



Committed to professional excellence

IIBF VISION

Volume No. : 9

Issue No. : 5

December 2016

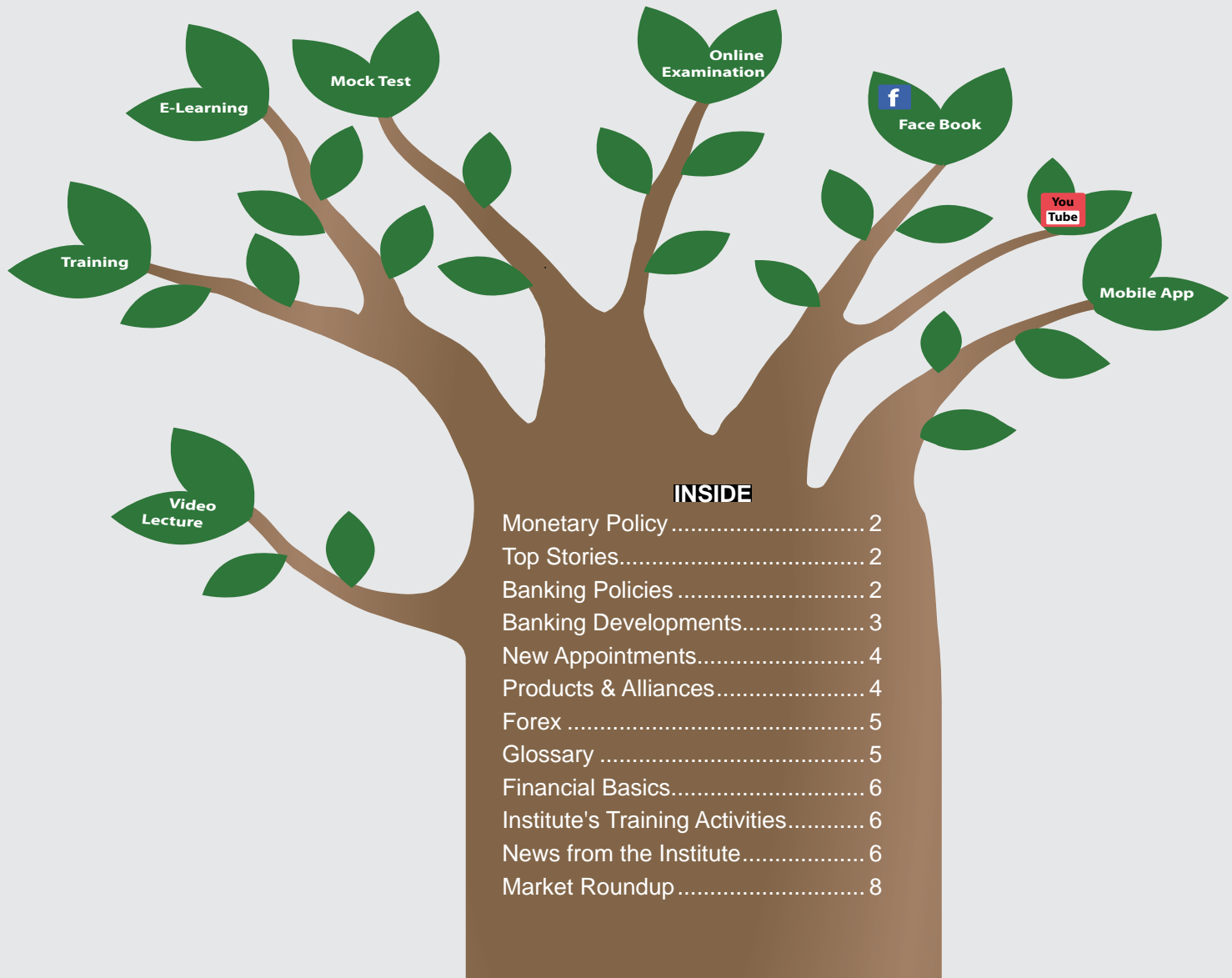
No. of Pages - 8

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.



"The information / news items contained in this publication have appeared in various external sources / media for public use or consumption and are now meant only for members and subscribers. The views expressed and / or events narrated/ stated in the said information / news items are as perceived by the respective sources. IIBF neither holds nor assumes any responsibility for the correctness or adequacy or otherwise of the news items / events or any information whatsoever."

Fifth Bi-monthly Monetary Policy Statement, 2016-17

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) has, under the Liquidity Adjustment Facility (LAF), kept:

- the policy repo rate unchanged at 6.25%.
- the reverse repo rate unchanged at 5.75%,
- the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75%.

TOP STORIES

NPCI waives switching fee for RuPay card transactions

In a bid to encourage electronic payments, the National Payments Corporation of India (NPCI) has waived the switching fee for points of sale (PoS) as well as e-commerce transactions made through RuPay cards, with effect from November 11, 2016 till December 31, 2016. Earlier, the charges were 60 paise to the card-issuing bank and 30 paise to card-accepting bank for Point of Sale (PoS) and e-commerce transactions.

RBI issues new ₹500 and ₹2,000 notes

After scrapping the earlier existing notes of ₹500 and ₹1000, the Reserve Bank of India (RBI) has issued new ₹500 and ₹2,000 currency notes which will be considered as legal tender. The new ₹500 denomination notes has a picture of the Red Fort on the flip side and is known as the 'Mahatma Gandhi New Series of Bank Notes' with the inset letter 'R'. The ₹2,000 note has a photo of Mangalayaan, the Indian satellite orbiting planet Mars.

No ATM charges till December 30, 2016

The Reserve Bank of India has decided that banks shall waive levy of Automated Teller Machine (ATM) charges for all transactions (inclusive of both financial and non-financial transactions) done by savings bank customers at their own banks' ATMs as well as at other banks' ATMs, irrespective of the number of transactions during the month. The above waiver of charges on ATM usage will be effective from November 10, 2016 till December 30, 2016, subject to review.

Banking Policies

RBI on CRR

RBI had earlier directed banks to maintain with the Reserve Bank of India, effective from the fortnight beginning November 26, 2016 an incremental Cash Reserve Ratio (CRR) of 100% on the increase in Net Demand and Time Liabilities (NDTL) between September 16, 2016 and November 11, 2016. As the incremental CRR was a temporary measure, RBI later decided to withdraw the incremental CRR effective from the fortnight beginning December 10, 2016. The liquidity released by the discontinuation of the incremental CRR would be absorbed by a mix of Market Stabilisation Scheme (MSS) issuances and Liquidity Adjustment Facility (LAF) operations.

Banking Developments

2 insolvency regulations issued

The Insolvency and Bankruptcy Board of India (IBBI) has come up with two regulations covering insolvency professional agencies (IPAs) and insolvency professionals. The two regulations on IPA provide for the eligibility norms to be a professional member of an IPA and for eligibility norms to be registered with the IBBI as an IPA. A company registered under Section 8 of the Companies Act, 2013 with a minimum net worth of ₹10 crore would be eligible to be an IPA. The IPA should have membership committee(s), monitoring committee, grievance redressal committee(s), and disciplinary committee(s), for regulation and oversight of professional members.

Hedging mandatory for ECBs: RBI

In a bid to effectively address currency risk at the systemic level, RBI has made it compulsory for borrowers tapping External Commercial Borrowings (ECBs) to cover the principal as well as the coupon through financial hedges. The financial hedge for all exposures on account of ECB should start from the time the day liability is created in the books of the borrower. The designated Authorised Dealer (AD) Category-I bank will have the responsibility of verifying that 100% hedging requirement is complied with. All other aspects of the ECB policy remain unchanged.

RBI overhauls debt restructuring schemes

The Reserve Bank of India has taken various regulatory measures to strengthen the lenders' ability to deal with stressed assets. In view of the need to provide reasonable time to the overseeing committee to review the processes involved in the resolution plan, the Asset classification as on the date of lenders' decision to resolve the account under these guidelines (reference date) will continue for a period of 180 days from this date. One of the significant changes made to the Strategic Debt Restructuring (SDR) scheme is that the new promoter should have acquired at least 26% of the paid-up equity capital of the borrower company and shall be the single largest shareholder of the borrower company.

RBI opens 2nd Banking Ombudsman office

Reserve Bank of India (RBI) has opened a second office of the Banking Ombudsman in New Delhi. This has been done considering the significant increase in banking network during the recent past and the large jurisdiction being covered by the present office of the Banking Ombudsman in the national capital. The first office will have the jurisdiction over Delhi and Jammu & Kashmir whereas the second office will have jurisdiction over Haryana (except Panchkula, Yamuna Nagar and Ambala Districts), Ghaziabad and Gautam Buddha Nagar Districts of Uttar Pradesh.

RBI allows banks to raise funds via Masala Bonds

RBI, after consultation with the government, has allowed Indian banks to raise funds by issuing rupee-denominated bonds overseas (also called Masala Bonds) within the present limit of ₹2,44,323 crore set for foreign investment in corporate bonds. With a view to developing the market for masala bonds overseas, as also providing an additional venue for Indian banks to raise capital/long-term funds, RBI has allowed banks to issue perpetual debt instruments qualifying for inclusion as Additional Tier-1 capital under the extant Basel-III capital regulations. Further, they can also issue long-term rupee-denominated bonds overseas for financing infrastructure and affordable housing.

Airtel launches Payments Bank

Bharati Airtel has become the first to launch its payment bank. The company began its operations in Rajasthan on a pilot basis with banking points at about 10,000 mobile retail outlets across the state to facilitate cashless purchase of goods and services through mobile phones. People can open bank accounts at Airtel retail outlets using e-KYC through their Aadhaar cards, and earn an interest of 7.25% on their deposits.

SEBI tightens rules for CRAs

With a view to strengthen the functioning of Credit Rating Agencies (CRAs) and to harmonise the best practices in the industry, Securities and Exchange Board of India (SEBI) constituted a committee on “Strengthening the Guidelines and Raising Industry Standards for CRAs”, which included representatives from all the CRAs. With a view to implementing the recommendations of the said Committee, SEBI has issued circular stating that CRAs have to mandatorily review the instrument, on an ongoing basis throughout the instrument’s lifetime, on the basis of best available information, even in case of non-cooperation by the issuer.

New Appointments

Name	Designation/Organisation
Mr. M. Rajeshwar Rao	Executive Director, RBI.
Mr. G. Mahalingam	Whole-time Member, SEBI.



Products & Alliances

Organisation	Organisation tied up with	Purpose
YES Bank	Gujarat State Road Transport Corporation (GSRTC)	To digitize payments for booking of bus tickets.
State Bank of India	INOX Leisure	To allow customers to withdraw cash up to ₹2,000 by using debit cards.
RBL Bank	Oxigen	To deploy 25 of its SuperPoS Micro ATMs on mobile vans to ease cash flow problems.
State Bank of India, Punjab National Bank & Andhra Bank	Ola	To put up mobile ATMs in its cabs to support citizens by reducing the effort of going to a bank.

Forex

Benchmark Rates for FCNR(B) Deposits applicable for the month of December, 2016					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.10660	1.31770	1.50800	1.66100	1.78900
GBP	0.45160	0.6544	0.7488	0.8456	0.9363
EUR	-0.17000	-0.167	-0.088	-0.023	0.080
JPY	0.02630	0.040	0.050	0.065	0.083
CAD	1.10000	1.014	1.122	1.219	1.309
AUD	1.82700	1.930	2.070	2.410	2.520
CHF	-0.68000	-0.668	-0.585	-0.488	-0.381
DKK	0.01210	0.0542	0.1385	0.2195	0.3330
NZD	2.14770	2.313	2.495	2.663	2.813
SEK	-0.52500	-0.417	-0.248	-0.043	0.177
SGD	1.31000	1.595	1.845	2.038	2.180
HKD	0.97000	1.240	1.450	1.620	1.770
MYR	3.61000	3.670	3.740	3.810	3.880

Source: www.fedai.org.in

Foreign Exchange Reserves		
Item	As on November 25, 2016	
	₹ Bn.	US\$ Mn.
Total Reserves	24,941.1	3,65,305.9
(a) Foreign Currency Assets	23,316.0	3,41,089.3
(b) Gold	1,367.9	20,460.8
(c) SDRs	98.7	1,442.0
(d) Reserve Position in the IMF	158.5	2,313.8

Source: Reserve Bank of India (RBI)

Glossary

RuPay Card

RuPay, a card payment scheme launched by the National Payments Corporation of India (NPCI), offers a domestic, open-loop, multilateral system which allows all Indian banks and financial institutions in India to participate in electronic payments. "RuPay" is the coinage of two terms Rupee and Payment. The RuPay Visual Identity is a modern and dynamic unit. The orange and green arrows indicate a nation on the move and a service that matches its pace. The color blue stands for the feeling of tranquility and the bold and unique typeface grants solidity and symbolizes a stable entity.

Financial Basics

Loss Asset

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

Institute's Training Activities

Training Programmes for the month of January, 2017

Sr. No.	Name of the Programme	Date	Location
1.	Post Examination Class Room Learning for Certified Credit Officer	11.01.17 to 15.01.17	Mumbai
2.	Post Examination Class Room Learning for Certified Credit Officer	16.01.17 to 20.01.17	New Delhi

News from the Institute

Important Announcement for candidates appearing for JAIIB / DB&F / CAIIB Examinations - November/ December 2016

The Institute has decided to postpone the JAIIB, DB&F and CAIIB Examinations scheduled to be held in the month of November/December 2016. Diploma and Certificate Examinations scheduled to be held in the month of January 2017 will be conducted as per the schedule. For the details & fresh dates for these examinations, kindly visit www.iibf.org.in.

6th International Training Programme

The institute is organising 6th International Training Programme for Trainers of Banks, Banking Institutes and Financial Institutions from 13th to 18th February 2017 at Leadership Centre, Indian Institute of Banking and Finance, Corporate Office, Mumbai. For details visit www.iibf.org.in.

33rd Sir Purshottamdas Thakurdas Memorial Lecture (PTML)

33rd Sir Purshottamdas Thakurdas Memorial Lecture (PTML) was delivered by Mr. R. Gandhi, Deputy Governor, Reserve Bank of India, on 24th November 2016 at Bank of India Auditorium, Bandra-Kurla Complex, Mumbai 400051, on "Pioneering Best Practices in Banking: India's Record". The speech can be viewed from the institute's Youtube channel by clicking on the Youtube logo in the website www.iibf.org.in

GM-HR Meet

The Institute organised a meeting of HR and Training Heads of Banks/Financial Institutions jointly with NIBM and IDRBT at Mumbai. The meeting was held on Friday, 9th December 2016, at our Leadership Centre, Kohinoor City, Commercial – II, Tower – I, 3rd Floor, Kirol Road, Off. L.B.S. Marg, Kurla (West), Mumbai-400070. Suggestions and views quoted given by the bankers have been noted for review and implementation, wherever feasible.

Call for Micro/Macro Proposals

The institute invites Micro Papers & Macro Proposals for the year 2016-17. The last date of submitting the papers / proposals is 31st January 2017. For details visit www.iibf.org.in.

Acceptance of Subscription in Online Mode for Bank Quest and IIBF Vision

The Institute has decided to collect subscription for Bank Quest and IIBF Vision in online mode through SBI Collect and discontinue accepting subscription through Demand Draft with effect from 1st July 2016. Subscription will be accepted only for one year. Third party payment would not be accepted. Domestic Subscribers/Organisations are requested to pay subscription directly through online mode. There is no change in mode of application of subscription for foreign subscribers. Foreign subscribers may write to Publication Department at publications@iibf.org.in for application form. Domestic Subscribers/Organisations for payment of subscription in online mode may kindly visit "Online Registration/Services" page on IIBF's website: www.iibf.org.in

The new rate of service tax

The Ministry of Finance, Department of Revenue has notified levying of 0.5% Krishi Kalyan Cess, on any or all the taxable Services w.e.f. 01st June 2016. The effective rate of Service Tax would be 14% + 0.5% (Swachh Bahart Cess) + 0.5% (Krishi Kalyan Cess) = 15.00%. Accordingly, the Institute has incorporated the change in all fees.

Bank Quest Themes for next issues

The themes for next issues of "Bank Quest" are identified as:

- October-December, 2016: Digital Banking
- January-March, 2017: Business Analytics
- April-June, 2017: Challenges in Infrastructure financing

KYC/AML & Customer Service Examination

The Institute is holding the Certificate Examinations in AML/KYC & Customer Service Examinations on a quarterly interval from April 2016 onwards. For details visit www.iibf.org.in

Cut-off date of guidelines /important developments for examinations

In respect of the exams to be conducted by the Institute during May/June of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December of the previous year will only be considered for the purpose of inclusion in the question papers.

In respect of the exams to be conducted by the Institute during November / December of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June of that year will only be considered for the purpose of inclusion in the question papers.

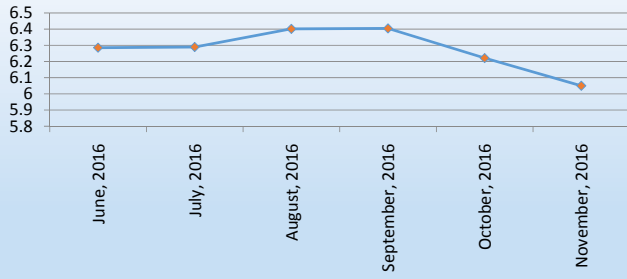
Green Initiative

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

• Registered with Registrar of Newspapers Under RNI No. : 69228/1998

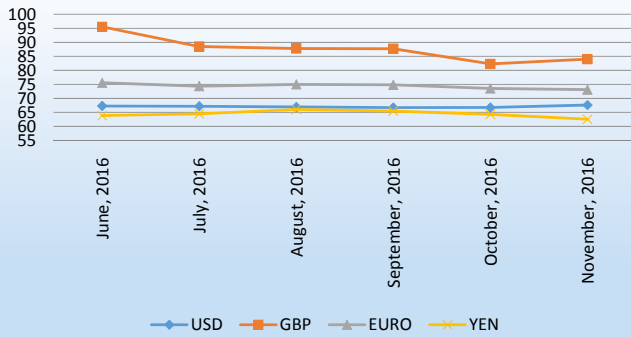
Market Roundup

Weighted Average Call Rates



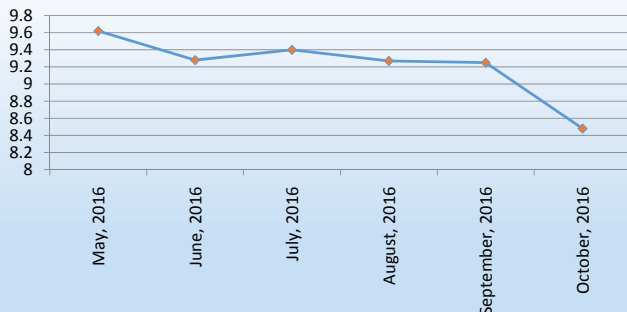
Source: CCIL Newsletters, 2016

RBI Reference Rate



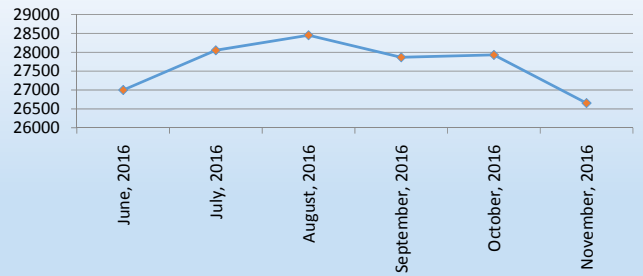
Source: Reserve Bank of India (RBI)

Non-food Credit Growth %



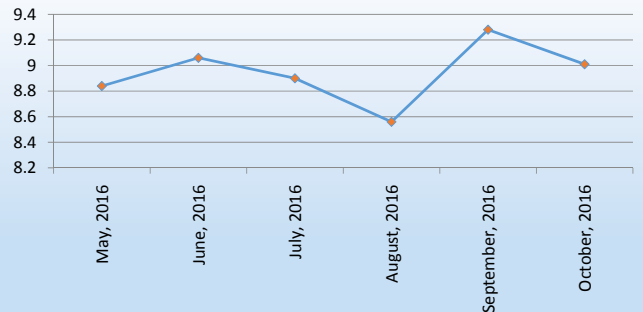
Source: Monthly Review of Economy, CCIL, November 2016

BSE Sensex



Source: Bombay Stock Exchange (BSE)

Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, November 2016

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

INDIAN INSTITUTE OF BANKING & FINANCE

Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.

Tel. : 91-22-2503 9604 / 9746/9907 • Fax : 91-22-2503 7332

E-mail : admin@iibf.org.in

Website : www.iibf.org.in