



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****New online platform to facilitate PSLCs**

Banks will now be able to buy and sell four kinds of Priority Sector Lending Certificates (PSLCs) viz. Agriculture, Small & Marginal Farmers, Micro Enterprises and General via a recently launched RBI platform that will enable trading in the certificates through its Core Banking Solution (CBS) portal e-Kuber. All Scheduled Commercial Banks (including Regional Rural Banks), Small Finance Banks (when they become operational) and Local Area Banks are eligible to participate in the trading. The certificates will have a standard lot size of ₹5 lakh and multiples thereof.

**Banking Policies****ECB norms eased, infra firms can raise shorter-term loans**

RBI has notified some revisions to the External Commercial Borrowing (ECB) framework; thereby allowing infrastructure firms to raise shorter-term ECBs. Companies in infrastructure sector, Non-banking Financial Companies-Infrastructure Finance Companies (NBFC-IFCs), NBFCs-Asset Finance Companies (NBFC-AFCs), holding companies and Core Investment Companies (CICs) will be eligible to raise ECBs under Track 1 of the framework with minimum average maturity period of five years. The designated AD Category-I banks can allow refinancing of ECBs raised under the previous ECB framework if the refinancing is at a lower all-in-cost and the borrower is eligible to raise ECBs without reducing the residual maturity.

**RBI notifies 49% FDI in insurance via automatic route**

RBI has notified 49% Foreign Direct Investment (FDI) under automatic route in the insurance sector. Following the Government's review, the limit of foreign investment in insurance sector has been raised from 26% to 49% under the automatic route subject to certain terms and conditions.

**RBI to banks: Set up subsidiary for investment advisory business**

RBI has asked banks offering Investment Advisory Services (IAS) to do so through a separate subsidiary to avoid any conflict of interest. IAS is defined and regulated by SEBI under the EBI (Investment Advisory) Regulations, 2013, and entities offering these activities need to be registered with SEBI. In view of the same, it is advised that henceforth, banks cannot undertake IAS departmentally. They may do so either through a separate subsidiary set up for the purpose or one of the existing subsidiaries after ensuring that there is an arm's length relationship between the bank and the subsidiary.

**Banking Developments****FPIs can invest more in G-Secs**

Foreign Portfolio Investors (FPIs) have been allowed to buy Central Government Securities worth ₹1.9 lakh crore; up from the existing cap of ₹1,795 lakh crore from 4<sup>th</sup> April 2016. All other existing conditions, including

the security-wise limits, investment of coupons being permitted outside the limits and investments being restricted to securities with a minimum residual maturity of three years, will continue to apply.

### **New lending rate regime could reduce demand for CPs**

India Inc may soon move away from Commercial Papers (CPs) towards bank credit for raising short-term resources, following the implementation of Marginal Cost of Funds-based Lending Rate (MCLR) regime by banks w.e.f April 1, 2016. The MCLR computation factors in all operating costs, which means inefficient banks will get penalized. Additionally, MCLR provides flexibility to banks to re-price their floating rate book, compared to the base rate regime. All this accords MCLR the potential to channel the recent surge of volumes in the commercial paper market towards bank credit.

### **Course for business correspondents**

RBI has proposed setting up training and certification course for Business Correspondents (BCs) in India, both new and existing ones, said Dr. Raghuram Rajan, Governor, RBI. RBI will issue the necessary framework for establishing a certification programme by end-June 2016. Based on the framework, the Indian Banks' Association (IBA) will be requested to set up a system of training and certification of BCs.

### **Issuance of rupee denominated bonds capped at ₹5,000 crore**

RBI has mandated that the maximum amount that can be borrowed by an entity in a financial year, under the automatic route by issuance of rupee denominated bonds, will be ₹5,000 crore, and not \$750 million.

### **RBI for proper monitoring of FDI**

RBI has revamped its overseas direct investment application process to provide banks fast and easy accessibility to data for reference purposes; to improve the coverage; and to ensure proper monitoring of the flows in a dynamic environment. In the new process, the Indian party will need to furnish more details about its investments and remittances. The new scheme is for more nuanced information on direct investments in joint ventures, wholly-owned subsidiaries and any remittances & other forms of financial commitments by an Indian corporate entity or individual.

### **RBI requires bank provisions for fraudulent loans**

RBI has allowed banks to adjust financial collateral eligible under Basel III capital regulations while providing for fraud accounts. While the banks should normally provide for the entire amount due to it or for which it is liable (including in case of deposit accounts) immediately upon a fraud being detected, capital charge for credit risk can be adjusted. However, to smoothen the effect of such provisioning on quarterly profit and loss, banks have the option to make the provisioning over a period, not exceeding four quarters, commencing from the quarter in which the fraud has been detected.

### **RBI directives on merger of private banks**

RBI has come out with a master direction for merger of private sector banks and also between NBFCs and banks. The scope of master direction on mergers will cover an amalgamation of two banking companies and amalgamation of an NBFC with a banking company. In both the cases, the voluntary amalgamation will become

effective after RBI's approval. In another master direction, a compilation which consolidates instructions on rules and regulations framed by RBI under various Acts, including banking issues and foreign exchange transactions, direction has been provided for issue and pricing of shares by private sector banks.

### **RBI conducts OMO purchase worth ₹15,000 crore**

RBI conducted Open Market Operation (OMO) purchases of Government Securities worth ₹15,000 crore on 7<sup>th</sup> April 2016 to improve the liquidity further. The repo rate currently stands at 6.50%, while the overnight call money rate stood at 6.36%. Recent auction participants offered ₹76,299 crore against a notified amount of ₹15,000 crore by RBI. Six Government securities – 7.83% GS 2018, 8.12% GS 2020, 8.08% GS 2022, 7.72% GS 2025, 8.60% GS 2028 and 7.88% GS 2030 were bought by the central bank.

## **Regulator's Speak**

### **RBI trying to improve credit flow to MSMEs**

RBI is taking several steps to ensure timely credit and improved cash flow to Micro, Small and Medium Enterprises (MSMEs), said Shri S.S. Mundra, Deputy Governor, RBI. The Apex Bank is in discussion with the Government, SIDBI and other key stakeholders for launching an electronic platform for online application of loans and tracking the status of applications with the help of seamless availability of key information on creditworthiness and guarantee.

### **RBI to prescribe norms for electronic dealing platforms**

RBI is planning to prescribe a framework for authorization of electronic dealing platform for financial instruments regulated by it, said Mr. H.R. Khan, Deputy Governor, RBI. Taking into account the experience of Negotiated Dealing System – Order Matching (NDS-OM) and Clearcorp Repo Order Matching System (CROMS) in G-Secs, RBI felt a need to introduce electronic trading dealing platforms for other financial instruments such as corporate bonds, commercial papers, certificate of deposits and derivative products.

## **Economy**

### **Mr. Jaitley sees GDP growth at 7.6%**

Pegging India's GDP growth rate at 7.6% for the fiscal 2015-16, Mr. Arun Jaitley, Finance Minister said it is "much less" than its potential and expressed hope for better numbers next year. Elucidating on the long term vision for India, Mr. Jaitley indicated that there are very challenging tasks for the ruling Government to bring and integrate rural India with similar facilities present in urban India.

## **New Appointments**

<b>Name</b>	<b>Designation/Organization</b>
Mr. Satish Nagpal	Chief Vigilance Officer, Punjab National Bank (PNB)



## Products & Alliances

Organization	Organization tied up with	Purpose
SIDBI	LIC	For supplementing Government's efforts under Fund-of-Fund operations for the Venture Fund industry.
Federal Bank	Chillar Payment	To promote the latter's Campus Wallet

## Glossary

### Foreign Direct Investment (FDI)

A Foreign Direct Investment (FDI) is an investment made by a company or entity based in one country, into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, wherein overseas institutions invest in equities listed on a nation's stock exchange. Entities making direct investments typically have a significant degree of influence and control over the company into which the investment is made. Open economies with skilled workforces and good growth prospects tend to attract larger amounts of foreign direct investment than closed, highly regulated economies.

## Financial Basics

### Non Performing Assets (NPA)

An asset, including a leased asset, becomes non - performing when it ceases to generate income for the bank.

## Institute's Training Activities

Sr. No	Name of the Programme	Location	Date
1.	Developing Financial Services Marketing Strategy	Mumbai	5.5.2016-7.5.2016
2.	Study Tour-Delegates from Egyptian Banking Institute	Mumbai	9.5.2016-13.5.2016
3.	Certified Credit Officer	New Delhi	9.5.2016-13.5.2016
4.	Certified Banking Compliance Professional	Chennai	16.5.2016-20.5.2016
5.	Recovery Management	New Delhi	23.5.2016-25.5.2016
6.	Certified Banking Compliance Professional	Mumbai	26.5.2016-29.5.2016

## News from the Institute

### **Professional Development Centre, Kolkata**

Professional Development Centre (PDC), Kolkata of the Institute was inaugurated by the Regional Director, RBI, on 20<sup>th</sup> April 2016. Mr. Charan Singh, Executive Director, UCO Bank also graced the occasion. This was followed by a talk on “Credit Scoring” by Mr. Deep Mukerjee, Chief Product Officer, CIBIL and a panel discussion on the subject. Dr. J.N. Misra, CEO, Dy. CEO and Director (Academics), IIBF also attended the function.

### **Foundation day of the Institute**

The Institute celebrated its 88<sup>th</sup> Foundation Day on 30<sup>th</sup> April 2016 commencing with awarding certificates to the participants of 3<sup>rd</sup> batch of Advanced Management Programme (AMP) and launching of its first e-book on “Digital Banking”. Mr. R. Gandhi, Deputy Governor, Reserve Bank of India was the honourable Chief Guest and delivered the keynote address.

The other dignitaries who were present on this prestigious day were Mr. Ashwani Kumar, CMD, Dena Bank & President, IIBF, Mr. K.K. Vohra, Executive Director, Reserve Bank of India, Mr. M. V. Tanksale, Chief Executive, Indian Banks’ Association and Mr. A.P. Hota, Managing Director, National Payments Corporation of India.

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

The Institute will hold 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**

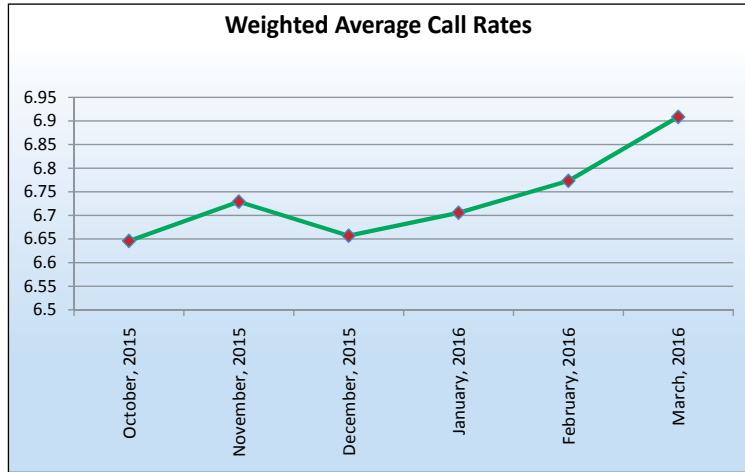
In respect of the exams to be conducted by the Institute during May/June of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31<sup>st</sup> December of the previous year will only be considered for the purpose of inclusion in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

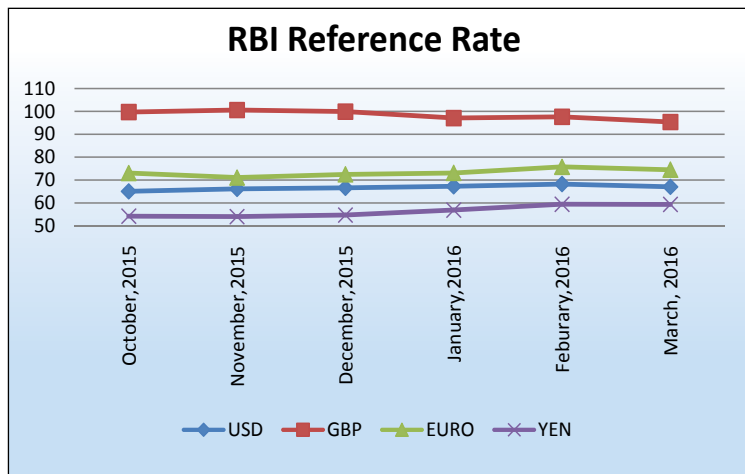
### **Green Initiative**

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

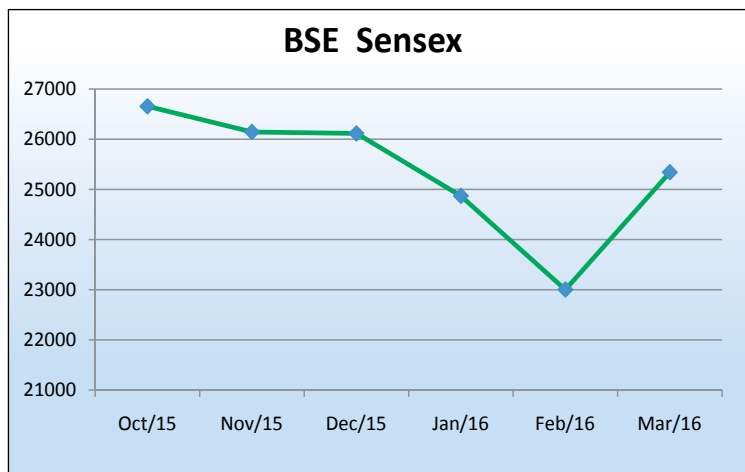
# Market Roundup



Source: CCIL Newsletters, 2015-16

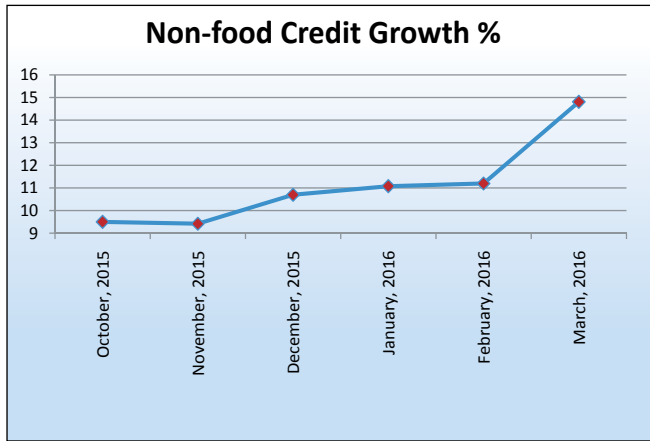


Source: Reserve Bank of India (RBI), March, 2016

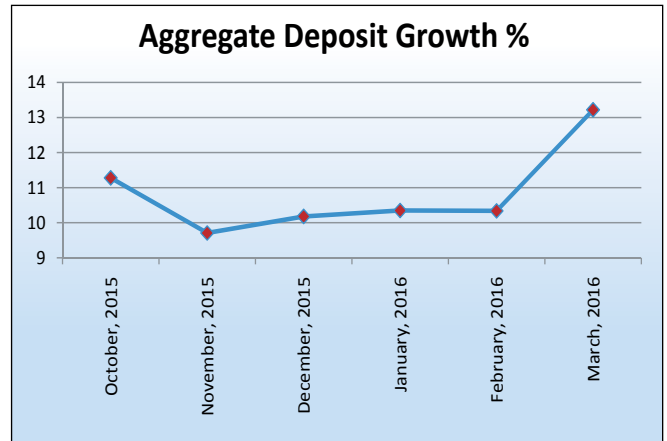


Source: Bombay Stock Exchange (BSE), March, 2016

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Source: CCIL, Monthly Economic Review, April, 2016



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