



Committed to professional excellence

# IIBF VISION

Volume No. : 9

Issue No. : 3

October 2016

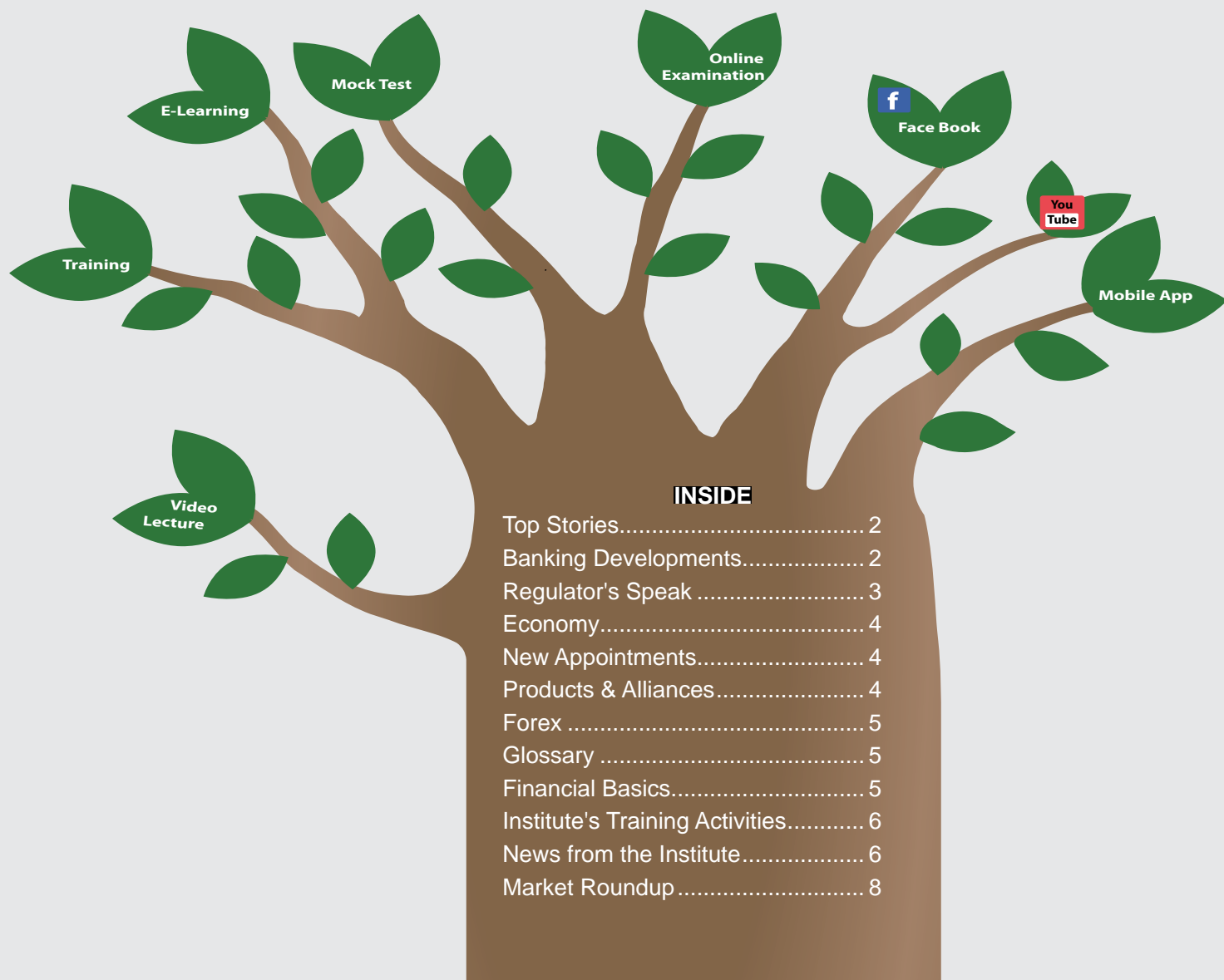
No. of Pages - 8

## 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.



"The information / news items contained in this publication have appeared in various external sources / media for public use or consumption and are now meant only for members and subscribers. The views expressed and / or events narrated/ stated in the said information / news items are as perceived by the respective sources. IIBF neither holds nor assumes any responsibility for the correctness or adequacy or otherwise of the news items / events or any information whatsoever."

**TOP STORIES****Centre issues fifth tranche of Gold Bonds**

The Government issued the fifth tranche of [Sovereign Gold Bonds](#) on September 23, 2016. The bonds will be sold through banks, Stock Holding Corporation of India, designated post offices and recognized stock exchanges (National Stock Exchange of India Limited and Bombay Stock Exchange).

**Banking Developments****RBI widens market for sale of stressed assets**

From now on, prospective buyers of stressed assets need not be restricted to SCs/RCs (Securitization Companies/ Reconstruction Companies). The Reserve Bank of India (RBI) has allowed banks to sell these assets to other banks, NBFCs or financial institutions who have the necessary capital and expertise in resolving stressed assets. It has also made banks' boards more accountable for stress resolution.

**Free credit report for all, says RBI**

Given the importance of the credit report in an individual's financial matters, an individual is entitled to have a copy of the report upon request. RBI has therefore directed all Credit Information Companies (CICs) that, based on a request made and after due authentication of the requester, the CIC should provide access to a Free Full Credit Report (FFCR) once in a calendar year to individuals whose credit history is available with the CIC. This report should show the latest position of the credit institutions' exposure to the individual as per records available with the CIC.

**RBI asks banks to accept IDS tax dues in cash: RBI**

The Income Declaration Scheme (IDS), 2016 has come into effect from June 1, 2016. In this connection, the RBI directed that banks must invariably accept cash, irrespective of amount, over the counters from all declarants who desire to deposit cash at the counters, including deposits under the above Scheme through challan ITNS-286. In this connection, banks shall comply with the Know Your Customer requirements for customers and walk-in customers.

**Government notifies Monetary Policy Committee**

The government paved the way for the six-member Monetary Policy Committee (MPC). Out of the six members, three members are from RBI and the other three are appointed by the central government. The Monetary Policy Committee is entrusted with the task of fixing the benchmark policy rate (repo rate) required to contain inflation within the specified target level. The meetings of the Monetary Policy Committee shall be held at least 4 times a year and it shall publish its decisions after each such meeting.

**RBI guidelines on publishing photos of wilful defaulters**

RBI has ruled that a lending institution can consider publication of the photographs of only those borrowers, including proprietors/ partners /directors / guarantors of borrower firms/ companies, who have been declared

as wilful defaulters following the mechanism set out in the RBI instructions. This shall not apply to the non-whole time directors who are exempted from being considered as wilful defaulters unless the special conditions, in accordance with the instructions, are satisfied.

### **RBI to NBFCs: Report frauds immediately**

RBI has directed Non-Banking Financial Companies (NBFCs) to report frauds above Rs.1 lakh within three weeks of detection in the prescribed format. In addition to that, in case of frauds exceeding Rs.1 crore, NBFCs will have to file a demi-official letter to the Chief General Manager in charge of the Department of Banking Supervision, RBI, within a week from the date of detection.

### **RBI asks banks to revisit documentation for agricultural loans**

In order to double farmers' incomes by 2022, RBI has asked banks to revisit their documentation for crop loans, simplify them where required and ensure speedy sanctioning & disbursement of loans within specified time limits. The lead bank scheme, where a particular bank becomes the central authority in developing strategies for agriculture and micro & small enterprises should work closely with NABARD and make doubling farmers' income a regular agenda in their meetings.

## **Regulator's Speak**

### **Asset Quality of Indian Banks: Mr. N.S. Vishwanathan**

Mr. N. S. Vishwanathan, Deputy Governor, RBI said that high levels of NPAs have been progressively causing increasing stress on banks' earnings. As a result, banks' provisioning capacity has also come under pressure.

### **Information Technology & Cyber Risk in Banking Sector**

According to Mr. S. S. Mundra, Deputy Governor, RBI, at the time of on-boarding of customers, banks are required to assess them, their business and expected turnover in their account, source of such transaction, etc. "Technology risk, including cyber-risk, is to be treated just like any other inherent risks faced by the banks – credit, market, operational risks. The Boards need to articulate what their risk appetite is, which residual risks they would like to carry out, and what kind of mitigation strategy would they like to follow."

### **RBI to financial intermediaries: Enhance credit absorption capacity of weaker sections**

Mr. S.S. Mundra, Deputy Governor, RBI has said, "the credit absorption capacity of the farmers can be enhanced through consolidation of fragmented landholdings by ushering in land reforms or through pooling of land holdings in an Self-Help Group(SHG) format. Efforts to enhance the credit absorption capacity must also be supplemented through financial literacy and vocational training initiatives, comprehensive insurance cover against failure of crop & innovative practices in farming. Farmers also need to be sensitized about the concept of financing against warehouse receipts to avoid distress sale of produce at low prices." He also said that the micro and small entities are typically enterprises with little or no credit histories and with inadequate expertise in preparing financial statements etc. They would, hence, need to be served with relevant products and at low cost by employing innovative credit scoring models.

### **Managing risk, a challenge for bond market**

Mr. R. Gandhi, Deputy Governor, RBI has said "The Indian idea of 'Masala bonds' is picking up but it still has

some way to go”. While the borrowing cost for highly rated companies has been low, bond market for the risky borrower is becoming expensive. From the investor’s perspective, credit derivative markets like Credit Default Swap (CDS) should be available so as to give confidence to investor to fund risky borrowers. It is important to have an active credit derivative market to accurately price risk to take the bond market to the next stage.

### Mr. Mundra flags possible leadership vacuum in PSBs

Mr. S. S. Mundra, Deputy Governor, RBI has emphasized on the imminent possibility of a leadership vacuum in PSBs and the resultant need to build capacity as a bank cannot be leaderless. More than 73% staff in DGM/ GM cadre are above 55 years of age, while another 23% are between 50 and 55 years.

## Economy

### Economy will grow at 7.8% in 2016-17: FICCI Survey

Latest round of FICCI’s Economic Outlook Survey puts across a median GDP growth forecast of 7.8% for the current fiscal year. The improvement comes at the back of better performance of the agriculture and industry sector. The monsoon season has been good this year which is expected to support agricultural production.

## New Appointments

Name	Designation/Organisation
Mr. Jayant Kumar Gokhale	Director, Syndicate Bank.
Ms. P.V. Bharathi	Executive Director – Canara Bank.
Mr. CH. S. S. Mallikarjuna Rao	Executive Director, Syndicate Bank.
Mr. Atul Kumar Goel	Executive Director, Union Bank of India.
Mr. K. P. Nair	Deputy Managing Director, IDBI Bank.
Mr. G. M. Yadwadkar	Deputy Managing Director, IDBI Bank.



## Products & Alliances

Organisation	Organisation tied up with	Purpose
DCB Bank	M2P Solutions and GI Technology	To implement mVisa Technology.
Andhra Bank	Reliance General Insurance	For distributing insurance products.
Karnataka Bank	Birla Sun Life Asset Management Company	For distribution of mutual fund products.

## Forex

**Benchmark Rates for FCNR(B) Deposits applicable for the month of October 2016**

Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.94520	1.00560	1.05700	1.10500	1.15800
GBP	0.33240	0.4440	0.4410	0.4558	0.4851
EUR	-0.19900	-0.221	-0.200	-0.194	-0.150
JPY	-0.02750	-0.081	-0.105	-0.104	-0.091
CAD	1.12000	0.859	0.876	0.898	0.922
AUD	1.72000	1.660	1.670	1.880	1.910
CHF	-0.67000	-0.704	-0.683	-0.654	-0.603
DKK	-0.00810	-0.0038	0.0201	0.0595	0.1205
NZD	2.10280	2.035	2.050	2.095	2.158
SEK	-0.49500	-0.422	-0.323	-0.207	-0.072
SGD	1.23000	1.408	1.543	1.645	1.715
HKD	0.81000	0.940	1.030	1.120	1.190
MYR	3.34000	3.340	3.380	3.440	3.480

Source: [www.fedai.org.in](http://www.fedai.org.in)

## Glossary

### Sovereign Gold Bonds

Sovereign Gold Bonds are Government securities denominated in grams of gold. They are substitutes for holding physical gold. Investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity. The Bond is issued by Reserve Bank of India on behalf of Government of India.

## Financial Basics

### Doubtful Asset

An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months.

## Institute's Training Activities

### Training Programmes for the month of November, 2016

Sr. No.	Name of the Programme	Date	Location
1.	Programme on Credit Monitoring	03.11.16 - 5.11.16	Mumbai
2.	Bank Executive Programme	07.11.16 -12.11.16	Mumbai
3.	Certified Credit Officers Post Exam Class room learning	09.11.16 -13.11.16	Chennai

4.	Certified Treasury Dealers - Post Exam Class room learning	11.11.16 - 13.11.16	Mumbai
5.	Programme on Digital Banking	17.11.16 - 19.11.16	Mumbai
6.	Programme for the Certification in project Finance	21.11.16 - 26.11.16	Mumbai
7.	Recovery Management	28.11.16 - 30.11.16	Mumbai
8.	Certified Credit Officers Post Exam Class room learning	21.11.16 - 25.11.16	New Delhi

## News from the Institute

### Certificate Course in Project Finance

The Institute is launching its 25<sup>th</sup> batch of Certificate course in Project Finance from 21<sup>st</sup> November to 26<sup>th</sup> November 2016. The last date for receipt of the application is 25<sup>th</sup> October 2016. The details are available on our website and Face book page. The course is aimed at:

- Banking & Finance professionals, officials working in banks/financial institutions/NBFCs who are involved in appraising large & medium projects, both industrial and infrastructural.
- Equipping bankers with advanced skills in the field of project appraisal, financing, etc.
- Familiarizing candidates with basic issues arising in financing projects, as well as risk analysis and risk mitigation methodologies with a specific emphasis on structured financing.

### Advanced Management Programme–Management Development Programme by IIM (Calcutta).

The Institute conducts an 8 month Advanced Management Programme in Banking & Finance for working executives from the Banking / Financial sector. This year's AMP also had a 5 day (30 hours) Management Development Programme in General Management conducted by Indian Institute of Management, Calcutta at their campus.

The MDP was held at Kolkata from 16<sup>th</sup> September to 20<sup>th</sup> September 2016 and all the participants of the AMP successfully attended the same. The subjects which were covered in the MDP were:

- Principles & Practices of Management,
- Macro-Economics,
- Organisational Development & Organisational Behavior,
- Strategic and Change Management, and,
- Integrated Marketing Management in Banks.

### Workshops on AML and Transaction Monitoring

The Institute conducted two workshops for one day each on AML and Transaction Monitoring for the officers of Bank of Baroda working in Transaction Monitoring Unit at the Registered Office at Baroda. The workshops were held on 28<sup>th</sup> and 29<sup>th</sup> of September, 2016. Total 60 officers attended the programme.

### Contact classes for CAIIB at Chennai, Bangalore, Mangalore & Hyderabad

Indian Institute of Banking & Finance, Chennai will be conducting Contact Classes for CAIIB at Chennai, Bangalore, Mangalore & Hyderabad. For details visit [www.iibf.org.in](http://www.iibf.org.in)

### JAIIB Contact Classes at New Delhi, Lucknow, Ahmedabad, Jabalpur, Indore, Bhopal, Navi Mumbai and Nagpur

Indian Institute of Banking & Finance – Mumbai will be conducting Contact Classes for JAIIB/DB&F at New Delhi, Lucknow, Ahmedabad, Jabalpur, Indore, Bhopal, Navi Mumbai and Nagpur. Registration will be done on First Come First Serve basis. The Class will be conducted only on enrollment of minimum 20 candidates and maximum limit will be 35 candidates. For details visit [www.iibf.org.in](http://www.iibf.org.in)

## **90 Hours Preparatory Classes For JAIIB/DB&F and CAIIB November/December 2016, Professional Development Centres – Northern Zone, Eastern Zone & South Zone**

Professional Development Centres – Northern Zone, Eastern Zone & South Zone will be commencing 90 Hours Preparatory Classes for JAIIB/DB&F and CAIIB for November/December 2016 Examinations. For details visit [www.iibf.org.in](http://www.iibf.org.in)

### **Acceptance of Subscription in Online Mode for Bank Quest and IIBF Vision**

The Institute has decided to collect subscription for Bank Quest and IIBF Vision in online mode through SBI Collect and discontinue accepting subscription through Demand Draft with effect from 1st July 2016. Subscription will be accepted only for one year. Third party payment would not be accepted. Domestic Subscribers/Organisations are requested to pay subscription directly through online mode. There is no change in mode of application of subscription for foreign subscribers. Foreign subscribers may write to Publication Department at [publications@iibf.org.in](mailto:publications@iibf.org.in) for application form. Domestic Subscribers/Organisations for payment of subscription in online mode may kindly visit “Online Registration/Services” page on IIBF’s website: [www.iibf.org.in](http://www.iibf.org.in)

### **The new rate of service tax**

The Ministry of Finance, Department of Revenue has notified levying of 0.5% Krishi Kalyan Cess, on any or all the taxable Services w.e.f. 01<sup>st</sup> June 2016. The effective rate of Service Tax would be 14% + 0.5% (Swachh Bahart Cess) + 0.5% (Krishi Kalyan Cess) = 15.00%. Accordingly, the Institute has incorporated the change in all fees.

### **Bank Quest Themes for next issues**

The themes for next issues of “Bank Quest” are identified as:

- October-December, 2016: Digital Banking
- January-March, 2017: Business Analytics
- April-June, 2017: Challenges in Infrastructure financing

### **KYC/AML & Customer Service Examination**

The Institute is holding the Certificate Examinations in AML/KYC & Customer Service Examinations on a quarterly interval from April 2016 onwards. For details visit [www.iibf.org.in](http://www.iibf.org.in)

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

In respect of the exams to be conducted by the Institute during May/June of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December of the previous year will only be considered for the purpose of inclusion in the question papers.

In respect of the exams to be conducted by the Institute during November / December of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30<sup>th</sup> June of that year will only be considered for the purpose of inclusion in the question papers.

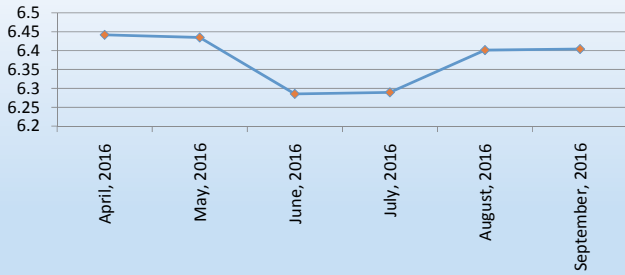
### **Green Initiative**

Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

• Registered with Registrar of Newspapers Under RNI No. : 69228/1998

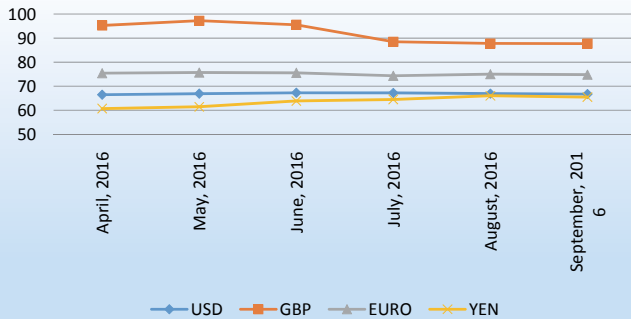
# Market Roundup

## Weighted Average Call Rates



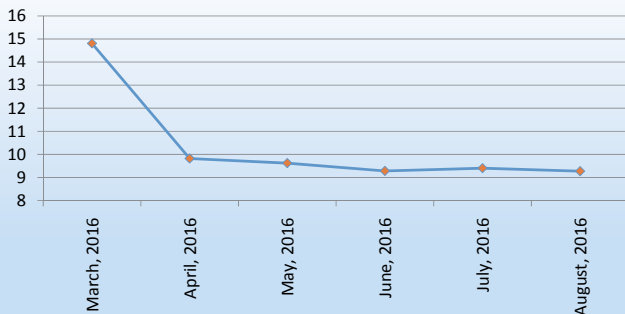
Source: CCIL Newsletters, 2016

## RBI Reference Rate



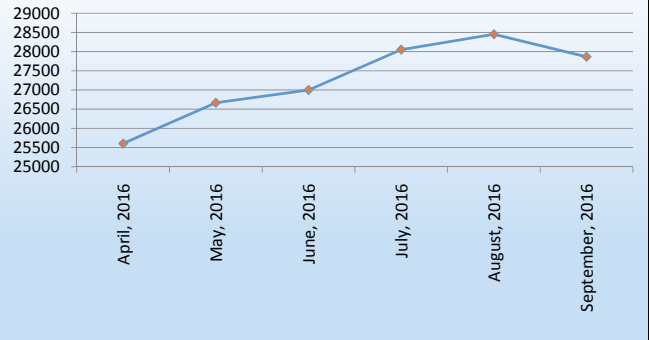
Source: Reserve Bank of India (RBI)

## Non-food Credit Growth %



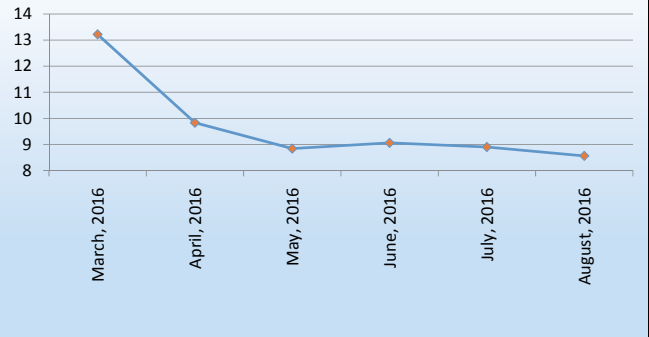
Source: Monthly Review of Economy, CCIL, September 2016

## BSE Sensex



Source: Bombay Stock Exchange (BSE)

## Aggregate Deposit Growth %



Source: Monthly Review of Economy, CCIL, September 2016

Printed by Dr. J. N. Misra, Published by Dr. J. N. Misra on behalf of Indian Institute of Banking & Finance, and printed at Onlooker Press 16, Sasoon Dock, Colaba, Mumbai - 400 005 and published from Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.  
 Editor : Dr. J. N. Misra

### 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