



Committed to professional excellence

IIBF VISION

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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

Monetary Policy Highlights December 5-7, 2022

The key highlights of the Monetary Policy Committee (MPC) meeting, held from December 5-7, 2022 are as follows-

- ◆ Repo rate increased by 35 basis points to 6.25 percent.
- ◆ Standing Deposit Facility (SDF) rate stands adjusted to 6.00 percent.
- ◆ Marginal Standing Facility (MSF) rate and the Bank Rate adjusted to 6.50 percent.
- ◆ CPI inflation forecast for FY23 retained at 6.7 percent. GDP growth forecast for FY23 lowered to 6.8 percent from 7 percent.
- ◆ MPC focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

RBI pilots retail CBDC aka e-Rupee

After a successful pilot of its wholesale central bank digital currency (CBDC), the Reserve Bank of India (RBI) has piloted its retail CBDC from December 1. State Bank of India (SBI), ICICI Bank, Yes Bank and IDFC First Bank in four cities *viz.* Mumbai, New Delhi, Bengaluru, and Bhubaneswar have been chosen as distribution channels for this pilot project.

Commonly known as the e-Rupee aka (₹-R), the retail CBDC is a digital token representing legal tender and is issued in the same denominations as the paper currency and coins currently in circulation. There will be a unique serial number for every note with Governor's signature with the promise to pay the bearer the sum. To begin with, digital currency worth Rs 1.71 crore has been issued. The token indent and issuances to banks will be increased as per user demand and bank's liquidity requirements.

Users can transact in ₹-R through a digital wallet being offered by the participating banks. RBI will use Distributed Ledger Technology to provide the currency to the banks. Subsequently, Banks will use API to transfer the currency to the CBDC wallet.

Easily storable on mobile phones/devices, the ₹-R is much akin to physical cash in terms of offering features like trust, safety, and settlement finality. Transactions in ₹-R can be made person-to-person, as well as, person-to-merchant – the latter using QR codes. It offers the same anonymity as in cash transactions because the wallet to wallet exchange will not be reflected in the bank's CBS. While the ₹-R does not earn any interest, it can be converted into other forms such as bank deposits.

RBI and Japanese FSA collaborate for improved cross-border CCP activities

RBI and the Financial Services Agency (FSA) of Japan have joined hands to improve mutual co-operation in the field of central counterparties (CCPs). The commitment will see deepening relationships, transparent dialogue, and stronger exchange of information amongst both countries on matters of common interest and concern. Both countries' jurisdictions have also confirmed their interest in enhancing cooperation vis-à-vis their respective laws and regulations. The arrangement will promote better understanding, clarity, and cooperation with regards to cross-border CCP activities, thus ensuring financial soundness of both countries' economies.

India's First Sovereign Green Bonds Framework approved by Centre

India's Sovereign Green Bonds framework has received the approval of Union Minister for Finance & Corporate Affairs, thus paving the way for strengthening India's commitment to its Nationally Determined Contribution

(NDCs) targets, adopted under the Paris Agreement. It will also help attract global and domestic investments in eligible green projects.

Green bonds are financial instruments to garner funds specifically for investment in environmentally sustainable and climate-suitable projects. Their commitment towards environmental sustainability makes green bonds command a relatively lower cost of capital vis-à-vis regular bonds. The proceeds generated from issuance of such bonds in India will be deployed in Public Sector projects aimed at reducing the economy's carbon intensity.

The framework is designed to comply with four components as outlined by the International Capital Market Association (ICMA) Green Bond Principles 2021. These are:

- (i) Use of Proceeds - funds raised from Sovereign Green Bonds (SGrB) to be used to finance / refinance expenditures for eligible green projects as defined in the framework.
- (ii) Process for Project Evaluation and Selection - Green Finance Working Committee (GFWC) constituted by the Ministry of Finance shall meet at least twice a year to evaluate and select the projects, the initial responsibility of evaluation lying with the concerned ministry/department.
- (iii) Management of Proceeds - the proceeds raised to be deposited into the Consolidated Fund of India (CFI) from where the funds will be made available for the eligible green projects.
- (iv) Reporting - A report detailing the allocation of proceeds raised through SGrB and the environmental impact of projects funded by these proceeds will be provided to investors, thereby ensuring transparency on the use of proceeds.

RBI spells out its concerns to banks about lower deposit mobilisation

Concerned about the faster growth in bank credit vis-à-vis slower deposit mobilisation in the last one decade, the RBI met up with the top-brass of several public- and private-sector banks. In this meeting, the RBI Governor Shaktikanta Das advised banks to be cognizant of the continually-evolving macroeconomic situation and take proactive measures for mitigation well in time. This will help reduce the potential impact on their balance sheets and contain financial risks before they turn too detrimental.

Banking Policies

GSTN included in FIP list under Account Aggregator framework to boost cash-flow based lending

In order to facilitate cash-flow based lending to MSMEs, the Goods and Services Tax Network (GSTN) has been included in the list of Financial Information Providers (FIP) under the Account Aggregator framework. GSTN for this specific purpose and Goods and Services Tax (GST) Returns, *viz.* Form GSTR-1 and Form GSTR-3B, shall be the financial information that will be regulated by the Department of Revenue. FIPs include banks, NBFCs, asset management companies, depository, depository participants, insurance companies, and pension funds.

Interest subvention on KCC crop loan to continue in FY23, FY24

Continuing the Interest Subvention Scheme (ISS) with modification for the financial years 2022-23 and 2023-24, interest rate for short-term loans up to Rs 300,000 through Kisan Credit Cards (KCC) will continue to be 7%, with an interest subsidy of 1.5% for FY 23 and FY24. Farmers repaying the loans promptly will get an additional 3% subsidy, thus making their overall chargeable interest rate 4%. These loans will be short-term crop loans and short-term loans for allied activities like animal husbandry, dairy, fisheries, and beekeeping. Subvention will be given to lenders using their own resources, *viz.* PSBs, Private Sector Banks (rural and semi-urban branches), Small Finance Banks (SFBs) and computerized Primary Agriculture Cooperative Societies (PACS).

Banks' overnight SDF balances categorised as level-1 assets for LCR computation

Effective immediately, overnight balances held by banks with the RBI under the Standing Deposit Facility (SDF) have been made eligible as level-1 high quality liquid assets for computing Liquidity Coverage Ratio (LCR). The change is applicable to all commercial banks, excluding local area banks, regional rural banks, and payments banks.

Banking Development

NPCI accords BHIM App open-source license model for entities not having own UPI app

The National Payments Corporation of India (NPCI) has introduced the BHIM app open-source license model, which will enable the source code of BHIM App to be licensed to regulated entities not having their own UPI app. The move is aimed at empowering the large number of banks not having their own mobile banking app, by giving them access to all the readily available features of UPI, which is India's largest retail payment system. It promises to be an economical and quick-to-market solution for these entities. Once on-board, these entities will also benefit from the new features that get launched on BHIM App in the future.

Regulator Speaks

Customer protection, transparency at core of microfinance regulation: RBI Deputy Governor Rao

Delivering the keynote address at the launch of MFIN's India Microfinance Review, RBI Deputy Governor Rajeshwar Rao said that customer protection lies at the core of microfinance regulation and has been RBI's guiding light while revamping the regulatory regime for the microfinance sector. RBI has strived to move from a rule-based approach to a principle-based approach to create an enabling environment for more financial institutions to serve the excluded, while protecting their interests through competition and transparency. Mr. Rao is hopeful that the regulatory reforms will provide impetus to develop an inclusive and responsible microfinance sector.

RBI Deputy Governor Patra underlines information constraints to Monetary Policy

RBI Deputy Governor Michael Patra has stated that conduct of monetary policy in India suffers hurdles arising from information constraints and the manner of data collection. Data coverage, frequent revisions, lags are just some of the constraints a policymaker faces while trying to eke out newer monetary policies. On that backdrop, the policymaker has to fire 'blind shots' on the basis of 'vintage data' to hazard where relevant goal variables of the committee should be focused at in the future.

Tax inefficiency discourages retail participation in G-Sec market: T Rabi Sankar

RBI Deputy Governor T Rabi Sankar has revealed tax-inefficiency to be a crucial reason behind the limited response to retail participation in Government Securities (g-sec) market, vis-à-vis mutual funds that provide indexation benefits. Asymmetric accounting norms that distort incentives for trading, as also, create inefficiencies in hedging activities, is another discouraging factor. Further, the preponderance of the buy-and-hold category of investors in the g-sec and corporate bond market (banks, insurance companies, pension funds, provident funds) makes trading activity uni-directional and leads to volatile overshoots. The Deputy Governor observes that market segmentation fragments liquidity and leads to price differentials, which erode the efficacy of benchmarks. Thus, for the benefits to accrue to pricing (and therefore benchmarks) it is necessary that price impulses move freely from onshore to offshore and vice versa.

Economic Wrap Up

Performance of some of the key economic indicators, as per the Monthly Economic Report October 2022 from the Department of Economic Affairs

- ◆ Wholesale inflation has been declining from around 16.6% in May 2022 to 8.4% in October 2022 with the easing in international commodity prices.

- ◆ Index of Industrial Production (IIP) for Consumer Durables goods stood at 105.6 points for September 2022.
- ◆ 10-yr G-sec yield is 7.32% for November 2022
- ◆ RBI's households' inflation expectation survey for September 2022 revealed that the three-month and one-year ahead expected inflation rates increased to 10.8% and 11.0%, respectively compared to 10.3% and 10.5% in the July 2022 survey.
- ◆ The UNDP Multi-Dimensional Poverty Index (MPI) released in October 2022 estimates 41.5 crore people exiting multidimensional poverty in India during the last 15 years.
- ◆ Based on the EPFO records, net payroll additions in September 2022 registered year-on-year growth of 46% reflecting improved formalisation of the economy coming along with a pick-up in economic activity.
- ◆ Employment components of PMI Manufacturing and PMI Services continue to be in an expansionary zone.

Forex

Foreign Exchange Reserves

Item	As on November 25, 2022	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4494373	550142
1.1 Foreign Currency Assets	3980973	487289
1.2 Gold	326282	39938
1.3 SDRs	146083	17881
1.4 Reserve Position in the IMF	41034	5033

Source: Reserve Bank of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS APPLICABLE FOR THE MONTH OF DECEMBER 2022

Currency	Rates
USD	3.80
GBP	2.9278
EUR	1.403
JPY	-0.077
CAD	3.7600

Currency	Rates
AUD	2.85
CHF	0.459359
NZD	4.25
SEK	1.642
SGD	3.6561

Currency	Rates
HKD	3.40471
MYR	2.73
DKK	1.1760

Source: www.fbil.org.in

Glossary

Account Aggregator (AA)

An Account Aggregator (AA) is a type of RBI regulated entity (with an NBFC-AA license) that helps an individual securely and digitally access and share information from one financial institution they have an account with to any other regulated financial institution in the AA network. Data cannot be shared without the consent of the individual.

Financial Basics

Solvency Ratio

A solvency ratio is a key metric used to measure an enterprise's ability to meet its long-term debt obligations and is used often by prospective business lenders. A solvency ratio indicates whether a company's cash flow is

sufficient to meet its long-term liabilities and thus is a measure of its financial health. An unfavourable ratio can indicate some likelihood that a company will default on its debt obligations.

Institute's Training Activities

Training Programmes for the month of December 2022

Programmes	Dates	Location
Agriculture Financing	5 th to 6 th December	Virtual
Resolution of Stressed Assets through Insolvency and Bankruptcy Code 2016	6 th to 8 th December	
Certified Credit Professional	9 th to 11 th December	
Leadership and Development of soft skills for branch managers	12 th to 13 th December	
Foreign Exchange Operations	12 th to 14 th December	
Certified Accounting and Audit Professional	13 th to 15 th December	
Balance Sheet Reading & Ratio Analysis	15 th to 16 th December	
Program on trade based Money Laundering	19 th to 20 th December	
Lending to MSMEs & restructuring of MSME Advances	19 th to 21 th December	
Certificate in risk in Financial Services	20 th to 22 th December	

News from the Institute

JAIIB/DB&F/SOB/CAIIB - Introduction of Revised Syllabi

The syllabi of JAIIB/DB&F/SOB/CAIIB has been restructured and revised to make them more contemporary, conceptual and ensure greater value addition. In this regard, the CEO of the Institute addressed a message to the members on the need for revising the syllabi. A detailed notice, about the subjects under the revised syllabi, the examination pattern, time limit for passing, passing criteria etc. has also been placed on the website. To make the transition more candidate friendly, credits for certain subjects have been allowed from the old syllabi to the new syllabi. The books, for all the subjects under the revised syllabi, shall be made available soon in the market, both offline and online. The examinations, under the revised syllabi, will be held from May/June 2023 onwards. For more details, please visit our website www.iibf.org.in.

IIBF Invites Application for Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) – 2022-2023

The Institute invites applications for DJCHBBORF 2022-23. The objective of the fellowship is to provide the successful candidate an opportunity to undertake a research study on the latest developments in the field of banking and finance in India or abroad. The last date for receipt of applications is 28th February 2023. For more details visit www.iibf.org.in

Revision in passing criteria of Self-Paced E-learning Course

The passing marks for the Final Evaluation/Test under the Self-paced E-learning mode for the Certificate Courses in DIGITAL BANKING & ETHICS IN BANKING have been revised from 70% to 60%. This will be effective for registrations done for Self-Paced E-learning Courses on or after 1st March 2022.



Launch of Certified BFSI Professional Course

IIBF, in collaboration with the National Institute of Securities Markets (NISM) and National Insurance Academy (NIA), virtually launched the Certified BFSI Professional course on 11th February 2022. This course is a unique and one-of-its kind initiative offered to aspirants desiring to make a career in the BFSI sector. It is a 187 hour E-learning programme to be completed over a duration of 9 months. For more details, please visit 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.

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter October - December, 2022: Growing importance of co-lending in Financial Intermediation.

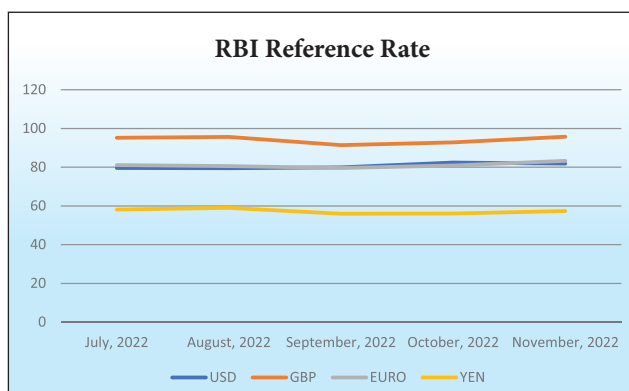
Cut-off date of guidelines /important developments for examinations

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 2022 to July 2022, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2021 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 2022 to January 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2022 will only be considered for the purpose of inclusion in the question papers.

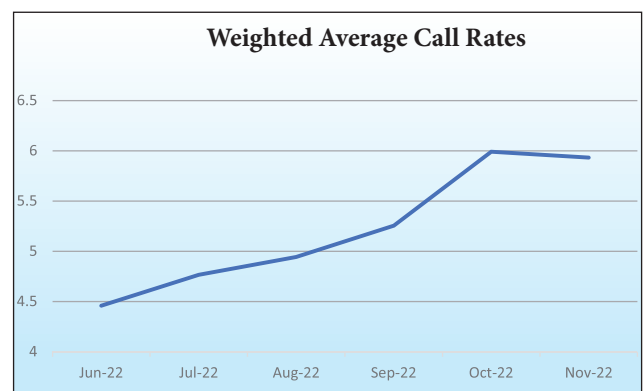
Green Initiative

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

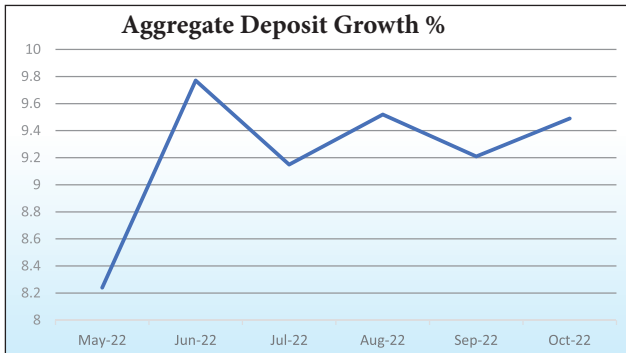


Source:FBIL

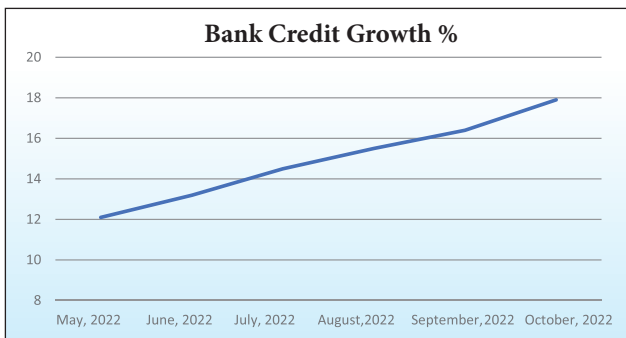


Source: Weekly Newsletter of CCIL

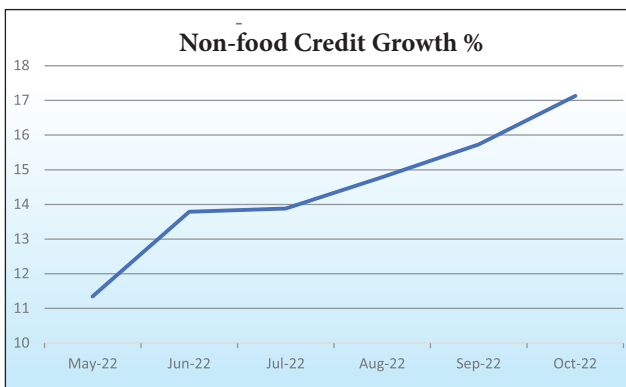
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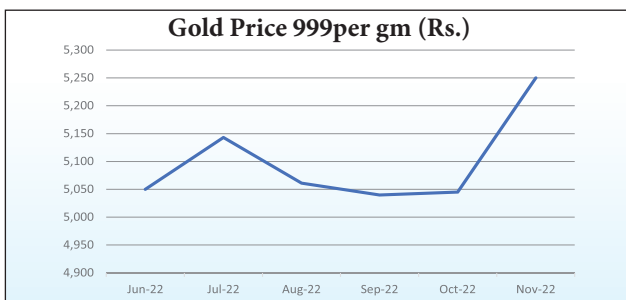
Source: Monthly Review of Economy, CCIL, October, 2022



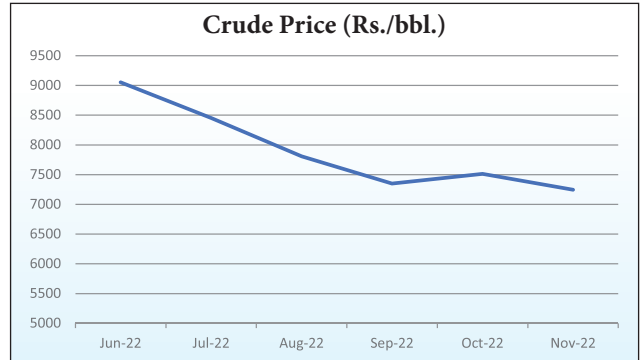
Source: Reserve Bank of India



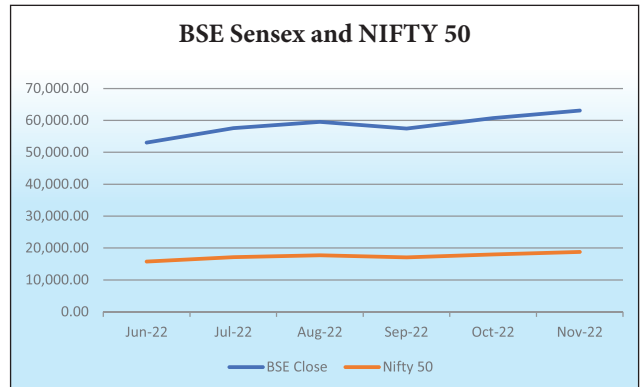
Source: Monthly Review of Economy, CCIL, October, 2022



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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