



Committed 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

PAN mandatory for all transactions over ₹2 lakh from 2016

It has been decided that quoting of PAN will be required for transactions of an amount exceeding ₹2 lakh regardless of the mode of payment. To bring a balance between burden of compliance on legitimate transactions and the need to capture information relating to transactions of higher value, the Government has also enhanced the monetary limits of certain transactions which require quoting of PAN. The changes to the rules will take effect from 1st January, 2016. The changes in the rules are expected to be useful in widening the tax net. They are also expected to help in curbing black money and move towards a cashless economy.

Banking Policies**Foreign borrowing norms relaxed**

Keeping in view the macro-economic developments and the experience gained in administering the External Commercial Borrowing (ECB) regime over the last 10 years, Reserve Bank of India, in consultation with the Government of India, has reviewed the extant ECB framework. The framework specified that the primary responsibility for ensuring that the ECB is in compliance with the applicable guidelines is that of the borrower concerned. For ECB in foreign currency, the limit for small-value bonds with a minimum average maturity of three years, has been raised to \$50 million. For ECB of more than \$50 million, the minimum maturity period will be five years.

RBI introduces Cross-Currency Futures and Exchange Traded Option Contracts

RBI has introduced cross-currency pairs in the exchange-traded currency derivatives market in order to enable direct hedging of exposures in foreign currencies and facilitate execution of cross-currency strategies by market participants. The cross currency pairs introduced were Euro-US Dollar, Pound Sterling-US Dollar and US dollar-Japanese Yen. Recognised stock exchanges are also permitted to offer exchange traded currency option contracts in EUR-INR, GBP-INR and JPY-INR in addition to the existing USD-INR option contract, with immediate effect.

Mobile Banking Registration

RBI has mandated all banks participating in National Financial Switch (NFS) to carry out necessary changes in their respective ATM switches, latest by March 31, 2016, to enable customer registration for mobile banking. The National Payment Corporation of India (NPCI) has developed the mobile banking registration service / option on the National Financial Switch (NFS). RBI said that banks should also strive to facilitate customer registration for mobile banking through other channels including internet banking, IVR, phone banking, etc. As customer registration is an important pre-requisite for offering mobile banking services, banks should also use multiple channels to create awareness among their customers regarding mobile banking services and options available for customer registration.

Banks to set base rate as per marginal cost of funds: RBI

All rupee loans sanctioned and credit limits renewed w.e.f. April 1, 2016 will be priced according to the Marginal Cost of Funds-based Lending Rate (MCLR), comprising marginal cost of funds, Negative carry on account of CRR, operating costs and tenor premium. Banks may specify interest reset dates on their floating rate loans. Banks will have the option to offer loans with reset dates linked either to the date of sanction of the loan/credit limits or to the date of review of MCLR.

Banking Developments

RBI buys bonds worth ₹10,000 crore through Open Market Operations

RBI bought ₹10,000 crore of bonds from the secondary market as part of its **Open Market Operations** (OMOs). The total amount offered by participants in the auction for four bonds was ₹54,413.30 crore. In the auction, RBI bought bonds maturing in 2018, 2019 and 2024 for a cut-off yield of 7.4441%, 7.6181% and 7.9051% respectively. But it has accepted no offer for bonds maturing in 2030.

RBI releases Report of the Committee on Medium-term Path on Financial Inclusion

The Committee on Medium-Term Path on Financial Inclusion, headed by Mr. Deepak Mohanty, Executive Director, RBI has suggested that meaningful financial inclusion is not feasible without Government-to-Person (G2P) cash transfer. The Committee has also made several other recommendations to improve the governance system, strengthen the credit infrastructure and augment the government social cash transfer so as to increase the personal disposable income of the poor to put the economy on a medium-term sustainable inclusion path.

RBI inflation expectations survey of households

RBI has launched the quarterly Inflation Expectations Survey of Households for December 2015, results of which provide useful inputs to policy formulation. The survey seeks qualitative responses from households on price changes (general prices as well as prices of specific product groups) in the next three months as well as in the next one year and quantitative responses on current, three-month ahead and one-year ahead inflation rates. Inflation expectations are subjective assessments of households covered in the survey and are based on their individual consumption baskets.

RBI helpline for start-ups in India on Forex Matters

Start-up enterprises usually undertake a wide range of cross-border transactions including those related to investment. RBI has created a dedicated helpline (helpstartup@rbi.org.in) to offer guidance/assistance to start-ups for undertaking cross-border transactions within the ambit of the regulatory framework. While seeking guidance, the enterprises should provide complete information to the Reserve Bank of India and mention the specific issues on which they need guidance from the Reserve Bank of India in relation to the Foreign Exchange Management regulations. This would enable the personnel attending the helpline to offer timely and effective information.

RRBs will have to lend more to priority sectors

Considering the growing significance of Regional Rural Banks (RRBs) in pursuit of financial inclusion agenda, RBI had decided to revise the priority sector guidelines for RRBs. 75% of RRBs' outstanding advances will need to be for PSL, which also includes loans to Medium Enterprises, Social Infrastructure and Renewable Energy, in addition to the existing categories, with a cap of 15 per cent of total outstanding. The revised guidelines will be operational with effect from January 1, 2016. The priority sector loans sanctioned under the guidelines issued prior to this date will continue to be classified under priority sector till repayment/maturity/renewal.

RBI ready to intervene in exchange-traded currency derivatives

Reserve Bank of India intervenes in the domestic foreign exchange market as and when required in order to manage excessive volatility and to maintain orderly conditions in the market. As a further measure RBI has decided to intervene in the Exchange Traded Currency Derivatives (ETCD) segment, if required. The data for the ETCD intervention will be published in RBI monthly Bulletin as in the case of Over-the-Counter (OTC) intervention.

RBI meets Bankers to discuss various issues

Reserve Bank of India met select bankers in the public and private sector at Mumbai. Dr. Raghuram G. Rajan, Governor, RBI chaired the meeting. Shri. R. Gandhi and Shri S. S. Mundra, Deputy Governors were also present along with other senior officials from banking regulation and supervision departments. The meeting was attended from the banking sector by bank Chairmen and MD & CEOs. During the meeting, RBI and the bankers discussed various issues including the asset quality of banks and the way forward on improving the quality of bank balance sheets.

Regulator's Speak...

Dr. Rajan flags concerns over corporate risks

Dr. Raghuram Rajan, Governor, RBI said that while India appears to be relatively better placed compared to many of its emerging market peers due to a combination of prudent policy measures and benign commodity prices, there are a few issues that still need to be taken note of as we prepare to take on the emerging risks. Dr. Raghuram Rajan has called for closer monitoring of corporate sector vulnerabilities and the impact of their weak balance sheets on the financial system. He also said that cyber security will be a major challenge, being more of a strategic issue than a mere operational concern, requiring board level understanding of the threats and solutions.

Shadow Banking in India: Mr. R. Gandhi

Mr. R. Gandhi, Deputy Governor, RBI said that certain economic activities have greater externalities and financial sector is one where the externalities are such that it warrants close regulation and supervision in the interests of systemic stability, safety and soundness of banks and other financial institutions and to protect the consumers. Therefore, careful and continuous monitoring is required to detect any increases in systemic risk factors (e.g. maturity and liquidity transformation, and leverage) that could arise from the rapid expansion of credit provided by the non-bank sector.



Insurance

IRDAI for changes to trade credit insurance norms

In order to give a fillip to the Micro, Small, Medium Enterprise (MSME) sector, insurance regulator IRDAI has proposed changes in guidelines on trade credit insurance. The exposure draft on 'Amendment to Guidelines on Trade Credit Insurance' says, changes in the economy, especially in micro, small, medium enterprise sector, has increased the need for trade credit and has enhanced the scope for the credit insurance sector manifold.

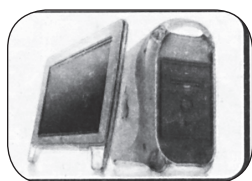
Economy

Economy showing signs of revival: Finance Ministry

The Finance Ministry said that macro-economic indicators have begun to show a positive trend and the structural reforms are contributing to growth. Underlining the important role of States in boosting economic growth, Minister of State (Finance) Mr. Jayant Sinha stressed on the need to increase social sector spending and increase capital expenditure while striving to remain on path of fiscal consolidation.

New Appointments

Name	Designation/Organisation
Mr. Parthasarathi Mukherjee	Managing Director & Chief Executive Officer, Lakshmi Vilas Bank.
Mr. A. K. Jain	Executive Director, Punjab & Sind Bank.
Mr. Shantanu Sengupta	Chief of Consumer Banking in India, DBS Bank.
Mr. Pascal Boillat	Chief Information Officer & Head of Operations, Corporate & Investment Banking team, Deutsche Bank.
Mr. Didier von Daeniken	Global Head of Private Banking and Wealth Management, Standard Chartered Bank.
Mr. Topsy Mathew	Corporate Finance Head for South Asia and the Association of Southeast Asian Nations, Standard Chartered Bank.
Mr. Thomas Joseph K	Executive Vice-President for Administration, South Indian Bank.
Mr. Arun Kumar Padmanabhan	Chief Operating Officer and Senior Group President, Operations & Service Delivery, Yes Bank.
Mr. Neeraj Dhawan	Group President and Chief Risk Officer (Retail and Business), Yes Bank.
Mr. Rajan Pental	Group Head - Retail Lending, Retail Banking assets Group, Yes Bank.



Products & Alliances

Organisation	Organisation tied up with	Purpose
Reserve Bank of India	Prudential Regulation Authority and Financial Conduct Authority, United Kingdom	For supervisory co-operation and exchange of supervisory information.
Export-Import Bank of India	Export-Import Bank of Malaysia Berhad	To strengthen co-operation in financing, guaranteeing and other financial mechanisms to support projects of interest to both banks.
Dena Bank	SBI Life Insurance Company	To provide Dena Grihaswami Suraksha Yojana, a group life insurance coverage to its home loan borrowers.
	JCB-India Ltd.	For equipment financing business.
Karnataka Bank Ltd.	Universal Sompo General Insurance Company	To launch KBL Suraksha, a group personal accident insurance scheme.
Yes Bank	iSPIRT	For mentoring Indian fin-tech start-ups and guide them through a partnership with Yes Bank.
Catholic Syrian Bank	Chillr	To enable customers to transfer money instantly for fund transfer and payment services.

Forex

Benchmark Rates for FCNR(B) Deposits applicable for the month of January, 2016

Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.87650	1.16200	1.42740	1.61620	1.74950
GBP	0.73070	1.1026	1.3121	1.4682	1.5943
EUR	-0.04820	-0.015	0.086	0.191	0.332
JPY	0.13380	0.129	0.123	0.143	0.179
CAD	0.93000	0.843	0.955	1.074	1.204
AUD	2.25200	2.217	2.265	2.498	2.620
CHF	0.65000	-0.605	-0.538	-0.443	-0.278
DKK	0.15300	0.2170	0.3351	0.4909	0.6680
NZD	2.78000	2.860	3.000	3.150	3.290
SEK	0.27200	-0.099	0.156	0.447	0.734
SGD	1.87000	2.070	2.290	2.465	2.595
HKD	0.75000	1.060	1.270	1.450	1.590
MYR	3.82000	3.860	3.900	3.960	4.030

Source: www.fedai.org.in

Foreign Exchange Reserves

Item	As on November 27, 2015	
	₹ Bn.	US\$ Mn.
	1	2
Total Reserves	23,216.4	3,52,049.9
(a) Foreign Currency Assets	21,692.4	3,29,191.6
(b) Gold	1,172.2	17,543.8
(c) SDRs	265.7	4,013.4
(d) Reserve Position in the IMF	86.1	1,301.1

Source: Reserve Bank of India (RBI)

Glossary

Open Market Operations

Open Market Operations (OMOs) are the market operations conducted by Reserve Bank of India (RBI) by way of sale/ purchase of Government securities to/ from the market with an objective to adjust the rupee liquidity conditions in the market on a durable basis. When RBI feels there is excess liquidity in the market, it resorts to sale of securities thereby sucking out the rupee liquidity. Similarly, when the liquidity conditions are tight, the RBI will buy securities from the market, thereby releasing liquidity into the market.

Financial Basics

Credit Risk Mitigation

Techniques used to mitigate the credit risks through exposure being collateralised in whole or in part with cash or securities or guaranteed by a third party.

Institute's Training Activities

Training Programme Schedule for the month of February 2016

S.No.	Name of the Programme	Dates	Location
1.	International Trainers' Training programme.	1.2.2016 to 6.2.2016	Mumbai.
2.	Programme on Recovery Management.	8.2.2016 to 10.2.2016	Mumbai.
3.	Forex Programme for the Officers of DBS.	8.2.2016 to 9.2.2016	Mumbai.
4.	Campus Training for 25 th Batch of IIBF-IFMR Certificate Course in Project Finance.	29.2.2016 to 5.3.2016	Chennai (IFMR Campus).

News from the Institute

IIBF's Android Mobile App

IIBF's Android Mobile App, launched by Mr. Ashwani Kumar, President - IIBF, Chairman & Managing Director, Dena Bank, is available on Google Play Store for download. After downloading the application, the user needs to provide basic information to get started (Member name, e-mail and mobile number). Using this application, candidate/member will be able to get information about the Institute, Membership, Examinations, Training, Books & Periodicals.

IIBF on Social Media

The Institute is on Facebook & YouTube. This initiative will help the Institute in receiving constructive inputs/feedback from them to make its courses relevant and up to date in Banking & Finance.

KYC/AML & Customer Service Examination

The Institute will hold the Certificate Examinations in AML/KYC & Customer Service Examinations on quarterly intervals from April 2016 onwards. Schedule for the First Quarter of 2016 is as follows:

Examination	Subject	Examination Date – April 16	Open Period for Registration
Certificate Examination in AML-KYC	Anti-Money Laundering & Know Your Customer	10-04-2016 Time : 9 AM	08-01-2016 to 08-02-2016.
Certificate Examination in Customer Service & Banking Codes and Standards	Customer Service & Banking Codes and Standards	10-04-2016 Time : 11.30 AM	08-01-2016 to 08-02-2016.

For details visit 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 31st 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 30th June of that year will only be considered for the purpose of inclusion in the question papers.

Additional Reading Material for Institute's examination

The Institute has put on its web site additional reading material, for various examinations, culled out from the Master Circulars of RBI and other sources. These are important from examination view point. For details visit www.iibf.org.in.

Call for Papers/Proposals

The institute invites Micro Papers / Macro Proposals for the year 2015-16. The last date of submitting the papers / proposals is 31st January 2016. For details visit www.iibf.org.in.

Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF)

The institute invites applications for Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) for the year 2015-16. The last date for applying for submitting the applications is 31st January 2016. For details visit www.iibf.org.in.

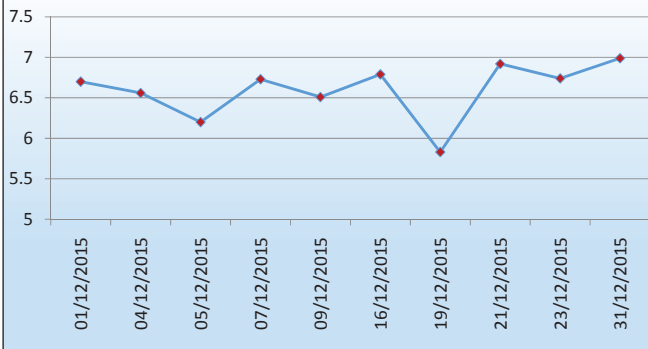
Green Initiative

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

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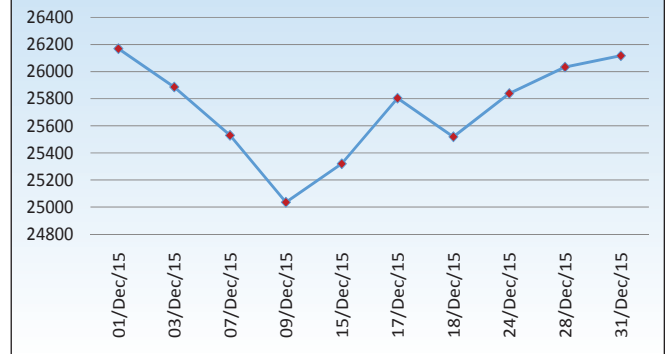
Market Roundup

Weighted Average Call Rates



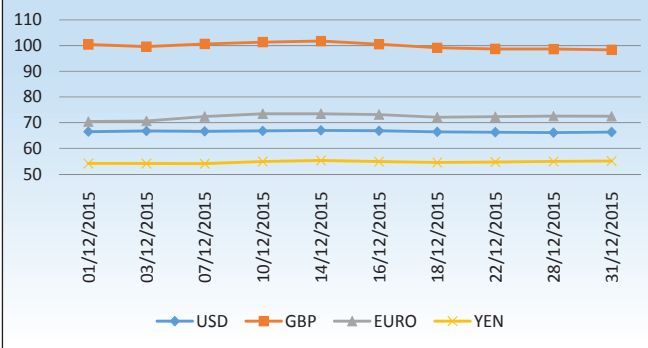
Source: CCIL Newsletters, December 2015

BSE Sensex



Source: Bombay Stock Exchange (BSE)

RBI Reference Rate



Source: Reserve Bank of India (RBI)

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