



Committed to professional excellence

# IIBF VISION

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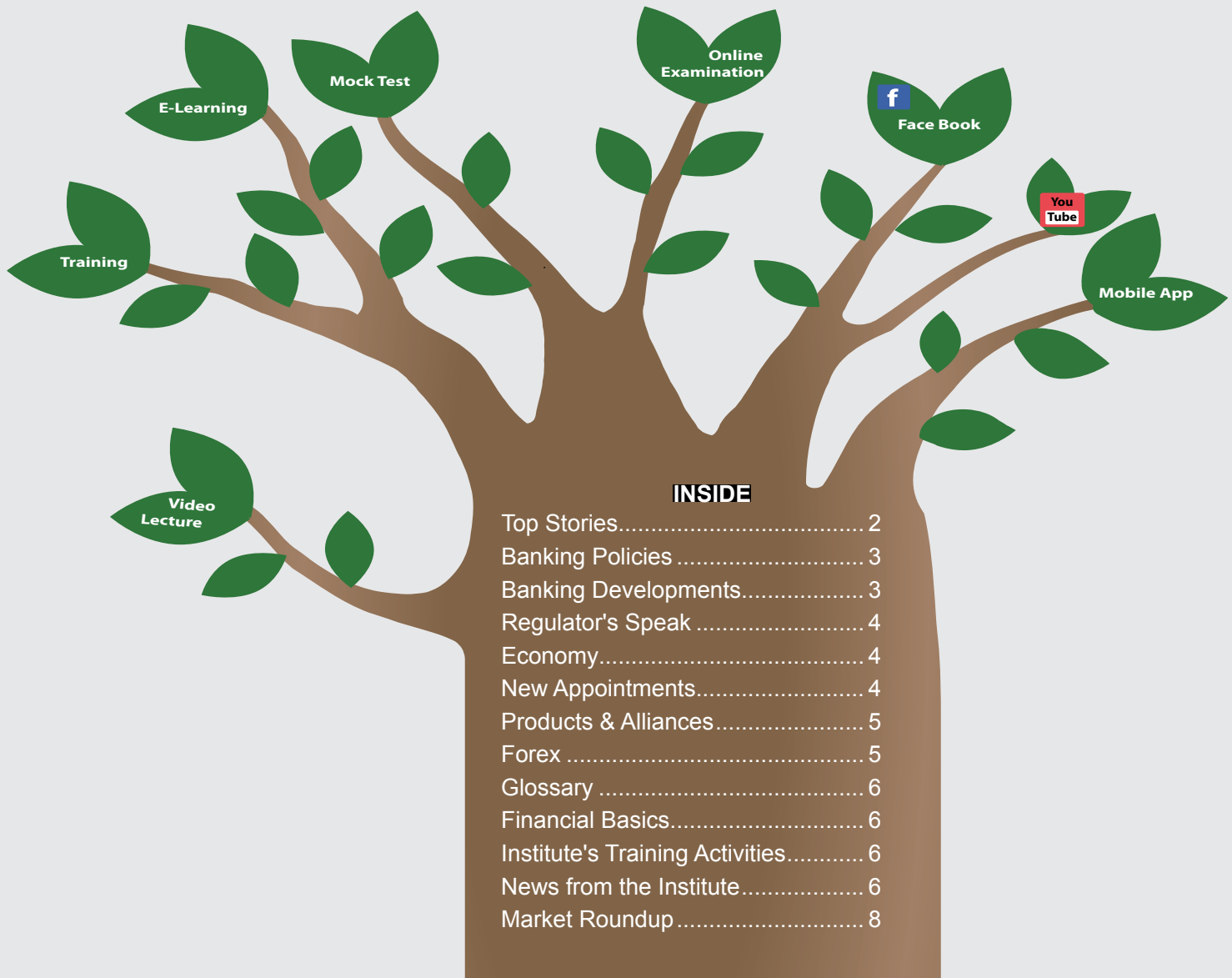
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## VISION

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

### **MPC approves rate cut**

The newly appointed Monetary Policy Committee (MPC) has cut the policy rates (rate at which banks borrow from RBI) from 6.5% to 6.25%, at the beginning of the busy season of October-March. The previous cut came in early April, from 6.75% to 6.50%.

### **BRICS to set up credit rating agency**

The BRICS nations have agreed to set up an independent rating agency based on market-oriented principles, to further strengthen global governance and financial architecture. The idea is to collate the shared vision of the nations to have an agency based on fairness and equity.

### **Foreign VCs can invest in unlisted firms sans RBI nod**

Foreign venture capital (VC) entities can now invest in unlisted Indian companies without RBI's approval, as long as they are registered with SEBI. Investment can be made in any start-up or in an Indian company in 10 specific sectors including biotechnology, IT, nanotechnology, seed research & development, discovery of new chemical entities in pharmaceutical sector, dairy industry, poultry industry, production of bio-fuels, hotel-cum-convention centres with over 3,000 seating capacity, and infrastructure sector.

### **RBI allows 100% FDI in regulated financial services**

RBI has widened the scope for overseas investment into India by further liberalizing the foreign direct investment (FDI) rules, even as it braces for a possible \$26-billion outflow on account of FCNR-B deposit (foreign currency non-resident-bank) maturities. RBI has allowed 100% foreign investment through the automatic route in regulated financial services companies other than banks or insurance companies, and simplified rules for easier entry of venture capital funds into start-up ventures. It has also eased external commercial borrowing (ECB) regulations.

### **Tranche of sovereign gold bonds**

The Government announced a new tranche of sovereign gold bonds (SGB) to be issued by banks. These are denominated in multiples of gram(s) of gold with a basic unit of 1 gram. The interest rate on the SGB issue was pegged at 2.5% p.a., 25 bps lower than the 2.75% paid in the previous tranche in September. Applications for the bonds were accepted between October 24 and November 2. The bonds were available for subscription at designated banks, Stock Holding Corporation, post offices, NSE and BSE. The subscriptions were restricted to resident Indian entities including individuals, HUFs, trusts, universities and charitable institutions. The price of bonds will be fixed in rupees on the basis of simple average of closing price of gold of 999 purity, published by the India Bullion and Jewellers Association for the week preceding the subscription period. The issue price of the gold bonds will be ₹50 per gram less than the nominal value. The SGB aims to reduce demand for physical gold (including through imports), and simultaneously reduce India's current account deficit (CAD).

## Banking Policies

### RBI issues ECB guidelines for start-ups

Guidelines issued by RBI for start-ups to access loans under the ECB framework have specified that start-ups can borrow up to \$3 million or equivalent per financial year – either in rupees, or any convertible foreign currency or both combined – for a minimum average maturity period of three years. An entity should be recognized as a start-up by the Central Government as on the date of raising ECB. The lender/investor in the ECB should be a resident of a country which is either a member of the Financial Action Task Force (FATF) or a member of a FATF-style regional body, and should not be from a country identified in the public statement of the FATF as one not having enough jurisdiction to combat money laundering and financing of terrorism. Overseas branches/subsidiaries of Indian banks and overseas WOS/joint venture of an Indian company will not be considered as recognized lenders under this framework. The borrowing can be in the form of loans, non-convertible or partially convertible preference shares. Conversion into equity is freely permitted, subject to regulations applicable for foreign investment in start-ups.

### RBI eases SLR norms for banks

RBI has notified that banks can consider the statutory liquidity ratio-eligible (SLR-eligible) securities acquired from RBI itself under the Liquidity Adjustment Facility (LAF), while computing their SLR maintenance, effective October 3.

### RBI to Banks: Apply risk weights to HFC exposures

RBI has notified banks that, exposures to all HFCs would be risk-weighted according to the ratings of rating agencies as in the case of corporates, AFCs, NBFC-IFCs and NBFC-IDFs as prescribed under Basel III Capital Regulations.

### Gold Bonds can be used as collateral against loans

The RBI has clarified that sovereign gold bonds are government securities (G-Secs) issued under Section 3 of the Government Securities Act and can therefore create a pledge, hypothecation or lien against the security or may be used as collateral security for any loan.

## Banking Developments

### RBI issues guidelines for small and payments banks

RBI has issued separate operating guidelines for payments banks and small finance banks in view of their differentiated nature of business and focus on financial inclusion. Accordingly, the new norms for both types of banks include:

Minimum capital: 15%

Common equity tier: 1-6%

Additional tier: 1-1.5%

Minimum Tier – 1 & Tier-2 capital: 7.5% each

Capital Conservation Buffer: 7.5%

### **BBB can help banks raise capital, develop strategies**

Besides selecting candidates for banks, the Banks Board Bureau (BBB) will now also help them raise capital and develop business strategies. Further, the BBB will also advise the government on extension of tenure or termination of services of the board of directors in PSBs and financial institutions.

## **Regulator's Speak**

### **SEBI issues disclosure norms for InvITs raising public money**

Providing more clarity to the framework of Infrastructure Investment Trusts (InvITs), SEBI has published disclosures that the InvITs need to make before raising public money. These include details on finances, related-party transactions and past market performance. InvITs are meant to raise money from the public for private infrastructure projects, similar to a mutual fund. The offer document shall contain financial information for a period of last three completed financial years immediately preceding the date of offer, including balance sheets, cash flows and profit and loss statements. Also, the InvIT sponsor will have to disclose commitments, contingent liabilities, and earnings per unit, total debt, net worth, and debt-to-equity ratios before and after completions of issue on related party transactions. The details of the related party and its relationship with the InvIT, the nature of the transaction, the value of the transaction and the summary of the valuation report should be attached. The documents must also contain a history of debt payment and the management's analysis of the statements. Every InvIT/ Investment Manager shall define net distributable cash flows for itself and the statement of total returns at fair value.

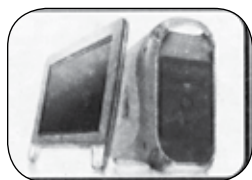
## **Economy**

### **IMF retains GDP forecast of 7.6% for India**

In its World Economic Outlook, the IMF has predicted that India's Gross Domestic Product (GDP) will continue to expand at the fastest pace among major economies, with growth forecast at 7.6% in 2016-17, supported by expectations of a rebound in agriculture, civil service pay reforms supporting consumption, increasingly positive contributions from export and recovery of private investment in the medium term.

## **New Appointments**

<b>Name</b>	<b>Designation/Organisation</b>
Mr. Pervez Ahmad	Appointed as Chairman-cum-Chief Executive Officer of Jammu and Kashmir Bank
Mr. R. Subramania Kumar	Appointed as Executive Director of Indian Overseas Bank
Mr. Rajeev Rishi	Elected as Chairman of the Indian Banks' Association (IBA) for the term 2016-17



## Products & Alliances

Organisation	Organisation tied up with	Purpose
Amazon	YES Bank	For providing comprehensive financial solutions
Standard Chartered Bank	Uber	For providing credit cardholders, across six countries a cash-back of up to 25% for hailing cabs from the Uber app
ICICI Bank	Emirates NBD	To execute a few transactions in international trade finance and remittance using block-chain technology

## Forex

Benchmark Rates for FCNR(B) Deposits applicable for the month of October, 2016					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.01540	1.11670	1.20000	1.27200	1.35710
GBP	0.45290	0.6414	0.7139	0.7935	0.8685
EUR	-0.17300	-0.157	-0.098	-0.048	0.024
JPY	0.01130	-0.013	-0.018	-0.015	-0.005
CAD	1.03000	0.948	0.997	1.049	1.100
AUD	1.78800	1.820	1.900	2.170	2.230
CHF	-0.62500	-0.626	-0.588	-0.526	-0.472
DKK	0.00250	0.0460	0.1120	0.1980	0.2715
NZD	2.12520	2.195	2.290	2.386	2.481
SEK	-0.52100	-0.458	-0.336	-0.172	0.006
SGD	1.20000	1.400	1.550	1.670	1.780
HKD	0.91000	1.030	1.180	1.290	1.380
MYR	3.37000	3.370	3.430	3.500	3.570

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

### Worldline launches prepaid currency card for Bank of Bhutan

European payment & transactional services leader Worldline [Euronext: WLN] has expanded to Bhutan by launching a prepaid currency/travel card for Bank of Bhutan (BOB). The card will be available to citizens of Bhutan in INR currency. It is the first prepaid card launched by BOB and licensed by the Royal Monetary Authority of Bhutan (RMA).

Foreign Exchange Reserves		
Item	As on October 28, 2016	
	₹ Bn.	US\$ Mn.
Total Reserves	24,472.1	3,67,157.1
1.1 Foreign Currency Assets	22,790.7	3,41,944.6
1.2 Gold	1,426.9	21,406.3
1.3 SDRs	97.7	1,461.6
1.4 Reserve Position in the IMF	156.8	2,344.6

Source: Reserve Bank of India (RBI)

## Glossary

### Banks Board Bureau (BBB)

Banks Board Bureau is an autonomous body set up by the Government of India to improve the governance of public sector banks, recommend selection of chiefs of government owned banks and financial institutions and to help banks in developing strategies and capital raising plans.

## Financial Basics

**Unified Payments Interface (UPI)** is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.

## Institute’s Training Activities

### Training Programmes for the month of December, 2016

Sr. No.	Name of the Programme	Date	Location
1.	Recovery Management	5th to 7th	Mumbai
2.	Marketing Strategy for Low Cost Deposit	14th to 15th	Mumbai

## News from the Institute

### 33rd Sir Purshottamdas Thakurdas Memorial Lecture (PTML)

Mr. R. Gandhi, Deputy Governor, Reserve Bank of India, has kindly consented to deliver the 33rd PTM Lecture on 24th November 2016 at Bank of India Auditorium, Bandra-Kurla Complex, Mumbai 400 051 at 5.00p.m on “Pioneering Best Practices in Banking: India’s Record”.

### GM-HR meet

The Institute is organising a meeting of HR and Training Heads of Banks/Financial Institutions jointly with NIBM and IDRBT at Mumbai. The meeting is scheduled to be held on Friday, 9th December 2016 from 10.30am

to 5.30pm, at our Leadership Centre, Kohinoor City, Commercial – II, Tower – I, 3rd Floor, Kirol Road, Off. L.B.S. Marg, Kurla (West), Mumbai- 400070.

### **Contact classes for CAIIB at Chennai, Bangalore, Mangalore & Hyderabad**

Indian Institute of Banking & Finance, Chennai will be conducting Contact Classes for CAIIB at Chennai, Bangalore, Mangalore & Hyderabad. For details visit [www.iibf.org.in](http://www.iibf.org.in)

### **90 Hours Preparatory Classes For JAIIB/DB&F and CAIIB November/December 2016, Professional Development Centres – Northern Zone, Eastern Zone & South Zone**

Professional Development Centres – Northern Zone, Eastern Zone & South Zone will be commencing 90 Hours Preparatory Classes for JAIIB/DB&F and CAIIB for November/December 2016 Examinations. For details visit [www.iibf.org.in](http://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](mailto: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](http://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](http://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.

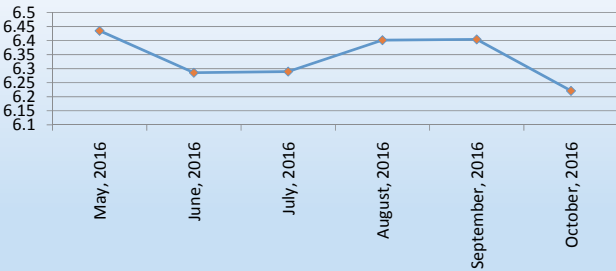
### **Green Initiative**

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

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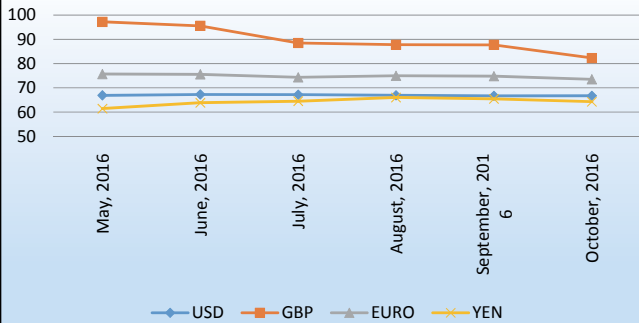
# Market Roundup

## Weighted Average Call Rates



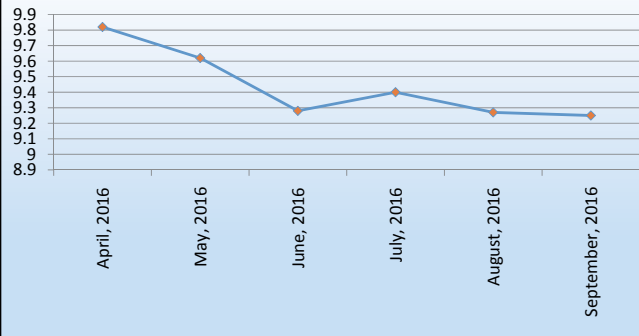
Source: CCIL Newsletters, 2016

## RBI Reference Rate



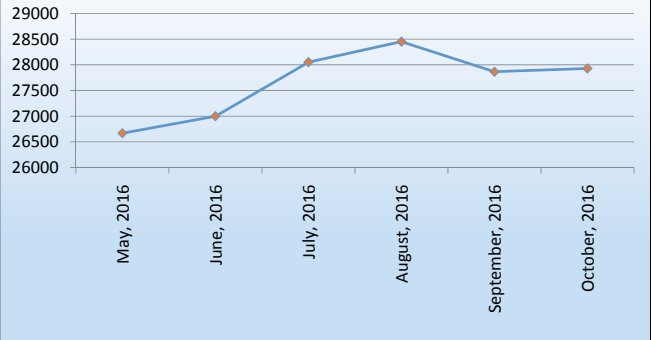
Source: Reserve Bank of India (RBI)

## Non-food Credit Growth %



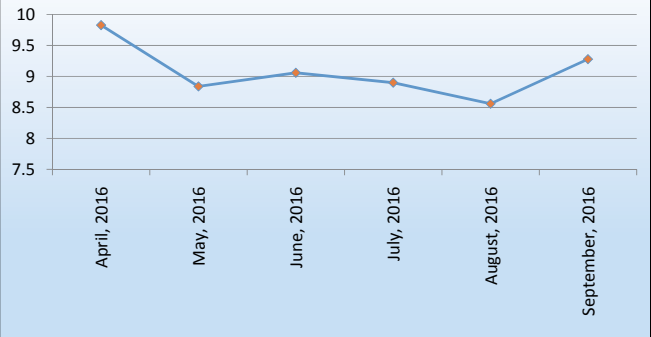
Source: Monthly Review of Economy, CCIL, October 2016

## BSE Sensex



Source: Bombay Stock Exchange (BSE)

## Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, October 2016

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