



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

### **RBI's sixth bi-monthly monetary policy statement, 2017-18**

The key highlights of the sixth bi-monthly monetary policy 2017-18 are:

- Policy rate remains unchanged
- Relief for MSME borrowers registered under GST
- Harmonizing of benchmark rate methodology
- Ombudsman scheme for customers of NBFCs.
- Review of the currency management system.

### **Definition of MSMEs revised**

The Government has changed the criteria to define Micro, Small and Medium Enterprises (MSMEs), to sync it with the Goods and Services tax (GST) regime. The current classification was based on investment in plant and machinery for goods companies and in equipment for services firms. Now, MSMEs will be classified on the basis of their annual turnover. Accordingly, micro enterprises would now be those with annual turnover of up to ₹5 crores. Those having annual turnover of more than ₹5 crores to ₹75 crores would be termed small enterprises. Companies with annual turnover of more than ₹75 crores and up to ₹250 crores would be classified as medium enterprises.

### **Regulator tweaks insolvency rules to raise bid value**

The Insolvency and Bankruptcy Board of India (IBBI) has amended rules to prevent low bidding for stressed assets being restructured through the National Company Law Tribunal (NCLT). The changes have come amid differences between lenders and bidders on the proper valuation of a stressed company. IBBI has made it mandatory for a resolution professional to appoint two registered valuers to determine both, the fair value as well as the liquidation value, of a stressed company, instead of assessing only the liquidation value. Furthermore, the fair value and liquidation value will be kept secret from the bidders to ensure more transparency in bidding. In order to prevent low bids, IBBI has also shortened the period for resolution professionals to present a resolution plan to NCLT to prevent low bids.

### **RBI warns of fake website**

Reserve Bank of India (RBI) has revealed that it has come across a fake website [www.indiareserveban.org](http://www.indiareserveban.org) created by some unknown person(s) with a layout similar to the original RBI website and containing a provision for "Bank verification with online account-holders". RBI has clarified and cautioned the public, that it does not hold any accounts for individuals and never asks for personal information such as bank account details, passwords, etc.

### **SEBI to provide flexibility to bourses for IRFs' daily settlement value calculation**

In cognizance of the views of all stakeholders, Securities and Exchange Board of India (SEBI) has provided flexibility to stock exchanges with regards to the computation methodology of daily contract settlement value of Interest Rate Futures (IRFs). The circular has been issued to protect the interests of investors in securities and promote the development of, and to regulate the securities market.

## Banking Policies

### RBI withdraws SDR, S4A; gives 180-days for NPA resolution

The RBI has precluded chances of banks reporting divergent asset classification norms on the same account by stating that, if in a consortium a bank faced default, others must start taking action to recover the dues. The revised framework on resolving stressed accounts has obliterated many existing guidelines while simplifying them under a single code. The extant instructions on resolution of stressed assets such as Framework for Revitalizing Distressed Assets, Corporate Debt Restructuring (CDR) Scheme, Flexible Structuring of Existing Long-Term Project Loans, Strategic Debt Restructuring (SDR), change in ownership outside SDR, Scheme for Sustainable Structuring of Stressed Assets (S4A) and Joint Lenders' Forum (JLF-as an institutional mechanism) stand withdrawn with immediate effect. The new guidelines will not impact the existing loan resolution cases. The said transition arrangement shall not be available for borrower entities for which specific instructions have already been issued by RBI to the banks for reference under the Insolvency and Bankruptcy Code (IBC).

### Relaxed NPA norms for MSME loans

The RBI has eased its Non-Performing Asset (NPA) recognition criterion for banks and NBFCs for some of their exposure to Micro, Small and Medium Enterprises (MSMEs). Accordingly, certain exposures shall continue to be classified as a standard asset even if the dues are paid within 180 days from their respective original due dates, instead of the present 90-day and 120-days delinquency norms for banks and NBFCs respectively. However, for this, three conditions need to be satisfied: the MSMEs must be GST-registered; the aggregate exposure, including non-fund based facilities, should not exceed ₹25 crore on January 31, 2018; and the borrower account should be standard on August 31, 2017. It would apply to loans overdue as on September 1, 2017, and for payment from the borrower due between September 1, 2017 and January 31, 2018. A provision of 5% will have to be made by the banks and NBFCs against these exposures.

### RBI raises currency derivative trading limit

RBI has boosted the currency futures trading by raising the position limit for trading in currency derivatives on stock exchanges, for both resident and non-resident Indians, to \$100 million across all currency pairs involving the rupee. Earlier, the limit was \$15 million per exchange for dollar-rupee pair - the most active contract in the segment.

## Banking Developments

### RBI announces Ombudsman scheme for NBFCs

RBI has brought Non-Banking Financial Companies (NBFC) under an Ombudsman Scheme, by which an aggrieved person can file a complaint against an NBFC. The move is expected to provide cost-free and expeditious complaint redressal mechanism for deficiency in NBFCs' services. For now, the scheme will cover deposit-taking NBFCs and will later include those with an asset size of ₹1 billion and above with a customer interface.

### RBI sets up panel on frauds

The RBI has set up an expert panel to look into factors leading to an increasing incidence of frauds in banks, and measures needed to curb and prevent the same. The panel will also analyze the reasons for high divergence in asset classification and provisioning by banks vis-a-vis RBI's supervisory assessment, and the steps needed to prevent it. Further, it will look into the role and effectiveness of various bank audits in mitigating such divergence and frauds.



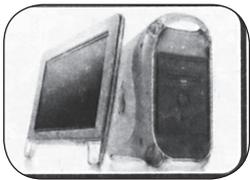
## Insurance

### IRDAI to insurers: Transfer unclaimed money to senior citizens' welfare fund

The Insurance Regulatory and Development Authority of India (IRDAI) has asked insurers to transfer unclaimed amounts of policy holders for a period of more than 10 years as on September, 30, 2017, to the Senior Citizens' Welfare Fund (SCWF). The transfer should be made on or before March 1, 2018.

## New Appointments

Name	Designation/Organisation
Ms. Usha Ananthasubramanian	Elected as Chairman of Indian Banks' Association (IBA)
Mr. Debashish Mukherjee	Appointed as Executive Director of Canara Bank
Mr. Murali Ramaswami	Appointed as Executive Director of Vijaya Bank



## Products & Alliances

Organisation	Organisation tied up with	Purpose
Export-Import Bank of India (Exim)	United Nations Development Programme (UNDP)	For financing a project on "Capacity Building of MSMEs in North East India for Export Competiveness"
NABARD	Solar Energy Corporation of India (SECI)	To install rooftop solar systems on NABARD's premises across the country

## Forex

Foreign Exchange Reserves		
Item	As on February 23, 2018	
	₹ Bn.	US\$ Mn.
	1	2
1 Total Reserves	27,234.2	4,20,590.6
1.1 Foreign Currency Assets	25,630.0	3,95,465.6
1.2 Gold	1,370.2	21,514.4
1.3 SDRs	99.6	1,536.6
1.4 Reserve Position in the IMF	134.4	2,074.0

Source: Reserve Bank of India (RBI)

**Benchmark Rates for FCNR(B) Deposits applicable for March 2018**

**Base Rates for FCNR(B) Deposits**

Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	2.33600	2.54200	2.66340	2.74500	2.78600
GBP	0.84360	1.0624	1.2109	1.3186	1.4000
EUR	-0.22000	-0.111	0.106	0.295	0.474
JPY	0.03750	0.066	0.091	0.100	0.124
CAD	2.04000	2.181	2.311	2.394	2.445
AUD	1.91000	2.060	2.220	2.510	2.620
CHF	-0.60750	-0.483	-0.308	-0.147	-0.006
DKK	-0.10920	0.0274	0.2359	0.4418	0.6320
NZD	2.05300	2.215	2.398	2.573	2.731
SEK	-0.38600	-0.163	0.088	0.325	0.555
SGD	1.57000	1.820	1.990	2.128	2.230
HKD	1.63000	1.960	2.170	2.310	2.410
MYR	3.79000	3.820	3.850	3.880	3.925

Source: www.fedai.org.in

## Glossary

### Interest Rate Futures (IRFs)

An IRF is a contract between a buyer and a seller, agreeing to the future delivery of any interest-bearing asset, such as government bonds. The cash-settled IRFs provide market participants an option to hedge risks arising from fluctuations in interest rates.

## Financial Basics

### Perpetuity

A perpetuity is a constant cash flow paid (or received) at regular time intervals forever. The present value of a perpetuity is expressed as  $A/r$ .

## Institute's Training Activities

### Training Programme for the month of March 2018

Name of the Programme	Dates	Location
One day workshop on Insolvency and Bankruptcy Code 2016	17 <sup>th</sup> March 2018	Mumbai
Certificate in Risk in Financial Services	9 <sup>th</sup> to 11 <sup>th</sup> March 2018	E-training mode
Certified Credit Professional	18 <sup>th</sup> to 20 <sup>th</sup> March 2018	E-training mode

## News from the Institute

### Capacity Building in banks

RBI vide its notification dated 11<sup>th</sup> August 2016 has mandated that each bank should have a Board approved policy to deploy staff with adequate qualification/certification in key areas of operations. To begin with, they

have identified following areas:

1. Treasury Management: Dealers, mid-office operations.
2. Risk Management: credit risk, market risk, operational risk, enterprise-wide risk, information security, liquidity risk.
3. Accounting - Preparation of financial results, audit function
4. Credit Management: credit appraisal, rating, monitoring, credit administration.

Subsequently on the direction of RBI, IBA had constituted an Expert Group for identifying suitable institutions and courses that can provide the necessary certifications. IIBF is the only institution offering certification in the three out of the four areas.

Further, RBI vide its letter dated 31<sup>st</sup> May 2017, addressed to IBA and copy endorsed to IIBF has stated that the Certificate Course in Foreign Exchange offered by IIBF in association with FEDAI will be a mandatory certification for all bank employees who are working or desirous of working in the area of foreign exchange operations including treasury operations.

The courses offered by the Institute in the areas of Treasury Operations, Risk Management and Credit Management are blended in nature with an online examination followed by training for such of those candidates who have successfully cleared the online examination.

In order to facilitate candidates to get certified in the area of credit management, the Institute will be holding the exam on credit management, treasury and Risk in Financial Services at 74 centres as per schedule indicated below:

EXAMINATION	EXAMINATION DATE	OPEN PERIOD OF REGISTRATION
Certified Credit Professional	28-04-2018	14-03-2018 to 29-03-2018
Certified Treasury Professional	28-04-2018	14-03-2018 to 29-03-2018
Risk in Financial Services	28-04-2018	14-03-2018 to 29-03-2018

Please visit the website [www.iibf.org.in](http://www.iibf.org.in) for examination registration and more details.

### **Mutual Recognition Agreement with the Chartered Banker Institute, Edinburgh, U.K**

The Institute has signed a Mutual Recognition Agreement with The Chartered Banker Institute, Edinburgh. Under this agreement, “Certified Associates of the Indian Institute of Bankers” (CAIIB) from India will have their qualifications recognised by the Chartered Banker Institute, and will be able to become Chartered Bankers by studying the Institute’s Professionalism, Ethics & Regulation Module, and successfully completing a reflective assignment.

### **MoU with Small Industries Development Bank of India (SIDBI)**

The Institute entered into a partnership with SIDBI on 11th July 2017 to take forward the Certified Credit Counsellor (CCC) program for MSMEs. Eligible candidates, interested in becoming CCCs, have to pass a certificate examination on MSMEs conducted by IIBF. On successful completion of the examination and after due diligence conducted by SIDBI, a certificate shall be issued to the candidate as Certified Credit Counsellor for MSMEs.

### **New Courseware on NBFCs**

The Institute launched its new courseware on Non-Banking Financial Companies (NBFCs) on 29<sup>th</sup> April 2017. The book was released by industry experts from the banking fraternity. The first exam on the subject was held in January 2018.

### **Virtual Classroom Solution**

The Institute has acquired a software for conducting training through the Virtual Classroom mode. This will enable the Institute to disseminate the training inputs to a larger audience without diluting quality. The first Virtual Classroom training (VCT) for Certified Credit Officers was held successfully from Dec 9<sup>th</sup> to 11<sup>th</sup> and 53 candidates enrolled for the programme. During January to February 2018, 3 VCT programmes were held with about 90 participants enrolled. In March 2018, 2 VCT programmes are expected to be held.

### **Examination at Institute’s own Test Centres at Mumbai & Kolkata**

The Institute presently conducts examination on the 2<sup>nd</sup> and 4<sup>th</sup> Saturday of every month for four of its courses namely, Micro, Small & Medium Enterprises (MSMEs), Customer Service, AML/KYC and Cyber Crimes at its own Test Centres at Mumbai & Kolkata. Candidates can select the examination date and centre of his/her choice. Registration will be on first come first serve basis. The schedule of the examinations for the said courses is available on our website [www.iibf.org.in](http://www.iibf.org.in).

### Bank Quest Theme for upcoming issue

The theme for the January-March 2018 “Bank Quest” issue is “Cyber Security in Banks”. Members are requested to contribute articles for publication in the quarterly journal of the Institute.

### Cut-off date of guidelines /important developments for examinations

The Institute has a practice of asking some 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 2018 to July 2018, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December, 2017 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 2018 to January 2019, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30<sup>th</sup> June, 2018 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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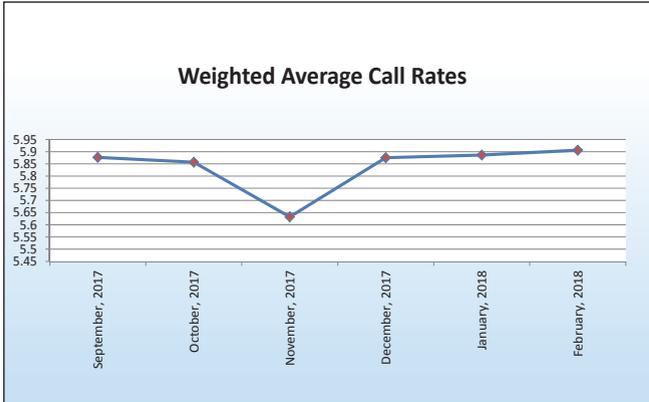
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31.03.2017

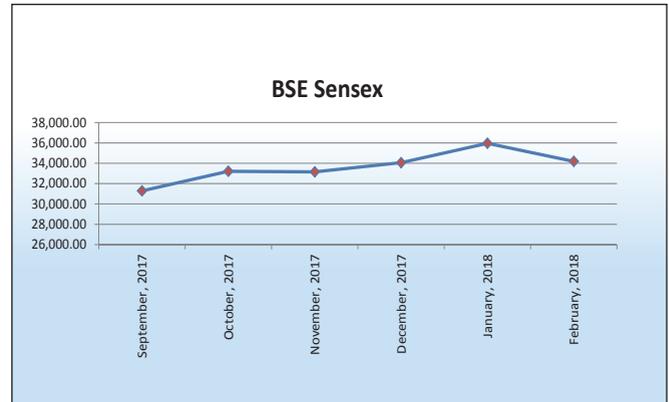
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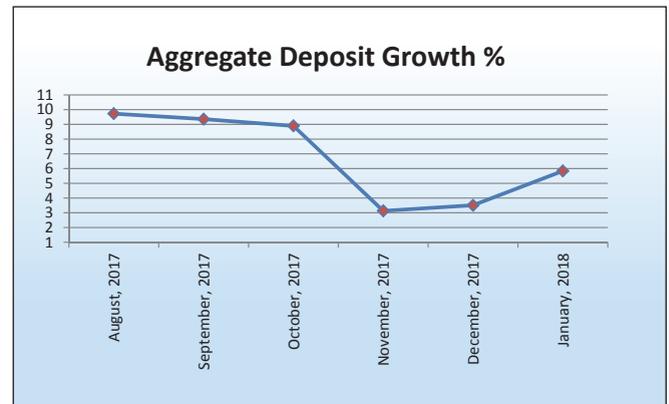
# Market Roundup



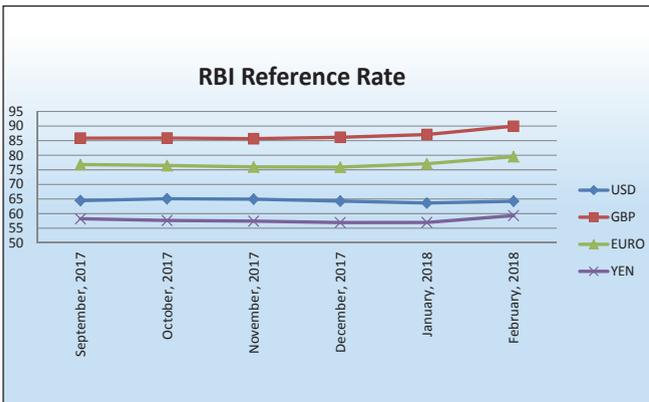
Source: CCIL Newsletter, February 2018



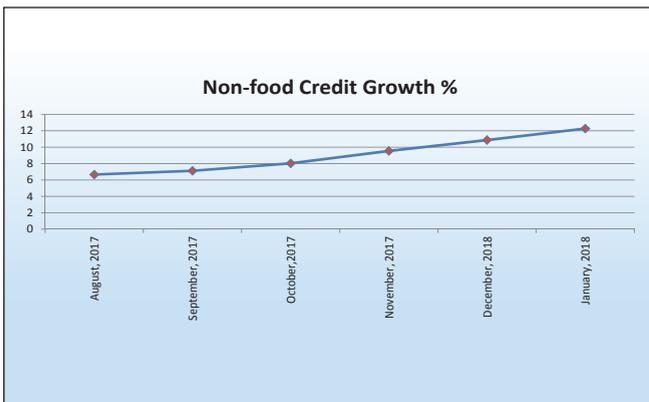
Source: Bombay Stock Exchange (BSE)



Source: Monthly Review of Economy CCIL, February 2018



Source: Reserve Bank of India (RBI)



Source: Monthly Review of Economy CCIL, February 2018

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**INDIAN INSTITUTE OF BANKING & FINANCE**  
 Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.  
 Tel. : 91-22-2503 9604 / 9746/9907 • Fax : 91-22-2503 7332  
 E-mail : admin@iibf.org.in  
 Website : www.iibf.org.in