



Committed to professional excellence

IIBF VISION

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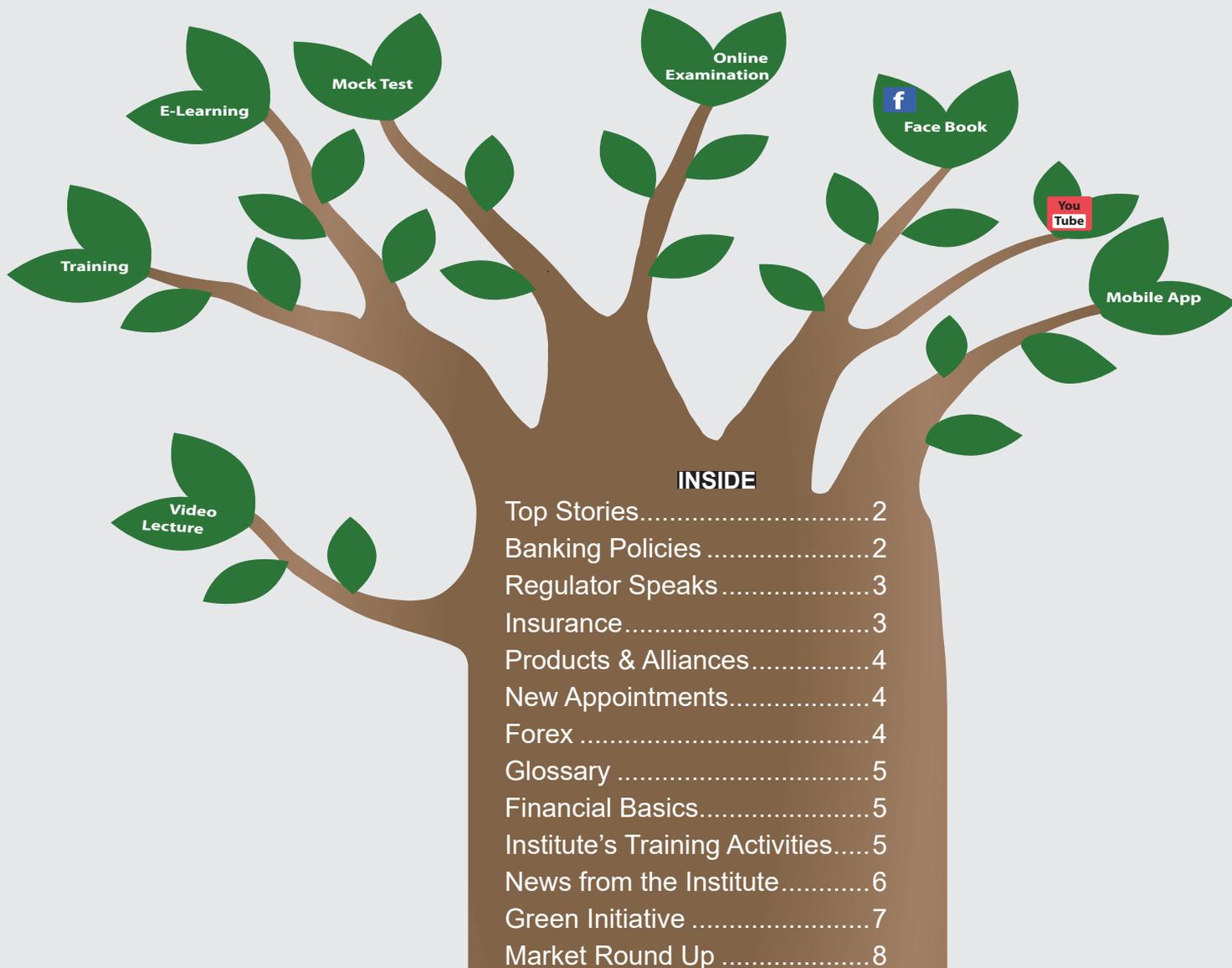
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VISION

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 issues eligibility criteria for government's special liquidity schemes for NBFCs, HFCs

The Reserve Bank of India (RBI) has laid out eligibility criteria and other conditions for a special liquidity scheme approved by the government for non-banking finance companies (NBFCs), micro-finance institutions (MFIs), and housing finance companies (HFCs) to improve their liquidity position and avoid potential systemic risks to the financial sector. RBI has also stipulated that the CRAR/CAR of NBFCs/HFCs should not be below the regulatory minimum of 15% and 12%, respectively as on March 31, 2019, and their net NPAs should not be more than 6%. These companies should have made net profit in at least one of the last two preceding financial years viz. 2017-18 and 2018-19. They should not have been reported under SMA-1 or SMA-2 category by any bank for their borrowings during last one year prior to August 01, 2018. Further, they should have been rated investment grade by a SEBI registered rating agency and should comply with the requirement of the special purpose vehicle (SPV) for an appropriate level of collateral from the entity which would be optional and to be decided by the SPV. State Bank of India's subsidiary SBICAP has set up a SPV called SLS Trust to manage this operation. The SPV will purchase the short-term papers from eligible NBFCs/HFCs, who will utilize the proceeds under this scheme only for unburdening their existing liabilities. The instruments will be commercial papers (CPs) and non-convertible debentures (NCDs) with a residual maturity of not more than three months and rated as investment grade. However, such facility will not be available for any paper issued after September 30, 2020. The SPV would cease to make fresh purchases after September 30, 2020 and would recover all dues by December 31, 2020 or as may be modified subsequently under the scheme.

RBI directs ARCs to employ a fair practices code, prevent recovery agents from harassing borrowers

The RBI has told **asset reconstruction companies (ARCs)** to prepare a fair practices code to ensure that recovery agents do not harass their borrowers. ARCs will be held responsible for undue actions of recovery agents, who in turn, should also respect customer confidentiality. Furthermore, ARCs will also have to set up a grievance redressal mechanism for faster resolution of genuine complaints, including issues pertaining to services provided by the outsourced agencies, as well as, recovery agents. Information gathered by ARCs will have to be kept confidential and not shared with anyone. The RBI has mandated that such a fair practices code should be duly approved by the board and firms must follow transparent and non-discriminatory practices in acquisition of assets.

Banking Policies

RBI to banks, NBFCs: Reclassify MSMEs as per revised criteria

The RBI has asked banks, financial institutions and NBFCs to reclassify micro, small and medium enterprises aka MSMEs as per the new criteria notified by the government on the basis of turnover and investment in plant and machinery. According to the clauses of reclassification, in case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise will maintain its prevalent status till expiry of one year from the close of the year of registration. Further, an enterprise will be considered micro where the investment in plant and machinery or equipment does not exceed ₹1 crore and turnover does not cross ₹5 crore. An enterprise will now be classified as small enterprise, where the investment does not exceed ₹10 crore and turnover is not over ₹50 crore. For medium enterprise, the investment should not exceed Rs 50 crore and turnover should be below ₹250 crore.

RBI extends timeline for finalisation of audited accounts for applicable NBFCs

In view of the on-going situation and based on the feedback received from various stakeholders, the RBI has stipulated that every applicable NBFC shall finalise its balance sheet within a period of 3 months from the date to which it pertains or any date as notified by SEBI for submission of financial results by listed entities.

Regulator Speaks

Infrastructure as Force Multiplier for Growth

(Extract of the speech by Shri Shaktikanta Das, Governor, Reserve Bank of India - July 27, 2020 - Addressed to CII National Council, Mumbai)

“In India, the progress made on physical infrastructure in the country in the last five years needs to be viewed as no less than a dynamic shift. Road construction, the primary mode of transportation in India, has increased from 17 kms per day in 2015-16 to close to about 29 kms per day in the last two years. On airport connectivity, India ranked 4th among 141 countries in the Global Competitiveness Report, 2019 of the World Economic Forum. In telecommunication, the overall tele-density (number of telephone connections per 100 persons) in India at end of February 2020 was 87.7 per cent. Total broadband connections rose almost ten times - from 610 lakh in 2014 to 6811 lakh in February 2020 - enabling large expansion in internet traffic. India is now the global leader in monthly data consumption, with average consumption per subscriber per month increasing 168 times from 62 MB in 2014 to 10.4 GB at end-2019. The cost of data has also declined to one of the lowest globally, enabling affordable internet access for millions of citizens.

In the shipping industry, the average turnaround time of ships in Indian ports - which is an indicator of efficiency of ports - improved from 102.0 hours in 2012-13 to 59.5 hours in 2018-19. With regard to the railways, a total of 15 critical projects covering around 562 km track length were completed in 2019-20 and railway electrification work of total 5782 route kms was also completed in 2019-20. India has also recorded an impressive growth in metro rail projects for urban mass transportation.

Notwithstanding this progress, the infrastructure gap remains large. According to estimates of NITI Aayog, the country would need around US \$4.5 trillion for investment in infrastructure by 2030. On financing options for infrastructure, we are just recovering from the consequences of excessive exposure of banks to infrastructure projects. Non-performing assets (NPAs) relating to infrastructure lending by banks has remained at elevated levels. There is clearly a need for diversifying financing options. The setting up of the National Investment and Infrastructure Fund (NIIF) in 2015 is a major strategic policy response in this direction. Promotion of the corporate bond market, securitisation to enhance market-based solutions to the problem of stressed assets, and appropriate pricing and collection of user charges should continue to receive priority in policy attention.”



Insurance

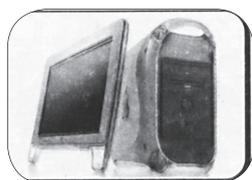
IRDAI panel to study feasibility of forming a 'pandemic risk pool'

On the backdrop of insurance-related problems emerging out the ongoing pandemic, the Insurance Regulatory and Development Authority (IRDAI) has constituted a working group to study the feasibility of forming a pool

to address risks arising out of such situations. The panel will submit its report in eight weeks. The Covid-19 induced lockdown has led to huge losses in businesses, but companies could not claim damages as their insurance cover did not include loss from damage to property, which is essential for “loss of profit” clause to get triggered in business interruption losses. Insurers opine that the only way business interruption losses can be contained in a pandemic, is by forming a pool.

Ensure cashless facility for Covid-19 treatment: IRDAI to insurers

The IRDAI has stipulated that policyholders are entitled to avail cashless facility for Covid-19 treatment at hospitals which have entered into service-level agreements with insurers and third-party administrators. It has also directed insurers to ensure availability of cashless facility at all the network providers (hospitals) empanelled with them. Insurers shall take appropriate action against hospitals that deny cashless facility to policyholders and deviate from the agreed terms of the service level agreements. If the hospitals deny the policyholders of such a facility, the insured can send a formal complaint to the insurance company.



Products & Alliances

Name of the alliance	Purpose
Karur Vysya Bank & Star Health Allied Insurance	To bring a wider range of health insurance options to its customers.

New Appointments

Name of the official	Designation
Mr. Partha Pratim Sengupta	MD & CEO of Indian Overseas Bank
Mr. Ramesh Babu Boddu	MD & CEO, Karur Vysya Bank

Forex

Foreign Exchange Reserves		
Item	As on July 24, 2020	
	₹ Cr.	US\$ Mn.
	1	2
Total Reserves	3910859	522630
1.1 Foreign Currency Assets	3595444	480482
1.2 Gold	270134	36100
1.3 SDRs	10953	1464
1.4 Reserve Position in the IMF	34328	4585

Source: Reserve Bank of India

Benchmark Rates for FCNR(B) Deposits applicable for August 2020

Base Rates for FCNR(B) Deposits					
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.23100	0.19900	0.20800	0.22800	0.27400
GBP	0.08360	0.1058	0.1058	0.1262	0.1505
EUR	-0.40000	-0.428	-0.428	-0.418	-0.406
JPY	-0.02000	-0.033	-0.041	-0.045	-0.045
CAD	0.82000	0.555	0.600	0.658	0.711
AUD	0.14000	0.186	0.219	0.310	0.376
CHF	-0.64250	-0.661	-0.646	-0.611	-0.574
DKK	-0.08980	-0.1500	-0.1685	-0.1705	-0.1630
NZD	0.27500	0.230	0.233	0.260	0.313
SEK	0.01000	0.026	0.049	0.670	0.100
SGD	0.24500	0.275	0.324	0.413	0.470
HKD	0.52000	0.520	0.540	0.570	0.610
MYR	1.88000	1.870	1.890	1.980	2.080

Source: www.fedai.org.in

Glossary

Asset Reconstruction Companies (ARCs)

An asset reconstruction company is a special type of financial institution that buys the debtors of the bank at a mutually agreed value and attempts to recover the debts or associated securities by itself. The asset reconstruction companies or ARCs are registered under the RBI and regulated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI Act, 2002). The ARCs take over a portion of the debts of the bank that qualify to be recognised as Non-Performing Assets.

Financial Basics

Payback Period

The payback period refers to the time taken to recover the cost of an investment. In other words, the payback period is the length of time an investment reaches a break-even point. The desirability of an investment is directly related to its payback period. Shorter paybacks mean more attractive investments.

Institute's Training Activities

Training Programmes for the month of August 2020		
Programme	Dates	Location
Post Examination Training for Certified Credit Professional	12 th to 14 th August 2020	Virtual
Program for Trade Finance	17 th to 18 th August 2020	Virtual

News from the Institute

Remote Proctored Examinations

IIBF is pleased to announce introduction of Remote Proctored Examinations allowing flexibility to candidates of appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base.

Examination will be conducted in 3 sessions in a day. The session timings are 10 to 12 Noon, 12.45 to 2.45 pm and 3.30 to 5.30 pm. Candidates can select the examination date and time of his/her choice.

Registration will be on first come first serve basis. We urge candidates to register as early as possible to avoid disappointment.

For detailed instructions, exam schedule, rules and regulations, please click on the following link.

http://www.iibf.org.in/documents/pdf/20200713_website%20schedule%20for%20RPE%20Aug-Sep-2020.pdf

Registration Link for Ordinary Member

<https://iibf.esdsconnect.com/Register/examlist/?Extype=Mg==&Mtype=Tw==>

Registration Link for Non-Member

<https://iibf.esdsconnect.com/nonreg/examlist/?Extype=Mg==&Mtype=Tk0=>

Launch of 9th AMP, August 2020

The inauguration of the IX batch of AMP was done in the virtual mode by the Institute on 8th August 2020. The Chief Guest on the occasion was Mr. Sunil Mehta, Chief Executive, IBA. 57 participants from 19 Banks/FIs in the middle management and senior management cadre, across India, have registered for the programme.

The AMP is a management course for working officers and executives from the Banking/Financial sector. It is a comprehensive management course of about 8 months in the areas of banking and finance with a focus on resource mobilization, information technology, international banking, credit management and monitoring, treasury management, business analytics, integrated risk management etc.

Considering the COVID situation and to be in tandem with time, the AMP will be delivered under the hybrid mode. Under this model, while lecture sessions will be delivered in the virtual classroom mode (VCRT), there will be two compulsory immersion programmes, one in IIM, Calcutta and the other at the Corporate Centre of IIBF in Mumbai. Thus, candidates from anywhere in the country will be able to join this programme during weekends, from the comfort of their home. Expert faculties from all over the country are also be available to deliver this programme.

Functioning by the Institute during lock down period.

The majority of work of the Institute is being handled by the employees working from home to ensure that critical activities are functional. The Institute has invoked its Business Continuity Plans (BCP), nearly 30,000 certificates have been digitally signed and sent, all its publications have been released in digital mode etc.

The Institute had also taken the initiative of offering some special online learning courses for the banking and finance professionals. The following were made available free of cost for a period of 3 months:

- Video lectures of JAIIB (3 subjects), CAIIB (2 subjects), MSME and Business Correspondents.
- E-learning for JAIIB (3 subjects), CAIIB (2 subjects) and Credit Management.

While the video lectures are already available on the YouTube page of the Institute for all, the e-learning was made available free of charge for a period of three months ending 31st July 2020 to those who register.

The Institute had also organised certain online lecture series on some contemporary topics like Introduction to various types of risks and Basel III guidelines, Basic Derivative products, New developments in Digital technologies and Payment systems and MSME Financing. The Institute had seen a good number of registrations and participations in the above special initiatives taken.

Bank Quest included in UGC CARE List of Journals

IIBF's Quarterly Journal, Bank Quest has been included in the Group B of UGC CARE list of Journals. The University Grants Commission (UGC) had established a "Cell for Journals Analysis" at the Centre for Publication Ethics (CPE), SavitribaiPhule Pune University (SPPU) to create and maintain the UGC-CARE (UGC – Consortium for Academic and Research Ethics). As per UGC's notice, research publications only from journals indexed in UGC CARE list should be used for all academic purposes.

Self-paced E-learning (SPeL) Courses

The Institute, since April 2019, has introduced Self-paced E-learning courses for two of its certificate courses *viz* Digital Banking and Ethics in Banking. The objective of self-paced e-learning is to provide a more conducive training environment to professionals employed in the banking & finance sectors. Under this mode, a candidate will have the flexibility to register online for the exam, learn, and take an examination from his/her own place. For more details, please visit <http://www.iibf.org.in/documents/SPeL-notice.pdf>.

Mandatory certification of Business Correspondents

RBI has identified IIBF as the sole certifying agency for certifying the BCs of both SCBs and Payment Banks. The Syllabus for the exam has been revised in consultation with RBI. The Institute has also tied up with CSR - e - Governance and BFSI-SSC for certifying the BCs.

Virtual Classroom Solution

The Institute has acquired a software for conducting training through the Virtual Classroom mode. This will enable the Institute to disseminate training inputs to a larger audience, without diluting quality. Virtual training for Certificate in Risk in Financial Services, Certified Treasury Professional and Accounting & Audit have also been introduced. For more details, please visit our website www.iibf.org.in.

Bank Quest Themes for upcoming issues

The theme for the upcoming issues of our quarterly Bank Quest journal is July-September 2020 - NBFCs, Systemic Risk and Interconnectedness amongst Financial Institutions

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:

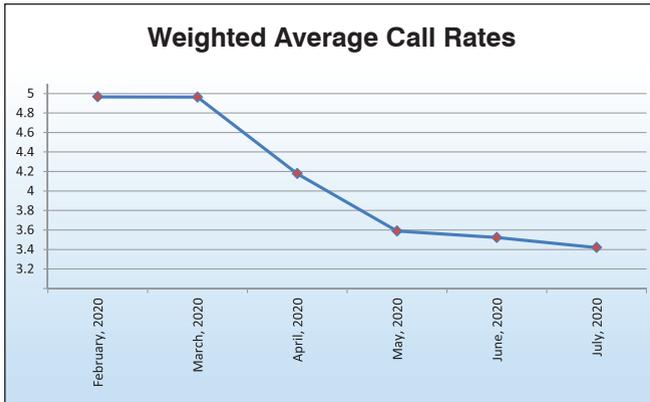
- (i) In respect of the exams to be conducted by the Institute for the period from February 2020 to July 2020, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December, 2019 will only be considered for the purpose of inclusion in the question papers.
- (ii) In respect of the exams to be conducted by the Institute for the period from August 2020 to January 2021, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June, 2020 will only be considered for the purpose of inclusion in the question papers.

Green Initiative

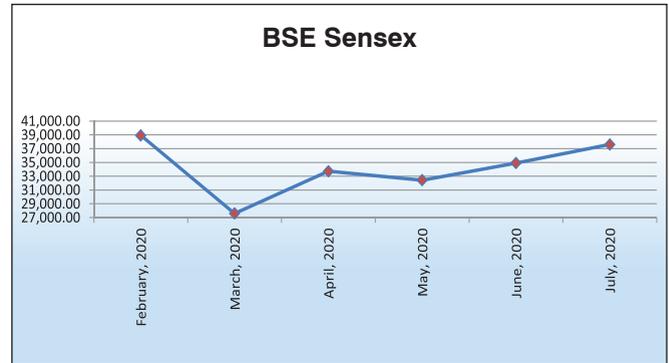
Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

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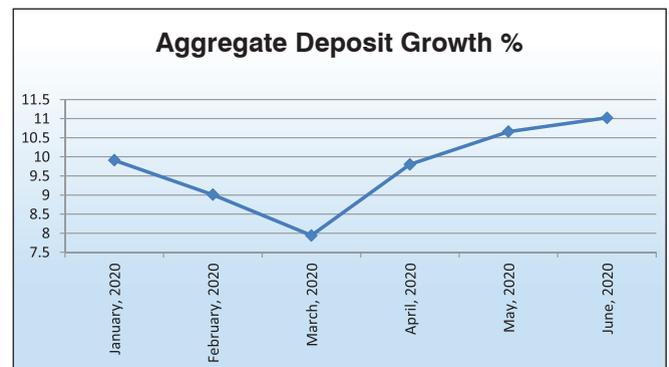
Market Roundup



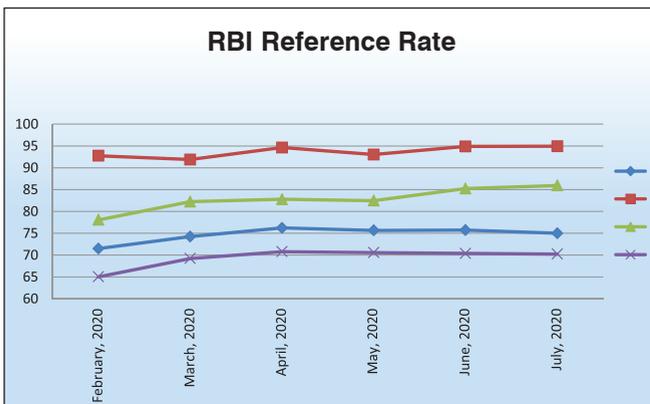
Source: CCIL News Letters -July 2020



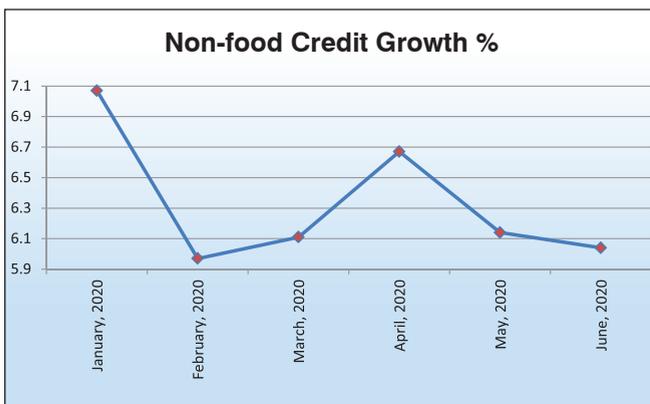
Source: Bombay Stock Exchange



Source: Monthly Review of Economy CCIL, July 2020



Source: FBIL



Source: Monthly Review of Economy, CCIL, July 2020

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