related_notice.asp

New course

A certificate on “Resolution of Stressed Assets of Banks, with special emphasis on the Insolvency & Bankruptcy Code 2016” has been introduced by the Institute. The date of the first exam is proposed to be held in April 2021. The course aims to develop among banking professionals and employees an understanding of the Code, enable bankers to better understand the procedure to be followed for resolution of stressed assets and their roles in an insolvency resolution process and strengthen their capacity to discharge their duties and responsibilities, including commercial decisions with utmost care and diligence, in the best interests of all stakeholders.

Introduction of Professional Banker Qualification

The Institute will be introducing a gold level aspirational qualification which will epitomize the pinnacle in learning

and knowledge. This qualification which will be known as “Professional Banker” will be a unique qualification to plug the long-felt skill gap in mid-management levels and will provide cutting edge knowledge to professionals in banking & finance fields. A banker seeking to achieve status of a “Professional Banker” needs to have an experience of five years. The details of the qualification will be announced by the Institute in due course.

Revised Continuous Professional Development (CPD) scheme

The Institute has revised the existing Continuous Professional Development (CPD) scheme, effective 15th September 2020. New courses introduced by the Institute have been included, credits for lectures/seminars/webinars attended have been revised. Such candidates who have scored the required credits under the CPD scheme within a year shall now be given the certificate, subject to validation of the documents submitted. Qualifications acquired from IIBF in the last 9 months, commencing from the date of declaration of result up to date of registration under CPD program, are eligible for credits under the revised scheme. For more details, kindly visit www.iibf.org.in.

Collaboration with Chartered Banker Institute

On 27th June 2017, IIBF had entered into a Mutual Recognition Agreement (MRA) with the Chartered Banker Institute offering a pathway for the Certified Associates of the Indian Institute of Bankers (CAIIB) from India to have their qualifications recognised by the Chartered Banker Institute, and be able to become Chartered Bankers by studying the Chartered Banker Institute’s Professionalism, Ethics & Regulation module, and successfully completing a reflective assignment. Taking forward this MRA, a pathway is now being made available for the Junior Associates of the Indian Institute of Bankers (JAIIB) to also acquire the Chartered Banker Status through the JAIIB Professional Conversion Route. The date of announcing the programme will be decided in consultation with the Chartered Banker Institute and will be announced shortly.

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), Savitribai Phule 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.

Bank Quest Themes for upcoming issues

The themes for the upcoming issue for the quarter January–March 2021 is “Role of financial sector in supporting Atmanirbhar Bharat initiative of GOI”.

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:

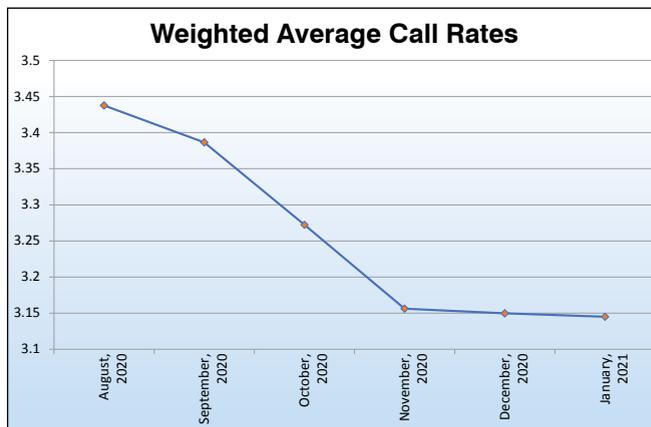
(i) In respect of the exams to be conducted by the Institute for the period from February 2021 to July 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2020 will only be considered for the purpose of inclusion in the question papers. (ii) In respect of the exams to be conducted by the Institute for the period from August 2020 to January 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.

Green Initiative

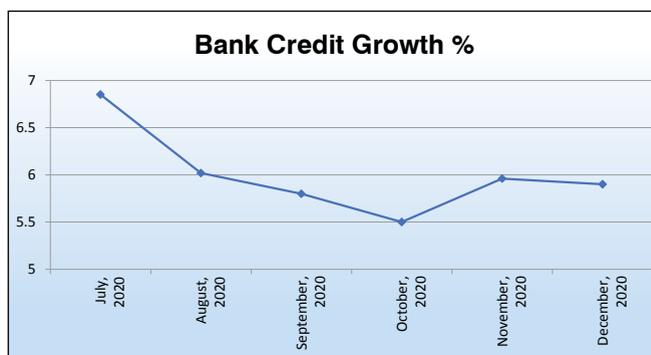
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Market Roundup



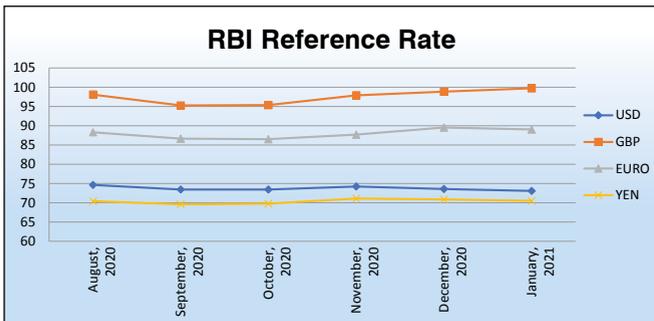
Source: CCIL News Letters – January 2021



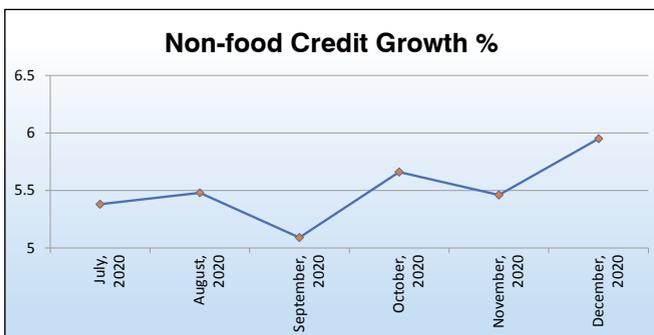
Source: Reserve Bank of India

Printed by Biswa Ketan Das, Published by Biswa Ketan Das, on behalf of Indian Institute of Banking & Finance, and printed at Onlooker Press 16, Sasoon Dock, Colaba, Mumbai - 400 005 and published at Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiroi Road, Kurla (W), Mumbai - 400 070.
Editor : Biswa Ketan Das

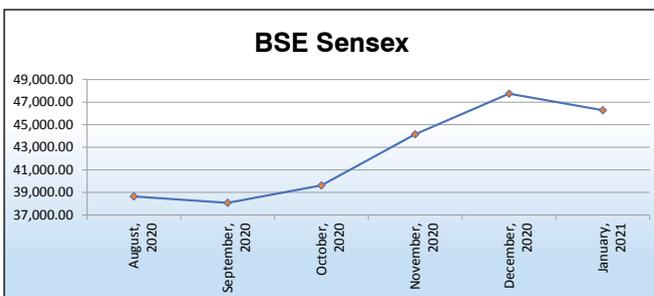
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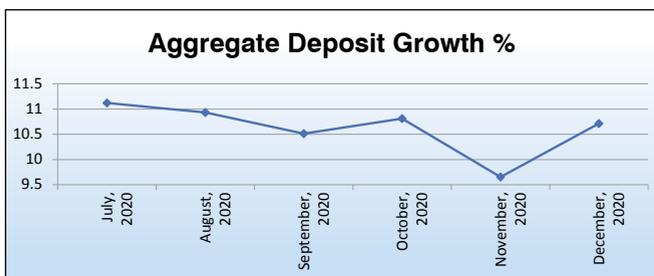
Source: FBIL



Source: Monthly Review of Economy, CCIL, January 2021



Source: Bombay Stock Exchange



Source: Monthly Review of Economy, CCIL, January 2021