



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 (June 5-7, 2024)**

The Monetary Policy Committee (MPC) was held on June 5-7, 2024. Its key highlights are as follows:

- Repo rate remains unchanged at 6.5%.
- Standing Deposit Facility (SDF) rate remains unchanged at 6.25% and the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75%.
- Focus on withdrawal of accommodation stance to bring down inflation.
- Growth projection for FY25 raised to 7.2% from 7%.
- Inflation forecast for FY25 retained at 4.5%.
- The Current Account Deficit for FY25 expected to remain well within the sustainable level.
- Bulk deposit threshold proposed to be raised to Rs. 3 crore from Rs. 2 crore.
- Export and import regulations under the Foreign Exchange Management Act (FEMA) to be rationalised.
- RBI to set up Digital Payments Intelligence Platform to harness advanced technologies to mitigate payment fraud risks.
- Auto replenishment of balance for Fastag, NCMC, and UPI-Lite wallets brought under the e-mandate framework.

RBI launches three initiatives to promote sectoral efficiency, customer convenience

Continuing with its efforts to enhance sectoral efficiency and customer experience, the Reserve Bank of India (RBI) has launched three important initiatives viz. the PRAVAAH portal, the Retail Direct Mobile App and a FinTech Repository. The PRAVAAH portal will help an individual or entity to seamlessly apply for various regulatory approvals, online. It will also speed up granting regulatory approvals and clearances by RBI. The Retail Direct Mobile App will provide investors a smooth access to the retail direct platform and make it easier to transact in government securities (G-Secs). The FinTech Repository will behold information on Indian FinTech Sector, to help understand the sector better from a regulatory perspective and thus help design appropriate policy approaches.

RBI allows non-residents to open margin accounts for derivative contracts

The RBI has now allowed non-residents to open accounts - in both, foreign currencies, and Indian rupee - through Authorised Dealers (ADs), for collecting margin money for derivative contracts. This move is hoped to enhance efficiency in managing margin obligations and associated funds for non-residents participating in permitted derivative contracts. Presently, the RBI permits interest-rate derivatives such as interest-rate swaps, forward-rate agreements and interest-rate futures. It also permits foreign-currency derivatives including foreign-currency forwards, currency swaps and currency options. Permitted derivative contracts in the equity domain include forward contracts, futures contracts, options contracts and swap contracts.

GIFT City-domiciled FPIs allowed to issue P-Notes to investors

SEBI-registered Foreign Portfolio Investors (FPIs) domiciled at the GIFT International Financial Services Centre (IFSC) can now issue Offshore Derivative Instruments (ODIs), popularly known as Participatory Notes (P-Notes). Till now, only banking units were allowed to issue P-Notes. However, now, IFSCA-registered non-bank entities, registered with SEBI as FPIs, have also been given a go-ahead to issue derivative instruments with Indian securities as underlying, in GIFT-IFSC.

PMS distributors to be mandatorily registered with APMI, says SEBI

Intending to streamline operations in the financial sector, SEBI has made it compulsory for Portfolio Management Services (PMS) providers to register with the Association of Portfolio Managers in India (APMI). The move is hoped to promote ease of doing business, as well as, foster a more efficient and transparent business

environment amongst portfolio managers. The new directive will come into effect from January 1, 2025. Criteria for registration of distributors will be issued by the APMI by July 1, 2024.

Banking Policies

RBI directs banks to restrict capital market exposure

The RBI's latest circular specifically pertains to the "Banks' Exposure to Capital Market - Issue of Irrevocable Payment Commitments (IPCs)". RBI has issued directives to banks regarding their exposure to capital markets, in response to changes in the settlement cycle introduced by stock exchanges, shifting from T+2 to T+1 rolling settlement for equities. The existing guidelines on the issuance of IPCs by banks have been consequently reviewed to ensure alignment with the new settlement cycle. Custodian banks issuing IPCs must have a clause in their agreements with clients, granting the banks an inalienable right over the securities to be received as pay-out in any settlement. However, this clause is not mandatory for pre-funded transactions, where clear INR funds are available in the customer's account, or where the bank's nostro account has been credited before IPC issuance.

Banking Developments

Standalone Primary Dealers can now borrow in foreign currency

RBI has allowed Standalone Primary Dealers (SPDs) to borrow in foreign currency from their parent companies and entities authorised by them. They have also been allowed to access overdraft facilities in nostro accounts solely for operational use. Borrowings must adhere to the prescribed limits for foreign currency. Excess withdrawals not adjusted within five days must be reported to the RBI. Such reporting should occur within 15 days from the end of the month in which the limits are exceeded. Reporting is not required if arrangements are in place for value dating. RBI has also included SPDs within the scope of norms for risk management and inter-bank dealings. As a result, from 2018 onwards, SPDs have been authorised to offer forex products to clients, including FPIs. SPDs have been classified as Authorised Dealer Category-III.

Regulator Speaks

RBI Deputy Governor Mr. Swaminathan J wants NBFCs to bolster governance, assurance functions to mitigate risks

Speaking at a conference for the Heads of assurance functions representing more than 100 NBFCs, RBI Deputy Governor Mr. Swaminathan J shone light on the multitude of risks that NBFCs face in today's dynamic and challenging environment. In order to not let such problems impact their financial and operational resilience, the Deputy Governor advised NBFCs to bolster their governance and assurance functions and maintain constant vigil against potential risks and vulnerabilities. He has also conveyed RBI's supervisory expectations from the NBFCs. The apex bank wants NBFCs to ensure independent and meaningful assurance functions, while maintaining fair and transparent conduct towards customers. He delineated the role of assurance functions (i.e. Chief Compliance Officers, Chief Risk Officers, and Heads of Internal Audit) in contextual issues such as third-party dependencies and operational risks; customer conduct; and transparency in operations.

Deputy Governor Mr. Swaminathan J advises UCBs to identify and manage traditional and emerging risks

Speaking at RBI's conference for the Heads of assurance functions of select Urban Co-operative Banks (UCBs), RBI Deputy Governor Mr. Swaminathan J outlined the apex bank's supervisory expectations and asserted that effective assurance functions play a crucial role in safeguarding the financial soundness of banks, as also, in upholding the trust of customers and other stakeholders. He stressed upon the need to identify and manage the emerging risks, while also handling the changing dynamics of traditional risks. He advised that continuous updation and strengthening of internal control systems is imperative to achieve this aim. The Deputy Governor further emphasized that the RBI would rigorously implement its zero-tolerance policy towards poor governance practices, identified in the UCBs in line with its overall approach to the financial sector.

RBI calls for better governance in ARCs

RBI Deputy Governor Mr. M. Rajeshwar Rao highlighted the role of Asset Reconstruction Companies (ARCs) through credit life cycle. A credit life cycle involves four stages viz., sourcing of credit proposal; appraisal and underwriting; disbursal and monitoring; and finally repayment which then starts off the next iteration of the credit cycle. If a borrower does not pay the dues on time and a loan does not enter the fourth stage, there could be a problem. ARCs have been institutionalised to play a crucial role at this juncture. Considering how crucial ARCs are to this process, Mr. Rao highlighted the role of regulations in ARCs. He said that firstly, ARCs should have sufficient resources to undertake asset reconstruction business. Secondly, the transactions must be conducted in a transparent manner and on arm's length basis. Third, the manner in which ARCs can resolve an asset, needs to be laid down clearly. Mr. Rao also underlined the conditions that are critical to build a strong bedrock of governance. These include:

- (i) A diverse and independent Board with effective oversight.
- (ii) A robust risk management framework for identifying, assessing and mitigating risks inherent in the portfolio of distressed assets.
- (iii) Transparency regarding disclosure of information about the operations and decision-making processes and accounting practices.
- (iv) Effective safeguards and robust policies to identify, disclose and manage conflicts of interest in a fair and transparent manner.

Insurance

IRDAI to insurers: Decide on cashless authorisation of health claims within 1 hour

The Insurance Regulatory and Development Authority of India's (IRDAI) latest Master Circular on health insurance mandates that insurers must decide on cashless authorisation of health claim within one hour of receiving the request. Aimed at empowering policy-holders, ensuring top-quality care and service and promoting trust and transparency in the health insurance sector, this mandate further requires insurers to process the discharge authorizations within three hours, thus addressing a common grievance among policyholders. The Master Circular aims to achieve 100% cashless claim settlement within a specific timeframe. The updated norms also encourage diversity in product offerings, catering to various demographics and medical needs. They allow policyholders with multiple policies to choose the policy under which to claim. Under the new norms, insurers have also been asked to implement necessary systems and procedures immediately and not later than 31 July 2024.

IRDAI mandates insurers to fulfil rural, social sector obligations

IRDAI has issued a Master Circular, directing life and non-life players to do a certain percentage of business compulsorily towards meeting rural, social sector and motor third-party obligations. All life insurers shall ensure a minimum percentage of lives in identified and allocated gram panchayat. The Life Insurance Council will consult with the Ministry of Panchayati Raj to identify gram panchayats for fulfilling rural sector obligations. Similarly, general insurers and health insurance players would be allocated gram panchayat in consultation with the General Insurance Council.

New Appointments

NAME	DESIGNATION
Shri R. Lakshmi Kanth Rao	Executive Director, Reserve Bank of India

Economic Wrap Up

The Department of Economic Affairs released the Monthly Economy Review, April 2024. Its key highlights are as follows:

- Consumer price index (CPI) decreased from 4.85% in March 2024 to 4.83% in April 2024. This was its lowest rate in the past 11 months.
- GST collection increased by 12.4% y-o-y to Rs. 2.1 lakh crore in April 2024.
- India's services exports in FY24 ended with a growth of 4.8%.
- Gross Foreign Direct Investment (FDI) inflows in FY24 stood at USD 71.0 billion, compared to USD 71.4 billion in FY23.
- The EPFO net payroll addition grew by 6.3% y-o-y, from 1.39 crore members in FY23 to 1.47 crore members in FY24.
- The Working Professional Ratio (WPR) for people aged 15 years and above increased from 45.2% in the quarter ending March 2023 to 46.9% in the quarter ending March 2024.
- Fuelled by rising demand in rural areas, hiring in the FMCG sector witnessed 11% upswing in April 2024 compared to April 2023.
- In April 2024, profit-booking by market participants led to a net outflow of foreign portfolio investments of USD 1.8 billion.

Forex

Foreign Exchange Reserves			Trends in Forex Reserve(US\$ Mn) last 6 months	
Item	As on May 24, 2024		Total Reserve (in US\$ Mn)	
	₹ Cr.	US\$ Mn.		
	1	2		
1 Total Reserves	53,73,798	6,46,673		
1.1 Foreign Currency Assets	47,15,859	5,67,499		
1.2 Gold	4,71,279	56,713		
1.3 SDRs	1,50,703	18,135		
1.4 Reserve Position in the IMF	35,958	4,326		

Month	Total Reserve (US\$ Mn)
Dec-23	620,441
Jan-24	616,733
Feb-24	619,072
Mar-24	642,631
Apr-24	637,922
May-24	646,673

Source: Reserve Bank of India

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

Currency	Rates
USD	5.33
GBP	5.2
EUR	3.909
JPY	0.078
CAD	5.0200

Currency	Rates
AUD	4.35
CHF	1.454613
NZD	5.5
SEK	3.643
SGD	3.5476

Currency	Rates
HKD	3.78521
MYR	3.00
DKK	3.5230

Source: www.fbil.org.in

Glossary

Nostro Account

A Nostro account is a bank account that a bank holds with a foreign bank in the domestic currency of the country where the funds are held. It is used to facilitate the settlement of international trade and foreign exchange transactions. The account is mainly held by banks or large corporations that regularly engage in international trade transactions.

Financial Basics

Net Owned Funds (NOF)

Net Owned Fund will consist of paid up equity capital, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of assets but not reserves created by revaluation of assets. The NOF is computed on the basis of last audited Balance Sheet and any capital raised after the Balance Sheet date will not be accounted for while computing NOF.

Institute's Training Activities

Training Programmes for the month of June 2024

Programmes	Dates	Location
Contact Classes-CAIIB exam	8 th to 30 th June 2024	Virtual
Programme on Know Your Customer (KYC), Anti Money Laundering (AML) & Combating of Financing of Terrorism (CFT)	10 th to 12 th June 2024	
Programme on Credit Monitoring and Recovery	12 th to 14 th June 2024	
Programme on Basic Credit & Credit Risk Management for Beginners	18 th to 20 th June 2024	
Programme on Business Ethics & Corporate Governance for Banks/FI's	19 th to 20 th June 2024	
Programme on Effective Branch Management with Basic Credit Appraisal	24 th to 26 th June 2024	

News from the Institute

IIBF organised a Banking Conclave in collaboration with UNEP-FI and GIZ

IIBF organised a Banking Conclave on “Enabling the Climate Transition in India” in collaboration with UNEP-FI and GIZ on 10th June, 2024 at Taj Mahal Tower and Palace, Mumbai. The objective of Banking Conclave was to delve deeper into the roles and responsibilities of Board members and Senior Management of the Financial Institutions, in advancing India’s climate ambitions. The event was attended by top dignitaries and Senior professionals from Banking & Financial Institutions and was appreciated by the attendees.

IIBF announces XIII Batch of Advanced Management Programme (AMP) in Banking & Finance 2024-25

IIBF is pleased to announce the XIII Batch of Advanced Management Programme in Banking & Finance (2024-25). The Batch will begin in June 2024. The Programme is designed for working executives and covers varied areas of Banking & Finance over a period of 10 months. This is a hybrid program with weekend sessions in online mode and immersion programs in between, MDP at IIM Calcutta campus and at IIBF, Mumbai. The faculty for this programme will be experts from Industry and Academia. For more details, please visit our website - www.iibf.org.in

IIBF invites research proposals for Scheme for Research Fellowship in “Banking Technology”: 2024

(Joint initiative of IIBF & IDRBT)

The Institute invites research proposals for Scheme for Research Fellowship in “Banking Technology”: 2024 (Joint initiative of IIBF & IDRBT). The research fellowship in Banking Technology, aims to sponsor technically and economically feasible technology research projects which has the potential to contribute significantly to the Banking and Financial Sector. The last date for receipt of applications is July 31, 2024. For more details visit: www.iibf.org.in

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 April – June, 2024 is “Risk Management in Banks- Beyond Regulations”.

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.

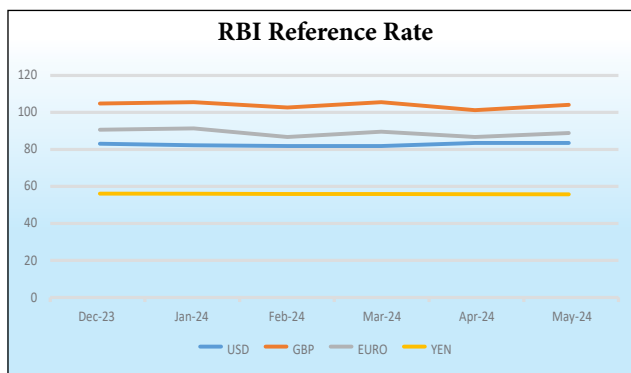
In order to address these issues effectively, it has been decided that:

- 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.

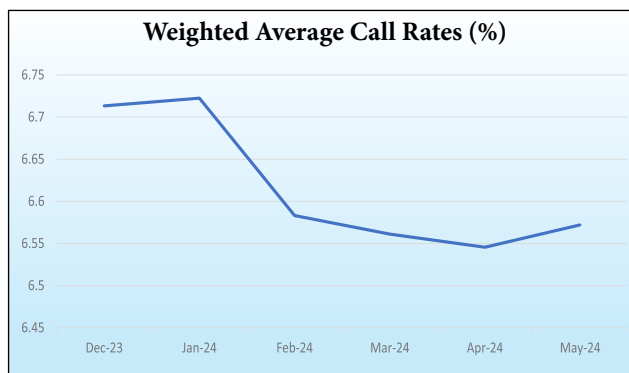
Green Initiative

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

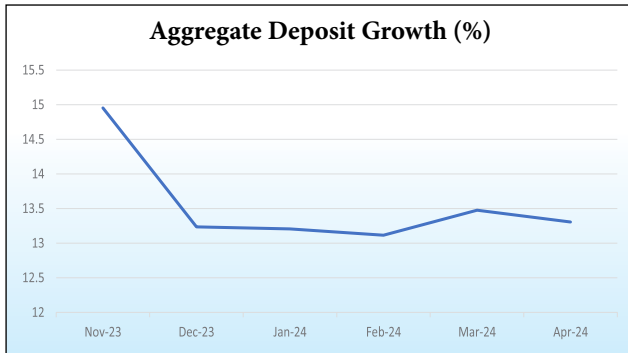


Source: FBIL

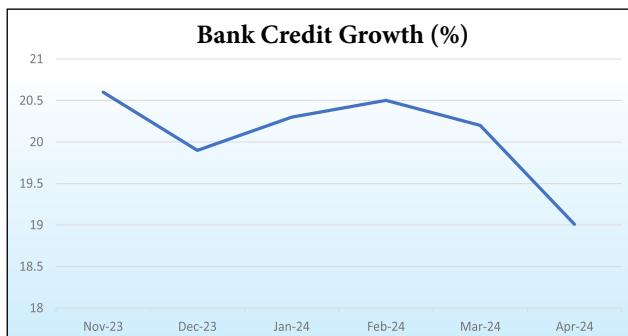


Source: Weekly Newsletter of CCIL

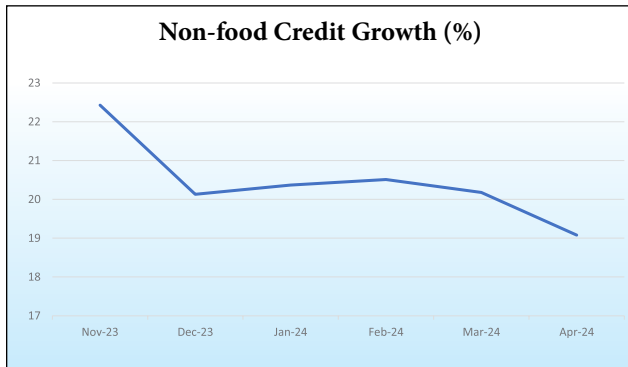
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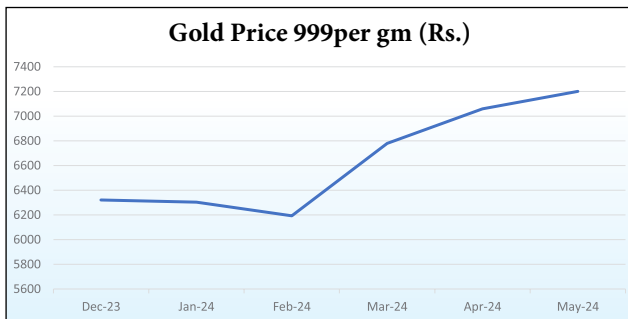
Source: Monthly Review of Economy, CCIL, May 2024



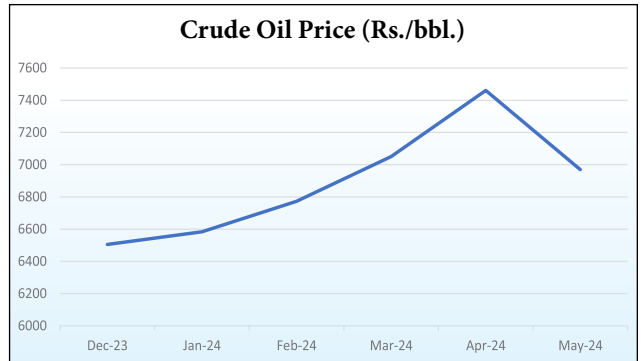
Source: Reserve Bank of India



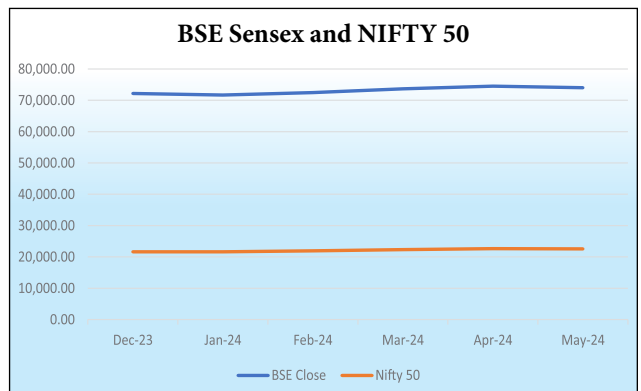
Source: Monthly Review of Economy, CCIL, May 2024



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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