



IIBF VISION

Volume No. : 17

Issue No. : 1

August 2024

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
Monetary Policy: Key Highlights (August 6-8, 2024)

The key highlights from Reserve Bank of India's Monetary Policy Committee meeting, held from August 6-8, 2024, are as follows:

- Repo rate kept unchanged at 6.5%, Standing Deposit Facility (SDF) rate remains unchanged at 6.25 per cent; Marginal Standing Facility (MSF) rate and Bank Rate at 6.75 per cent.
- MPC decided to remain focused on withdrawal of accommodation.
- Real GDP growth for 2024-25 is projected at 7.2 per cent for Q2; Q3 at 7.3 per cent; and Q4 at 7.2 per cent. Real GDP growth for Q1:2025-26 is projected at 7.2 per cent.

Statement on Developmental and Regulatory Policies: Key Highlights

- The frequency of reporting of Credit Information to Credit Information Companies (CICs) has increased from monthly intervals to fortnightly basis or at such shorter intervals as mutually agreed between the Credit Institutions (CIs) and CIC.
- The limit for tax payments through UPI has increased from ₹1 lakh to ₹5 lakhs per transaction.
- RBI introduced Delegated Payments in UPI. Delegated Payments would allow an individual (primary user) to set a UPI transaction limit for another individual (secondary user) on the primary user's bank account.
- In Cheque Truncation System (CTS), the current approach of batch processing has changed to continuous clearing with 'on-realisation-settlement'.
- A public repository of Digital Lending Apps (DLAs) will be deployed by the Regulated Entities.

Union Budget 2024-25: Key Highlights

- For Mudra Loans, the limit has enhanced to ₹20 lakhs from the current ₹10 lakhs under the 'Tarun' category. Also, Credit Guarantee Scheme proposed for MSMEs in the Manufacturing Sector.
- North-East region to get more than 100 branches of India Post Payment Banks.
- Rs. 10 lakh crores to be invested under PM Awas Yojana Urban 2.0, to facilitate 1 crore urban poor and middle-class families.
- Corporate tax rate on foreign companies to be reduced from 40% to 35%. Short-term capital gains on financial assets to be taxed at 20% tax. Long term capital gains on all financial & non-financial assets to be taxed at 12.5%. The property owners will have a choice between two options for Long-Term Capital Gains (LTCG) on the property — 20% LTCG tax with indexation or 12.5% LTCG tax without indexation.
- Limit of exemption of capital gains on financial assets, increased to Rs. 1.25 lakh per year.
- Standard Deduction for salaried employees increased from Rs. 50,000 to Rs. 75,000. Family pension gets enhanced deduction from Rs. 15,000 to Rs. 25,000.
- Enhancing the availability of capital for climate adaptation and mitigation related investments.
- More capital goods to be exempted for manufacturing of solar cells & panels to support energy transition.

RBI extends deadline for UCBs to fulfil Small Value Loan ratio requirement

According to a previous stipulation, by March 31, 2024, Urban Co-operative Banks (UCBs) were required to have at least 50% of their aggregate loans and advances to comprise of Small Value Loans, subject to a maximum of Rs. 1 crore per borrower. Small Value Loans are loans of value not more than Rs. 25 lakh or 0.2% of the UCB's Tier I capital, whichever is higher.

However, with UCBs citing certain difficulties in adhering to this deadline, the RBI has given them an extension in time, whereby, their aggregate loans & advances must reflect a minimum of 40% of Small Value Loans by

March 31, 2025 and 50% by March 31, 2026.

RBI revokes FAR for FPIs to new 14-year and 30-year bonds

On a review and in consultation with the Government, the RBI has revoked the Fully Accessible Route (FAR) for Foreign Portfolio Investors (FPIs) to newly issued Indian Government bonds with 14-year and 30-year tenors. The existing stocks of Government Securities in 14-year and 30-year tenors already included as 'specified securities' under the Fully Accessible Route shall, however, continue to be available under the Fully Accessible Route for investments by non-residents in the secondary market.

RBI removes limit on amount of remittance by ADs, to facilitate ease in business

In order to improve ease of doing business, RBI had permitted all Authorised Dealers (AD Category-I banks and AD Category-II entities) to facilitate remittances on the basis of online/physical submission of Form A2 and other related documents, if and as may be necessary, subject to the conditions laid down in Section 10(5) of FEMA 1999. Accordingly, there shall not be any limit on the amount being remitted on the basis of 'online' Form A2. ADs will need to frame appropriate guidelines, with the approval of their Board, within the ambit of extant statutory and regulatory framework. However, they shall continue to comply with the relevant provisions of FEMA 1999 and Know Your Customer (KYC) Direction, 2016 as updated from time to time for all transactions.

RBI reviews finance norms for UCBs; links it to Tier-I capital

As per the Master Circular on Exposure Norms and Statutory/Other Restrictions – UCBs, RBI had advised that the aggregate of all the loans of Urban Co-operative Banks (UCBs) against the security of shares and debentures should be within the overall ceiling of 20% of their owned funds. However, on review, this ceiling shall be linked to Tier-I capital of the bank as on 31st March of the previous financial year.

Banking Policies

RBI replaces Supervisory Action Framework with Prompt Corrective Action framework for UCBs

Aiming to enable supervisory intervention at an appropriate time, the RBI has issued a Prompt Corrective Action (PCA) framework for UCBs. To be effective from April 1, 2025, the Prompt Corrective Action framework will aim for timely supervisory intervention and shall require UCBs to restore their financial health by initiating and implementing remedial measures in a timely manner.

The PCA Framework shall be applicable to all UCBs under Tier 2, Tier 3 and Tier 4 categories except UCBs under All Inclusive Directions. Tier 1 UCBs, though not covered under the PCA Framework as of now, shall be subject to enhanced monitoring under the extant supervisory framework. The exemption of Tier 1 UCBs from the PCA Framework shall be reviewed in due course.

Revised framework for domestic money transfer

After a thorough review of the current regulatory framework for domestic money transfer services by Regulated Entities (REs), the RBI has revised the norms by making Know Your Customer (KYC) record requirements more stringent. Accordingly, now the remitting bank should obtain and keep a record of the name and address of the beneficiary for cash pay-out. Every transaction by a remitter should be validated by an Additional Factor of Authentication (AFA). The remitting Banks/Business Correspondents (BCs) shall register the remitter based on a verified cell phone number and a self-certified 'Officially Valid Document' (OVD). The bank remitting funds shall include remitter details as part of the IMPS/NEFT transaction message. The transaction messages should include an identifier to identify the fund transfer as a cash-based remittance. The remitting banks and BCs must conform to provisions of the Income Tax Act, 1961 and the related rules and regulations pertaining to cash deposits.

Banking Developments

Treatment of Wilful Defaulters and Large Defaulters: RBI Master Direction

According to the Master Direction on wilful defaulters, the Regulated Entities (REs) will have to examine the 'wilful default' aspect in all Non-Performing Asset (NPA) accounts having outstanding amounts of Rs. 25 lakhs and more. An Identification Committee shall examine the evidence of wilful default. If the committee finds an occurrence of wilful default, it shall issue a show-cause notice to borrower/guarantor/promoter/director/persons who are in charge and responsible for the management of the affairs of the entity. They will have to submit their response within 21 days of issuance of the notice.

The primary objective of these Directions is to provide for a non-discriminatory and transparent procedure, having regard to the principles of natural justice, for classifying a borrower as a wilful defaulter by the lenders. The directions also aim to put in place a system to disseminate credit information about wilful defaulters for cautioning lenders to ensure that further institutional finance is not made available to them.

RBI strengthens Fraud Risk Management of REs

Three Master Directions on Fraud Risk Management for REs viz. (i) Commercial Banks (including RRBs) and All India Financial Institutions; (ii) Cooperative Banks (UCBs/SCBs/CCBs); and (iii) NBFCs (including Housing Finance Companies), have been revised by RBI in recent times.

Aimed at strengthening the role of the RE's Board in overall governance and oversight of fraud risk management, these Master Directions are principle-based and insist on instituting robust internal audit and controls framework in the REs. Framework on Early Warning Signals (EWS) and Red Flagging of Accounts (RFA) has been strengthened further for early detection and prevention of frauds, along with timely reporting to Law Enforcement Agencies and Supervisors. Further, banks shall set up a dedicated Data Analytics and MI Unit keeping in view their size, complexity, business mix, risk profile, etc. Such Unit shall facilitate collection and processing of relevant information to enable an early detection and prevention of potentially fraudulent activities.

Regulator Speaks

Decoding Inclusive Growth: RBI Governor Mr. Shaktikanta Das

Speaking at the Financial Express Modern BFSI Summit, Mumbai, RBI Governor Mr. Shaktikanta Das, asserted that the Indian financial sector is poised to scale new heights on the backdrop of the country's strong macroeconomic configuration, favourable demographics and significant pace of digitalisation. The financial system remains sound and resilient, as reflected in the recent annual financial results of banks and NBFCs. In his speech, Mr. Das highlighted how new and emerging technologies have reshaped the financial services industry through innovative solutions and personalised products. The Governor averred that India's banking and financial landscape has transformed immensely in the last decade due to technological innovations, changing consumer preferences and emergence of alternative business models. While, on one hand, they have fostered competition and collaboration, on the other hand, they have also created implications for consumer trust and regulatory oversight. Financial institutions need to carefully assess the impact of these changes on their business models, resilience and sustainability.

Climate changes pose direct challenges for financial sector: RBI Deputy Governor Mr. M. Rajeshwar Rao

Speaking at the J P Morgan India Leadership Series Lecture in Mumbai, RBI Deputy Governor Mr. M. Rajeshwar Rao, highlighted the financial aspects of climate change and the important role that the financial community has in tackling its impact. Mr. Rao stated that there are clear linkages between climatic events and growth & inflation – the two macro variables that RBI is deeply concerned about. Since climatic events impact the real sector and thus, bank's exposure to these sectors, it has a direct bearing on risk management frameworks for banks and other financial institutions. Therefore, the apex bank will have to address the issue of climate risks from the perspectives of both, monetary policy, as well as, prudential policy. Mr. Rao opined that the traditional ways of

risk management, viz., risk avoidance, risk mitigation, risk sharing and risk transfer may not be fully effective to combat financial and other risks arising from climate change, as, they would not materialise individually or partially, but instead, impact collectively on a region or industry.

New Appointments

NAME	DESIGNATION
Shri. Arnab Kumar Chowdhury	Executive Director, Reserve Bank of India (RBI)
Smt. Charulatha S Kar	Executive Director, Reserve Bank of India (RBI)
Shri. Ratan Kumar Kesh	Managing Director & Chief Executive Officer (Interim), Bandhan Bank

Forex

Foreign Exchange Reserves			Trends in Forex Reserve(US\$ Mn) last 6 months
Item	As on July 24, 2024		
	₹ Cr.	US\$ Mn.	
	1	2	
1 Total Reserves	5587802	667386	<p><i>Note: Data as reported on last Friday of respective Month</i></p>
1.1 Foreign Currency Assets	4913727	586877	
1.2 Gold	483062	57695	
1.3 SDRs	152398	18202	
1.4 Reserve Position in the IMF	38614	4612	

Source: Reserve Bank of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS AS ON JULY 31 2024, APPLICABLE FOR THE MONTH OF AUGUST 2024

Currency	Rates
USD	5.33
GBP	5.2
EUR	3.663
JPY	0.077
CAD	4.5200

Currency	Rates
AUD	4.35
CHF	1.211299
NZD	5.5
SEK	3.646
SGD	3.6541

Currency	Rates
HKD	4.32714
MYR	3.00
DKK	3.2800

Source: www.fbil.org.in

Glossary

Fully Accessible Route

RBI, in consultation with the Government of India, introduced a separate channel, called the 'Fully Accessible Route' (FAR), to enable non-residents to invest in specified Government of India dated securities. Eligible investors can invest in specified Government securities without being subject to any investment ceilings. This scheme shall

operate along with the two existing routes, viz., the Medium Term Framework (MTF) and the Voluntary Retention Route (VRR).

Financial Basics

Margin of Safety (MOS)

Margin of safety is the difference between actual sales and break even sales. In other words, all sales revenue that a company collects over and above its break-even point represents the margin of safety. A higher margin of safety reduces the risk of business losses.

Margin of Safety = Actual or budgeted sales – Sales required to break-even

Margin of Safety (%) = (MOS/Actual or budgeted sales) × 100

Institute's Training Activities

Training Programmes for the month of August 2024

Programmes	Dates	Location
Programme on Leadership & Development of Soft Skills for Branch Managers	12 th -14 th August, 2024	IIBF's Leadership Development Centre, Mumbai
Programme on Integrated Treasury Management with Bourse Game	26 th August – 04 th September, 2024	
Programme on Credit Appraisal, Monitoring & Recovery	19 th -21 st August, 2024	Virtual
Programme on Conduct of Contact Classes for JAIIB/DB&F exam	10 th August - 29 th September, 2024	
Programme on Financing Micro & Small Enterprises (MSEs)	19 th -21 st August, 2024	

News from the Institute

IIBF's Case Study Writing Competition – 2024

IIBF had announced case study competition to encourage Bankers/Finance professionals to share their knowledge and experience through developing cases, accompanied by Teaching Notes. Bankers (including former bankers), Faculty working in Staff Training Establishments of Banks/Financial Institutions/NIBM/IDBRT/CAB/BIRD/SIDBI/NABARD etc. eligible to take part. Case should be developed on a theme related to Indian Banking. The list of suggestive themes and guideline for preparing the case study is mentioned in the brochure. Overall three best case Studies will be awarded cash prizes. Last date for submitting the case studies in 31.08.2024. For more details, visit www.iibf.org.in.

IIBF & IGNOU - MoU for Credit Transfer scheme for JAIIB/CAIIB passed candidates

IIBF and IGNOU entered into a Memorandum of Understanding (MoU) for offering the MBA (B&F) programme to the members of IIBF who have passed the JAIIB/CAIIB qualification under the revised syllabi of 2023. As per the MoU, IGNOU shall grant credit transfer/exemption upto a maximum of 5 courses out of the 28 courses of MBA (B&F) programme to the candidates successfully completed the corresponding subject(s) of JAIIB/CAIIB from IIBF, within the maximum duration of the MBA (B&F) programme. For more details, kindly refer to <http://www.ignou.ac.in/ignou/aboutignou/school/soms/credittransfer>

IIBF entered into MoU with FPSB for Certified Financial Planner certification program

The Institute has entered into a strategic Memorandum of Understanding (MoU) with FPSB India, the Indian subsidiary of Financial Planning Standards Board Ltd., the global standards-setting body for the financial

planning profession and owner of the International Certified Financial Planner (CFP) certification program. Under this significant partnership, candidates who have successfully attained the CAIIB qualification from IIBF and have a valid three-year experience in the BFSI sector will be exempted from passing the first three modules of CFP certification and directly become eligible to enrol in FPSB India’s Integrated Financial Planning module through the Fast Track Pathway. For more details, visit www.iibf.org.in

IIBF-IFC joint Certificate course on Climate Risk and Sustainable Finance

The Institute entered into an agreement with International Financial Corporation (IFC) for providing a certification course on Climate Risk and Sustainable Finance. The course is divided into two parts- Basic and Advanced. It is in the form of self-paced e-learning, comprising around 6 hours of learning in each part followed by an assessment. On successful completion, a joint certificate will be issued by IIBF and IFC. 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 July– September, 2024 is “Emerging trends in International Trade and Banking”.

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.

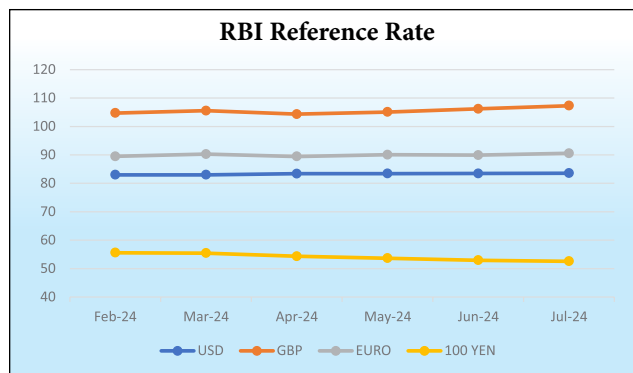
In order to address these issues effectively, it has been decided that:

- 1) In respect of the exams to be conducted by the Institute for the period from March 2024 to August 2024, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2023 will only be considered for the purpose of inclusion in the question papers.
- 2) In respect of the exams to be conducted by the Institute for the period from September 2024 to February 2025, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2024 will only be considered for the purpose of inclusion in the question papers.

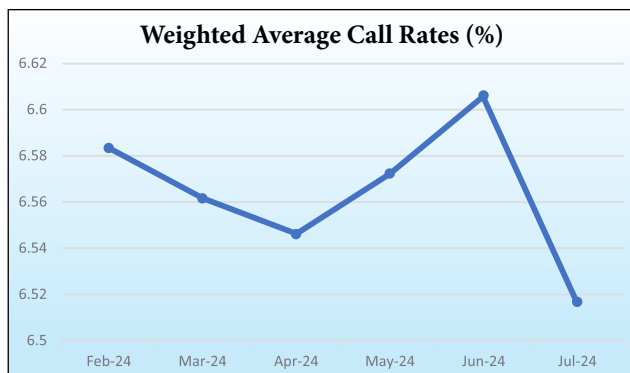
Green Initiative

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

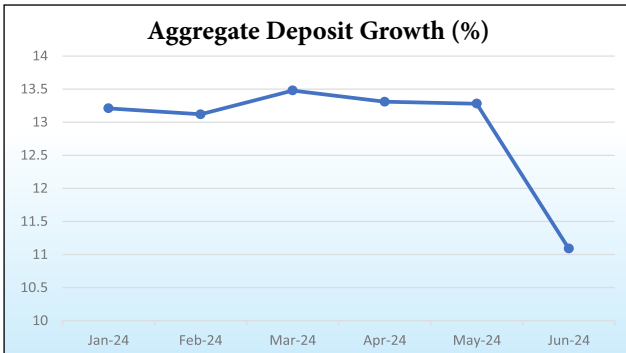


Source: FBIL

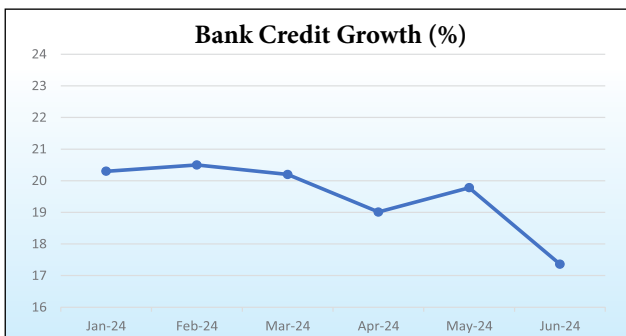


Source: Weekly Newsletter of CCIL

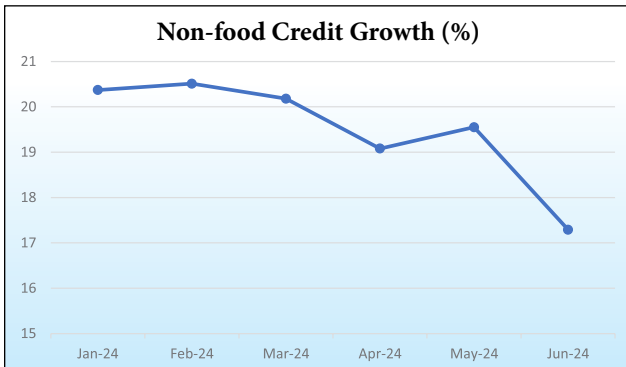
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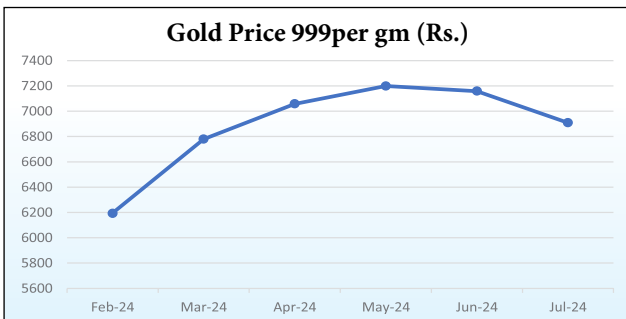
Source: Monthly Review of Economy, CCIL, July 2024



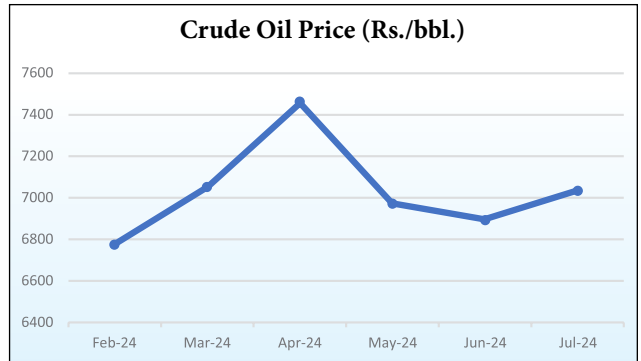
Source: Reserve Bank of India



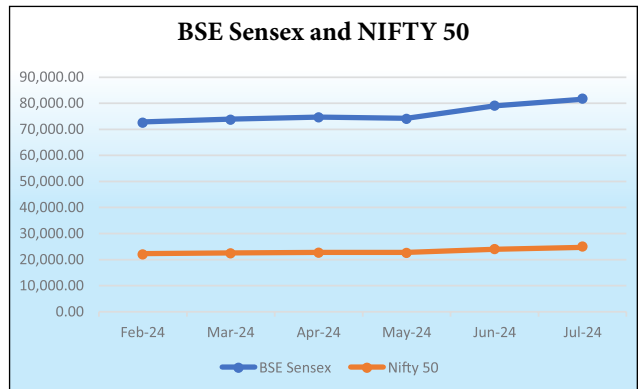
Source: Monthly Review of Economy, CCIL, July 2024



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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, Kirol Road, Kurla (W), Mumbai - 400 070.
Editor : Biswa Ketan Das

INDIAN INSTITUTE OF BANKING & FINANCE
 Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W),
 Mumbai - 400 070.
 Tel. : 91-22-6850 7000
 E-mail : admin@iibf.org.in
 Website : www.iibf.org.in