



Committed to professional excellence

IIBF VISION

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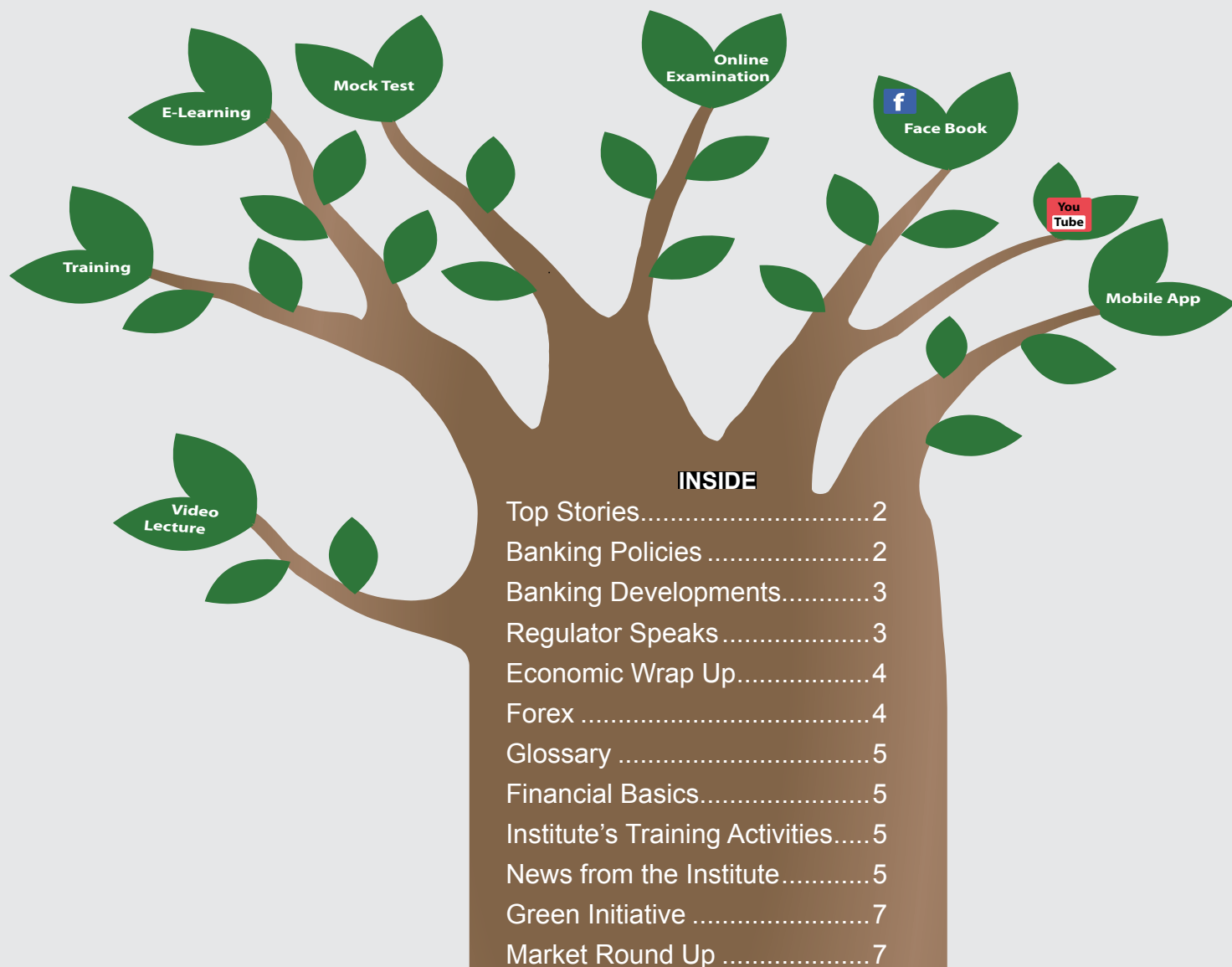
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VISION

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 MPC

The 3rd Monetary Policy Committee (MPC) for the FY2021-22 was held from August 4 – August 6, 2021. The key highlights of the MPC are:

- Repo rate and reverse repo rate maintained at 4% and 3.35% respectively.
- MSF and Bank Rate retained at 4.25%
- MSF Funds availed by reducing the SLR extended upto 31st December 2021
- CPI Inflation forecast raised to 5.7% for FY22
- FY22 Real GDP growth forecast retained at 9.5%.
- On-tap TLTRO scheme extended till 31st December, 2021

MSME definition made inclusive of wholesalers and retailers

With a view to strengthen MSMEs and allow more vendors to benefit from priority sector lending (PSL), the definition of MSMEs has been modified to include retailers and wholesaler traders. Prior to this change, MSMEs would include only manufacturing and service enterprises.

Exporters receive helping hand via extension of interest equalisation scheme

W.e.f. July 1, 2021, the validity of the interest equalisation scheme for export credit has been extended by three months to September 30, 2021. The scheme permits an interest subsidy of 3% on pre-and-post-shipment rupee credit to manufacturing and merchant exporters for export of 416 products. This action has been taken by the Reserve Bank of India (RBI) to lend a helping hand to exporters struggling to stay afloat in the wake of COVID's second wave.

Timeline for implementation of lockable cassettes swaps extended by RBI

In the recent past, the RBI had decided to abolish the system of swapping lockable cassettes while replenishing cash at ATMs. However, considering the difficulties being faced by banks in implementing the new system in current circumstances, RBI has extended the timeline of allowing the usage of lockable cassettes till 31st March 2022. Originally, the RBI had planned to make this change at at-least 1/3rd of the ATMs every year from 2018 onwards, so as to complete the process by 31st March 2021.

Banking Policies

Uniform price auction method announced for certain benchmark securities

Recently, the RBI reviewed the government's market borrowing programme, along with prevailing market conditions. Pursuant to the review, RBI has decided to use the uniform price auction method for issuing benchmark securities of 2-year, 3-year, 5-year, 10-year, 14-year tenors and Floating Rate Bonds (FRBs). Other benchmark securities i.e., of 30-year and 40-year tenor, will continue to be issued via multiple price-based auction.

Overdue or unclaimed FDs will earn lower interest rates for depositors

The RBI has amended section 9(b) of the Master Direction-Reserve Bank of India, according to which overdue or unclaimed FDs will earn their depositors a lower interest rate. The rate applicable shall be the savings account rate or the contracted FD rate on the matured deposit, whichever is lower.

**RBI to banks: Shift to alternative reference rates**

RBI has advised all banks and financial institutions, as well as their customers, to discontinue all their financial contracts which base their reference on LIBOR, by December 31, 2021. Instead, the apex bank is encouraging banks to use Alternative Reference Rates (ARR) to help make the transition smooth and safe.

RBI to banks: Issue mandatory leave for employees on sensitive postings

In a surprising addition to one of its circulars, the RBI asked banks to send their employees posted in sensitive areas of operations or postings (for e.g., currency chests, treasury etc.) on compulsory leave. The leaves were directed to be issued without prior intimation. Also, while on such leaves, the employees would get no access to any physical or virtual work-related resources. The directives are a part of the supervisory process to be followed by all banks and has to be complied within a period 6 months.

Banks get wider berth to sanction personal loans to directors of other banks

Changing the earlier limit of Rs. 25 lakhs, the RBI has now allowed banks to sanction personal loans of up to Rs 5 crore to directors of other banks, without taking their boards' approval. However, loans and advances worth Rs 5 crore and above, unless sanctioned by the bank's Board of Directors or Management committee, should not be given by a bank to any relative other than spouse and minor/ dependent children of their own Chairmen/Managing Directors or other directors.

Banking Developments

RBI's Retail Direct Scheme aims to bring individual investors into G-Secs

As part of its continual efforts to enhance retail engagement in government securities (G-Secs), in February 2021, the apex bank launched the 'RBI Retail Direct facility' - a one-stop solution for retail investors interested in G-Secs.

The scheme, whose commencement date is yet to be announced, will provide ease of access to retail investors by giving them online access to the primary and secondary G-Sec market, along with the facility to open their gilt securities account with the RBI. Retail investors can open a Retail Direct Gilt (RDG) account and maintain it at free of cost with the RBI, via a dedicated online portal. The online portal will allow registered investors access to primary issuance of G-Secs, as well as NDS-OM.

CPS widens its reach; opens RTGS, NEFT for non-banks

The Centralised Payment System (CPS) has widened its reach to allow Prepaid Payment Instrument (PPI) issuers, card networks, and white label ATM operators to participate via RTGS and NEFT in the first phase. The inclusion is aimed to reduce the overall risks that threaten the payment ecosystem, and also reduce the time taken to complete a payment process.

Banks approve seven CRAs to align deposit-taking norms of HFCs and NBFCs

Seven CRAs viz. Crisil, ICRA, CARE Ratings, Fitch Ratings India Pvt Ltd, Brickwork Ratings, Acuite Ratings & Research, and Infomerics Valuation and Rating, have been approved by banks in order to align the provisions for HFCs (Housing Finance Companies) with those of NBFCs. They are supported by their respective minimum investment-grade credit ratings. These ratings will help categorise deposits based on risks.

Regulator Speaks

RBI Governor avows prioritising financial inclusion for economic growth

Speaking at the recently-concluded ET Financial Inclusion Summit 2021, RBI Governor Shri Shaktikanta Das highlighted India's progress in financial inclusion so far, and the possible post-pandemic future scenario by pertaining to vulnerable segments of economy and population, along with giving attention to consumer protection. He also spoke about measures taken by RBI to cushion the impact of Covid-19 related disruptions which include lowering

of policy rates, launching liquidity schemes, and channelising liquidity via all-India financial institutions to resolve stressed loans of individuals and MSMEs. Further, RBI and the Payment Infrastructure Development Fund (PIDF), are working to provide impetus for developing payment acceptance infrastructure in Tier-3 & 4 cities and north-eastern states.

RBI exploring pros & cons of introducing CBDC

Shri T Rabi Shankar, Deputy Governor of the RBI, has stated that the Central Bank has been exploring the pros and cons of introducing Central Bank Digital Currency (CBDC) for some time now, and may possibly conduct pilots for the same in near future. The Deputy Governor has said that RBI will consider the possibility of launching general-purpose CBDCs after studying the impact of these models. Alongside, he also cautioned against risks associated with the digital currency and enabling legal framework since the current legal provisions have been made considering currency in paper form under the RBI Act, 1934.

Economic Wrap Up

Performance of some of the key economic indicators are highlighted below:

- As per the preliminary data of Ministry of Commerce and Industry, merchandise exports of July 2021 showed an impressive increase of 47.19% over July 2020 exports
- The combined Index of Eight Core Industries released by the Office of Economic Adviser, Department for Promotion of Industry and Internal Trade stood at 126.6 in June 2021 – an increase of 8.9% as compared to the Index of June 2020.
- Following a decline in food and fuel inflation, Wholesale Inflation eased to 12.07% in June, after a period of six months
- GST revenues for July 2021 are 33% higher than the GST revenues in July 2020. This year the Centre collected ₹50,284 crore, and states collected ₹52,641 crore as GST for the given month.

Forex

Foreign Exchange Reserves		
Item	As on July 23, 2021	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4549373	611149
1.1 Foreign Currency Assets	4225412	567628
1.2 Gold	274565	36884
1.3 SDRs	11506	1546
1.4 Reserve Position in the IMF	37891	5091

Source: Reserve Bank Of India

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

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.17300	0.28500	0.48700	0.66600	0.80400
GBP	0.19360	0.4370	0.5459	0.6177	0.6674
EUR	-0.51000	-0.480	-0.440	-0.390	-0.340

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
JPY	-0.01500	-0.008	-0.008	-0.009	-0.006
CAD	0.57000	0.80600	1.021	1.180	1.286
AUD	0.10600	0.210	0.411	0.568	0.758
CHF	-0.67500	-0.650	-0.585	-0.510	-0.430
DKK	-0.12420	-0.1125	-0.0840	-0.0505	-0.0115
NZD	0.83500	1.065	1.230	1.363	1.470
SEK	-0.00500	0.042	0.102	0.168	0.242
SGD	0.23000	0.360	0.580	0.743	0.836
HKD	0.22000	0.305	0.475	0.630	0.760
MYR	1.95000	2.130	2.350	2.470	2.570

Source: www.fedai.org.in

Glossary

Central Bank Digital Currency (CBDC)

CBDC is a form of virtual currency issued by a Central Bank as an alternative to cash. Since they are backed by the sovereign reserves of nation states, CBDCs are not subject to the volatility faced by cryptocurrencies. RBI defines CBDC as a digital form of sovereign currency that can be converted into cash or sovereign-backed deposits. Going ahead, India to join the league of countries like China, Russia and the UK, which have already taken steps towards introducing CBDCs.

Financial Basics

Estimator

An estimator is an approximate value of population parameter based on random sample which is taken from population. Its value depends on a random sample and hence is a random variable.

Institute's Training Activities

Training Programmes for the month of August 2021

Programmes	Dates	Location
Effective Branch Management	11 th to 13 th August 2021	Virtual
Post Examination Training for CERTIFIED CREDIT PROFESSIONAL	19 th to 21 st August 2021	
Post Examination Training for CERTIFIED ACCOUNTING AND AUDIT PROFESSIONAL	24 th to 26 th August 2021	
Risk Management in Banks (With Special emphasis on Credit Risk management)	26 th - 27 th August 2021	

News from the Institute

Webinar on Pre-Packaged Insolvency Resolution Process (PPIRP)

As part of its Member Education Series, the Institute's PDC-Delhi office organised a webinar on "Pre-Packaged Insolvency Resolution Process (PPIRP)" for corporates classified as MSMEs on 7th August 2021. A presentation on the

PPIRP was made by one of the speakers followed by a panel discussion on IBC and PPIRP. The panel members were delegates from IBBI and SBI. The webinar saw good participation not only from bankers but also other professionals.

Revised CAIIB elective subjects from 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 2021 onwards, the 6 electives viz Retail Banking, Human Resources Management, Information Technology, Central Banking, Rural Banking & Risk Management only will be offered. Retail Banking shall also include the Digital Banking courseware. The 5 electives that will be discontinued from 2021 examination are Corporate Banking, International Banking, Co-operative Banking, Treasury Management and Financial Advising. Candidates, who have already chosen any one of these 5 electives which will be discontinued, will have to choose any one of the 6 elective subjects as mentioned above. There will be no change in the number of attempts for completion of the exam. (The time limit & number of attempts for passing the examination will remain same.) 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.

E-learning for All

The Institute has introduced “E-learning for All” where any individual irrespective of his/her Membership status or Exam Registration status can access the E-learning modules developed by the Institute on various contemporary topics of Banking & Finance. For more details visit www.iibf.org.in.

Collaboration with GARP, USA

The Institute has entered into a MoU with the Global Association of Risk Professionals (GARP), USA for offering the Financial Risk & Regulations (FRR) course to JAIIB or CAIIB passed candidates at a discounted fee of USD 300. The FRR course gives an overview on core aspects of Risk Management viz Credit Risk, Market Risk, Operational Risk and Asset & Liability Management (ALM). For more details, please visit our website www.iibf.org.in.

Collaboration with XLRI, Jamshedpur

The Institute has entered into a collaboration with XLRI, Jamshedpur for conducting a “Leadership Development Program for Bank/FIs”. The objective of the program is to transform good managers in banks into effective leaders, with a human centric approach. The duration of the program, which will be held in the virtual mode on weekends, is for 36 hours spread over 6 weeks. For more details visit www.iibf.org.in.

Exam dates for JAIIB/DB&F/SOB/CAIIB/CAIIB Electives

The JAIIB/DB&F/SOB exams are tentatively scheduled to be held on 28th, 29th August & 5th September 2021. The CAIIB/CAIIB Elective Exams are tentatively scheduled for 11th, 12th & 25th September 2021. The above schedule is subject to COVID conditions. For details visit www.iibf.org.in.

Remote Proctored Examinations

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates in 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. 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

Two certificate courses introduced under RPE mode

From October 2021, two new certificate examinations will be conducted under the Remote Proctored Examination (RPE) Mode. The two new subjects are Strategic Management & Innovations in Banking and Emerging Technologies. For more details, please visit www.iibf.org.in.

Introduction of Professional Banker Qualification

The Institute has introduced 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.

Bank Quest included in UGC CARE List of Journals

IIBF’s Quarterly Journal, Bank Quest has been included in 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 Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter July – September, 2021: Evolution & future of Monetary & Fiscal Policies – Sub Themes: Regulatory Framework, Monetary Framework, Fiscal Framework.

Cut-off date of guidelines /important developments for examinations

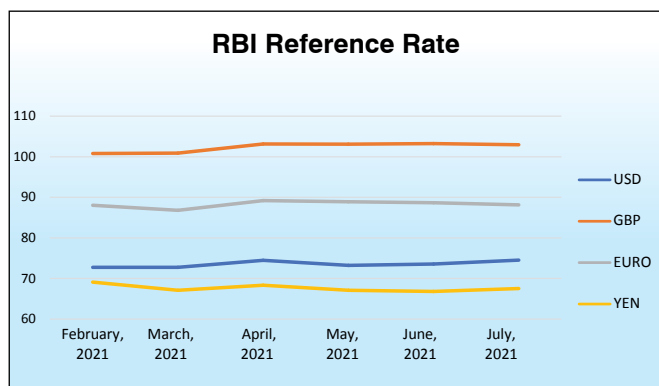
The Institute has a practice of asking questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the 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 2021 to January 2022, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2021 will only be considered for the purpose of inclusion in the question papers.

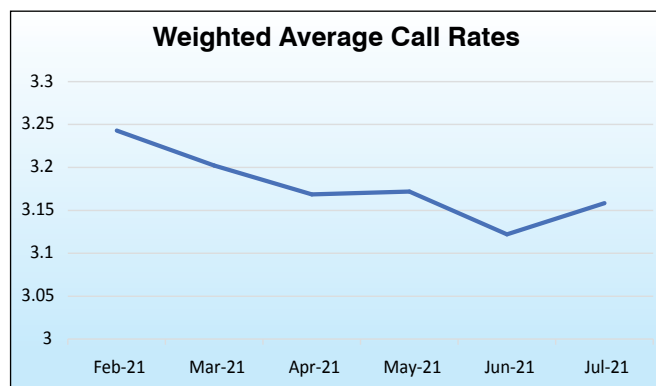
Green Initiative

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

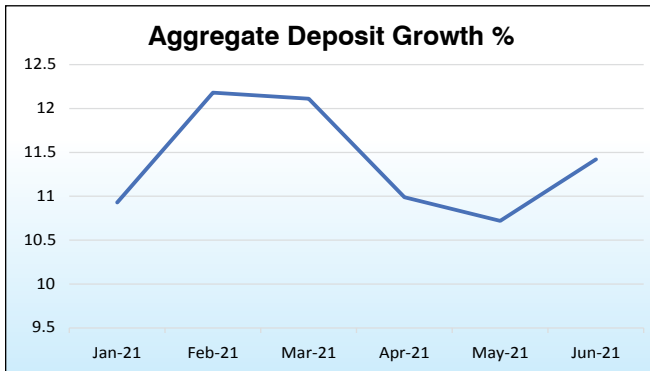


Source: FBIL

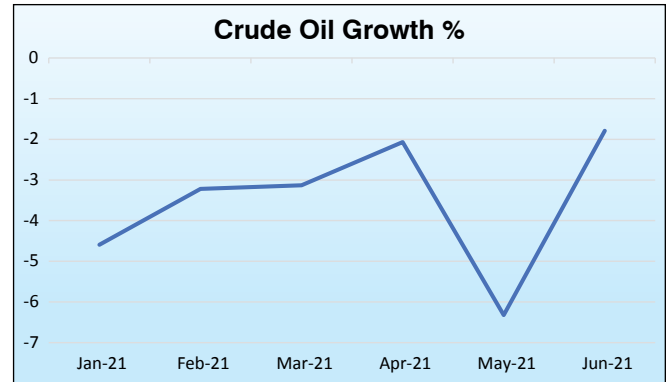


Source: Weekly Newsletter of CCIL

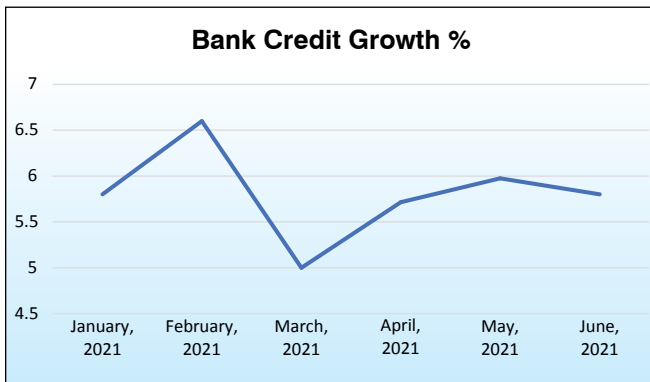
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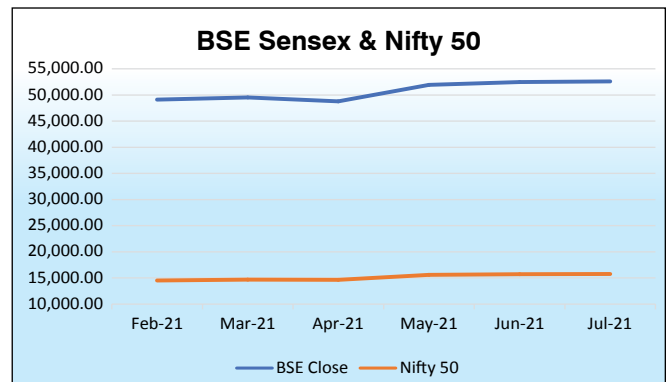
Source: Monthly Review of Economy, CCIL, July, 2021



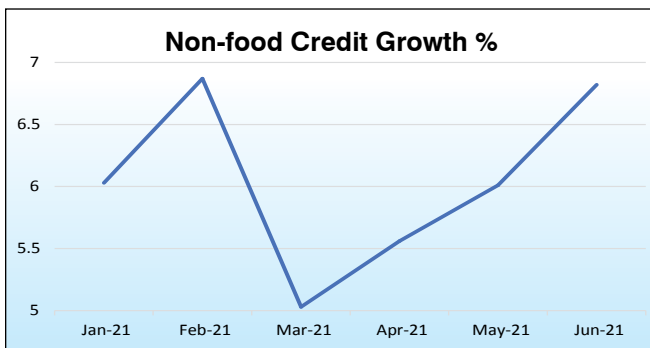
Source: Ministry of Petroleum & Gas



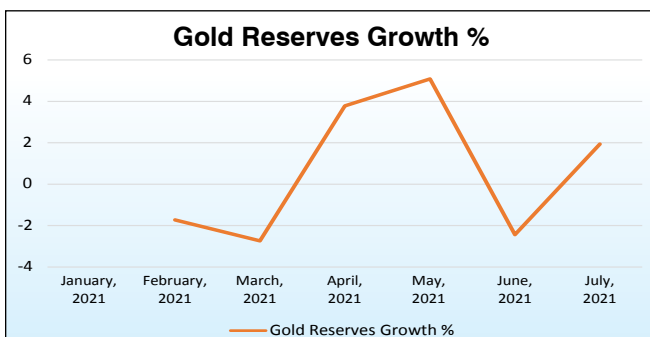
Source: Reserve Bank of India



Source: BSE & NSE



Source: Monthly Review of Economy, CCIL, July, 2021



Source: Reserve Bank of India

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