



Committed to professional excellence

# IIBF VISION

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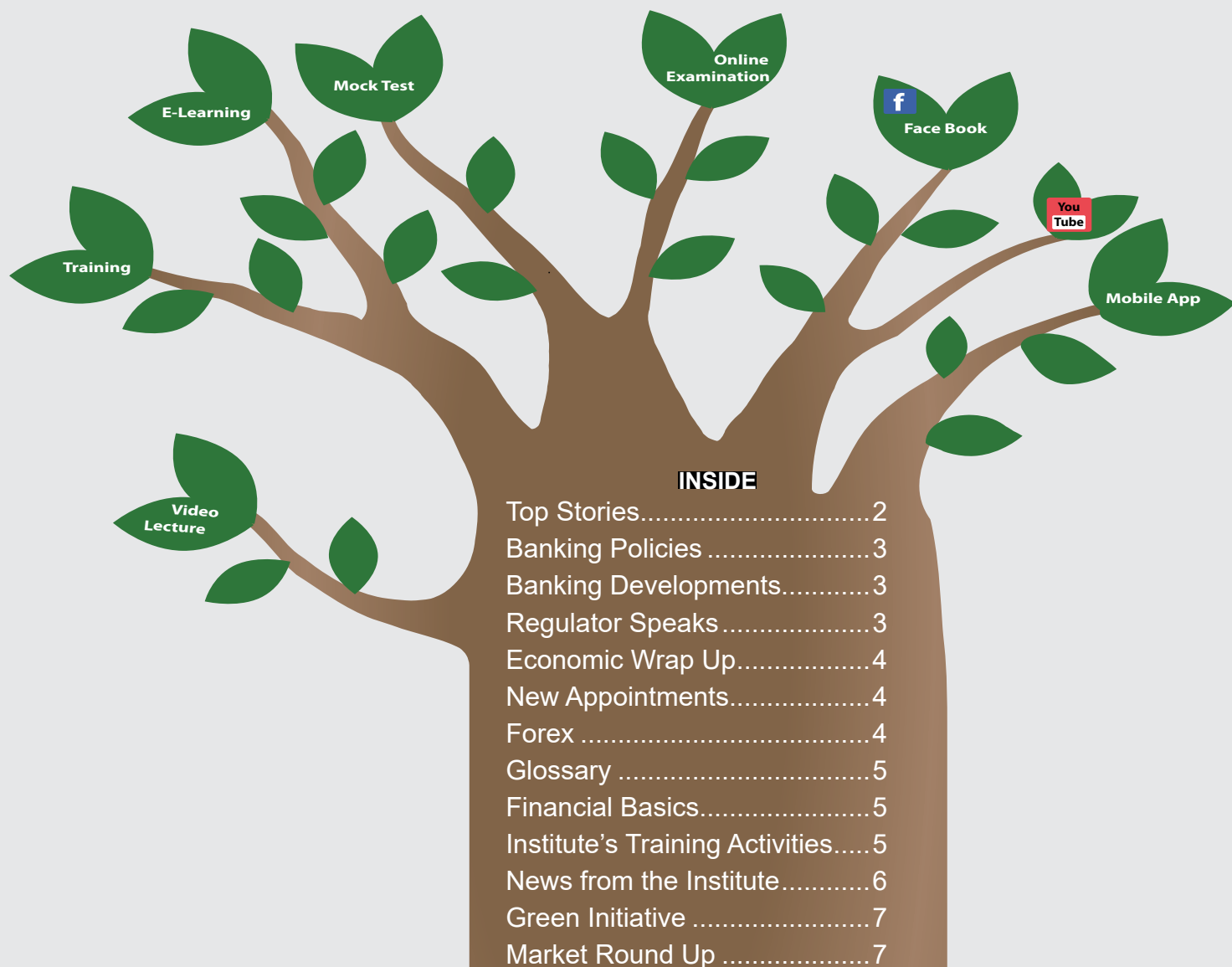
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## VISION

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**
**2<sup>nd</sup> Bi-monthly Monetary Policy meeting 2021-22: Key Highlights**

The 2<sup>nd</sup> bi-monthly monetary policy committee meeting of the year 2021-22 was held from June 2-4, 2021. The key highlights of the meeting are:

- Repo rate and reverse repo rate unchanged at 4% and 3.35% respectively
- Marginal Standing Facility (MSF) and Bank rates remain the same at 4.25%
- GDP growth now expected at 9.5% from the earlier forecast at 10.5%
- G-SAP worth ₹1.2 lakh crore to be bought during Q2 of FY 2021-22
- CPI projected at 5.1% during FY 2021-22

**Hotels, tourism sector get a boost due to RBI's liquidity window**

On the backdrop of the ongoing pandemic, the RBI has given a shot in the arm to contact-intensive sectors such as the hotels and restaurants, travel agencies, tour operators and adventure/heritage facilities; aviation ancillary services - ground handling and supply chain; and other services such as private bus operators, car repair services, event/conference organisers, spa clinics etc. A separate liquidity window of ₹15,000 crore has been announced, with tenors of up to three years at repo rate till March 31, 2022.

**Special liquidity facility to SIDBI to tackle Covid-related challenges: RBI**

The RBI will be providing a special liquidity facility of ₹16,000 crore to the Small Industries Development Bank of India (SIDBI) for on-lending and refinancing purposes. This move is being undertaken to help MFIs mitigate challenges arising out of the pandemic.

**RBI helps MFIs tide over Covid crisis by giving PSL status to its loans from SFBs**

With a view to address liquidity issues being faced by micro-finance institutions (MFIs) amid the Covid crisis, the RBI has permitted loans given by small finance banks (SFBs) to MFIs (with asset size up to ₹500 crores) for on-lending to individuals, to be classified as priority sector lending (PSL). Under this facility which has been made available till March 31, 2022, disbursed loans will continue to be classified under PSL till the date of repayment or maturity, whichever is earlier. Bank credit will be permitted up to 10 % of the bank's total priority sector portfolio as on March 31, 2021.

**₹50,000 cr liquidity tap for banks to on-lend to healthcare sector: RBI**

On the backdrop of the second wave of Covid-19, the RBI has announced a special, on-tap liquidity of ₹50,000 crore, for lending to emergency healthcare. The special provision has been made for up to three years at the repo rate of 4%, which translates to around 9% of India's total health expenditure (₹6 lakh crore) under private final consumption expenditure, 2019-20. Banks, who availed the funds from RBI, have to provide fresh lending support to stakeholders operating in the Covid related healthcare infrastructure and services space, within 30 days from the date of availing the funds. The scheme will remain operational from May 7, 2021, till March 31, 2022.

**SLTROs of ₹10,000 crore for Small Finance Banks (SFBs)**

RBI will be conducting a special three-year long-term repo operations (SLTRO) of ₹10,000 crore at repo rate for SFBs to extend due support to MSMEs, and other entities of the unorganised sector that have been affected by Covid's second wave. This measure will enable deployment of fresh lending of up to ₹10 lakh per borrower, available till October 31, 2021.

### **RBI to transfer almost trillion-rupee dividend to Govt.**

With change in the RBI's accounting period to April-March (from the earlier June-July), in the 589<sup>th</sup> meeting of the RBI's Central Board Meeting, it has been agreed that a surplus amount of ₹99,122 crore will be transferred to the Central Government by RBI, for the nine months ended March 31 (July 2020-March 2021). The transfer is being done, in keeping with the Jalan Committee's rules on RBI's economic capital. In accordance with the committee's recommendation, the apex bank has also maintained a minimum contingency risk buffer of 5.5% of its balance sheet.

## **Banking Policies**

### **RBI extends a set of measures to Covid affected MSMEs**

In order to further incentivise inclusion of unbanked MSMEs into the banking system, the RBI in February 2021, had allowed scheduled commercial banks (SCBs) to deduct credit disbursed for new MSME borrowers from their Net Demand and Time Liabilities (NDTL), for calculation of CRR. This, currently available for exposures of up to ₹25 lakh and for credit disbursed up to fortnight ending Oct 1, 2021, has now been extended till Dec 31, 2021. Additionally, individuals, small businesses and MSMEs, which stood classified as 'Standard' as on March 31, 2021, have an aggregate exposure of up to ₹25 crore, and have not resorted to any of the earlier restructuring frameworks, will be considered eligible for restructuring under the Resolution Framework 2.0 for Covid-related stressed assets.

### **KYC updation extended until Dec 31, 2021**

The RBI has stipulated that banks should not take punitive action against customer accounts where periodic KYC updating is due/pending. Considering many customers have been finding it difficult to update their KYC details on the backdrop of Covid's second wave, the apex bank has given time until December 31, 2021, to complete the process, giving some respite to customers whose banks do not provide digital modes for KYC updation, and for whom, non-updation would mean getting their bank accounts frozen.

## **Banking Developments**

### **NACH to be available every day from August 1: RBI**

National Automated Clearing House (NACH) is a bulk payment system operated by NPCI. It facilitates payment of salary, pension, interest, dividend and other payments and investments to large number of beneficiaries as also as also collection of payments like electricity, gas, water etc. NACH is currently available on the days when banks are functional. Effective August 1, 2021, NACH will be made available on all days of the week.

## **Regulator Speaks**

### **RBI unveils measures for individuals, small businesses, MSMEs**

RBI Governor Shaktikanta Das, unveiled liquidity support measures amid rising Covid-19 cases in India. He said that the 2<sup>nd</sup> wave of COVID-19 in India has drastically altered the economic situation. However, RBI shall continue to monitor emerging situation, using all resources. India had flattened the inflation curve but the situation altered. He announced the second purchase of G-SEC for ₹35,000 crore under G-SAP 1.0, on-tap liquidity window of ₹50,000 crore with tenure of up to 3 years at repo rate being opened till March 31, 2022, targeted long-term repo operation for small finance banks (SFBs) of up to ₹10,000 crore, to be used for lending up to ₹10 lakh per borrower.

## Economic Wrap Up

### Credit to agriculture, medium industries on an upswing; Non-food credit growth decelerated to 4.9%

In its report on sectoral deployment of bank credit dated March 2021, the RBI has stated that while Covid-battered banks saw non-food credit plunging to a multi-decade low of 4.9%, credit growth to agriculture and allied activities accelerated to 12.3% in March 2021 from 4.2% in March 2020 and credit to medium industries saw a robust growth of 28.8% in March 2021 vis-a-vis a contraction of 0.7% a year ago.

### Exports grow by 197%, imports surge 166%

According to preliminary data released by the Commerce & Industry Ministry for April 2021, India's goods' exports shot up by 197.03% to \$30.21 billion and goods' imports increased by 165.99% to \$45.45 billion, widening the trade deficit to \$15.24 billion during the month. This was 120.34% higher than the deficit in the same period last year.

### WPI inflation surges to 10.49%, hits 11-year high

In April, India's wholesale price-based inflation (WPI) surged to an 11-year high of 10.49%. This happened mainly due to a sustained rise in fuel and commodity prices, leading to a build-up of inflationary pressures. It was also attributed to a low-base effect.

### GST collections cross ₹1 trillion mark in April 2021

Breaking the previous high record in March 2021, GST collections set a fresh record in April' 21 at Rs 1.41 trillion. According to the government data, GST revenues in April are about 14% higher compared to the collections of previous month.

### Retail inflation eases to 4.29% in April 21; IIP grows 22.4% in March 21

The country's retail inflation, measured by the Consumer Price Index (CPI), eased to 4.29% in the month of April due to softening of food prices. Further, as per data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's factory output, measured via the Index of Industrial Production (IIP), witnessed a growth of 22.4% in March on-year to 143.4.

## New Appointments

Name of Official	Organization
Mr. Jose J. Kattoor	Executive Director, RBI

## Forex

Foreign Exchange Reserves		
Item	As on May 28, 2021	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4333464	598165
1.1 Foreign Currency Assets	4010076	553529
1.2 Gold	276061	38106
1.3 SDRs	10975	1515
1.4 Reserve Position in the IMF	36352	5016

Source: Reserve Bank of India

**Benchmark Rates for FCNR(B) Deposits applicable for June 2021**

Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.16400	0.24300	0.44700	0.66800	0.88200
GBP	0.13400	0.3168	0.4439	0.5858	0.6925
EUR	-0.50000	-0.460	-0.390	-0.320	-0.240
JPY	-0.03380	-0.011	-0.004	0.006	0.023
CAD	0.59000	0.70000	0.978	1.216	1.400
AUD	0.11800	0.210	0.400	0.680	0.920
CHF	-0.66500	-0.633	-0.558	-0.473	-0.388
DKK	-0.11460	-0.1030	-0.0530	0.0105	0.0815
NZD	0.39300	0.600	0.875	1.123	1.335
SEK	-0.02000	0.056	0.156	0.271	0.397
SGD	0.31500	0.405	0.600	0.810	0.973
HKD	0.22000	0.275	0.450	0.660	0.855
MYR	2.00000	2.150	2.350	2.550	2.680

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

## Glossary

### G-Sec Acquisition Programme (G-SAP)

G-SAP is an additional instrument introduced by RBI for liquidity management. It is a structured Open Market Operation (OMO) with a distinct character with RBI upfront committing to buy G-secs irrespective of the market sentiment. This programme is to supplement the other liquidity management operations like OMO, LAF, TLTROs etc.

## Financial Basics

### Delta

Delta is the ratio that compares the change in the price of an asset, usually marketable securities, to the corresponding change in the price of its derivative. Delta can be positive or negative, being between 0 and 1 for a call option and negative 1 to 0 for a put option.

## Institute's Training Activities

### Training Programmes for the month of June 2021

Programme	Dates	Location
Post Examination for certified accounting and audit professional.	14 <sup>th</sup> to 16 <sup>th</sup> June 2021	Virtual
Post examination training for certificate in risk in financial service	18 <sup>th</sup> to 20 <sup>th</sup> June, 2021	Virtual
Balance Sheet Reading & Ratio Analysis	18 <sup>th</sup> & 19 <sup>th</sup> June 2021	Virtual
Training Program on Credit Appraisal (Thrust on Corporate Credit)	21 <sup>st</sup> to 23 <sup>rd</sup> June 2021	Virtual
Post examination training for certified treasury professional	24 <sup>th</sup> to 26 <sup>th</sup> June 2021	Virtual

## News from the Institute

### Postponement of JAIIB/DB&F/SOB examinations

The JAIIB/DB&F/SOB May-2021 examinations have been postponed since the COVID situation is still not conducive to conduct the examinations. Revised dates will be announced later and will be notified on the website. Candidates who have registered for the above examinations need not register again; their application will be considered for the rescheduled date of examination.

### Revised CAIIB elective subjects from June 2021 examinations

The number of CAIIB elective subjects being offered by the Institute has been rationalised from 11 subjects to 6 subjects. For the examinations to be conducted from June 2021 onwards, the 6 electives viz Retail Banking, Human Resources Management, Information Technology, Central Banking, Rural Banking & Risk Management only will be offered. Retail Banking shall also include the Digital Banking courseware. The 5 electives that will be discontinued from June 2021 examination are Corporate Banking, International Banking, Co-operative Banking, Treasury Management and Financial Advising. Candidates, who have already chosen any one of these 5 electives which will be discontinued, will have to choose any one of the 6 elective subjects as mentioned above. There will be no change in the number of attempts for completion of the exam. (The time limit & number of attempts for passing the examination will remain same.) The candidates, who have passed the discontinued CAIIB elective subjects, shall retain the credit of the passed subject. For more details, please visit our website [www.iibf.org.in](http://www.iibf.org.in).

### Call for Proposals on Banking Technology 2021

The research fellowship in Banking Technology is a joint initiative of IIBF and IDRBT. The aim is to sponsor technically and economically feasible research projects which have the potential to contribute significantly to the industry. The last date for submitting the proposals under this scheme is 30.06.2021. For more details, visit [www.iibf.org.in](http://www.iibf.org.in).

### Collaboration with XLRI, Jamshedpur

The Institute has entered into a collaboration with XLRI, Jamshedpur for conducting a “Leadership Development Program for Bank/FIs”. The objective of the program is to transform good managers in banks into effective leaders, with a human centric approach. The duration of the program, which will be held in the virtual mode on weekends, is for 36 hours spread over 6 weeks. For more details visit [www.iibf.org.in](http://www.iibf.org.in).

### Remote Proctored Examinations

The Institute has introduced Remote Proctored Examinations (RPEs). RPEs allow flexibility to candidates in appearing for the exams from the comfort of their homes while simultaneously enhancing the knowledge base. Examinations are conducted on second and fourth Saturdays and all Sundays. There is no change in the examination fee. Important instructions and FAQs on this mode of examination have been placed on the website of the Institute. For details, please click on the link [http://iibf.org.in/exam\\_related\\_notice.asp](http://iibf.org.in/exam_related_notice.asp)

### New courses

A certificate on “Resolution of Stressed Assets of Banks, with special emphasis on the Insolvency & Bankruptcy Code 2016” has been introduced by the Institute. The first exam of the course was held in April 2021. The Institute will also be introducing new certificate courses on Strategic Management & Innovations in Banking and Emerging Technologies.

### Introduction of Professional Banker Qualification

The Institute will be introducing a gold level aspirational qualification which will epitomize the pinnacle in learning and knowledge. This qualification which will be known as “Professional Banker” will be a unique qualification to plug the long-felt skill gap in mid-management levels and will provide cutting edge knowledge

to professionals in banking & finance fields. A banker seeking to achieve status of a “Professional Banker” needs to have an experience of five years.

**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), Savitribai Phule 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.

**Bank Quest Theme for upcoming issue**

The theme for the upcoming issue of Bank Quest for the quarter April–June 2021 is “Infrastructure Financing – New Normal”.

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

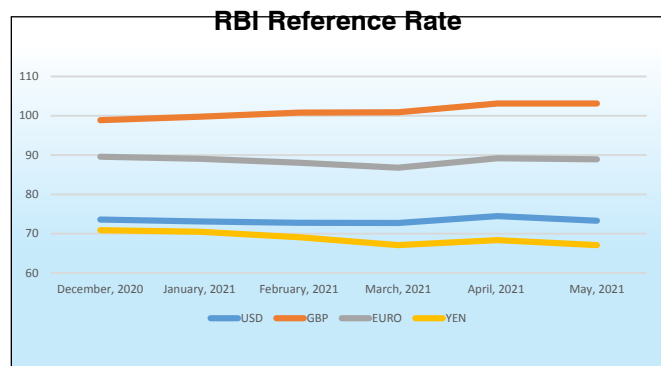
The Institute has a practice of asking questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the 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 2021 to July 2021, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2020 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 2021 to January 2022, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2021 will only be considered for the purpose of inclusion in the question papers.

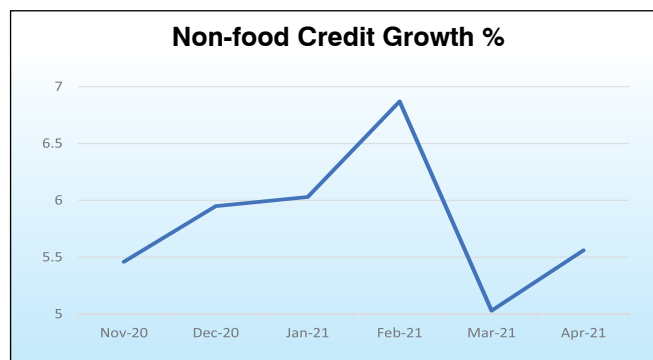
**Green Initiative**

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**

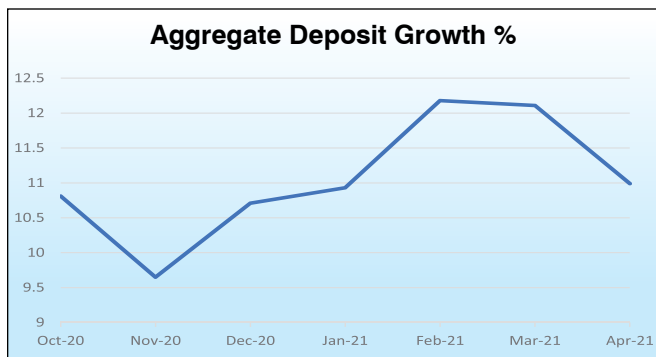


Source: FBIL

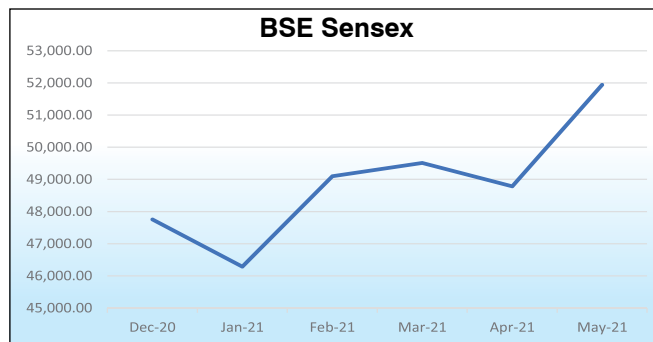


Source: Monthly Review of Economy, CCIL, May, 2021

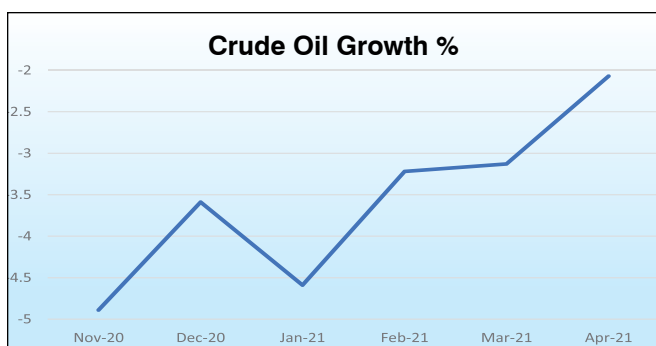
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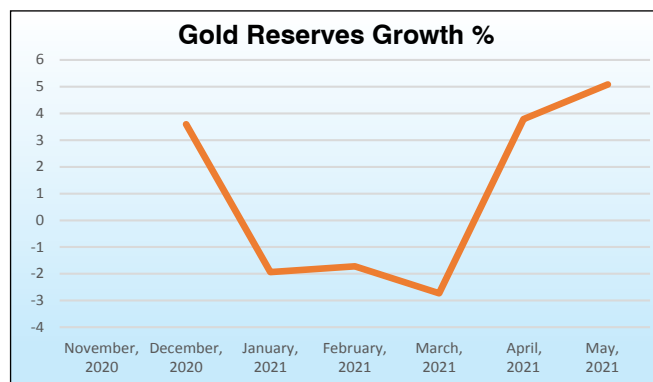
Source: Monthly Review of Economy, CCIL, May, 2021



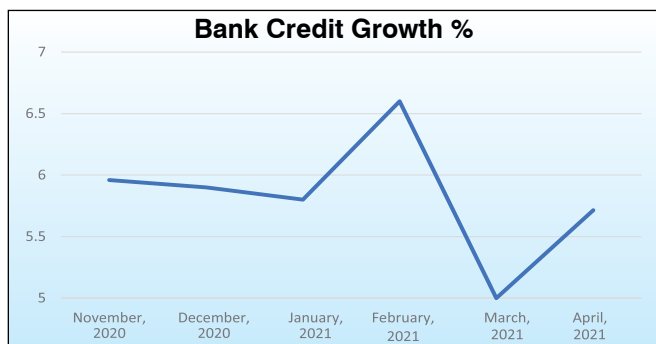
Source: Bombay Stock Exchange



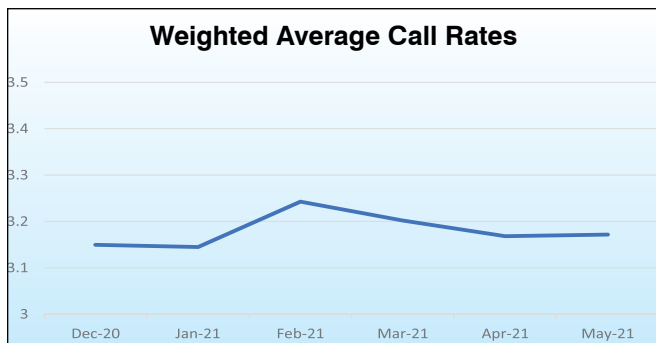
Source: Ministry of Petroleum & Gas



Source: Reserve Bank of India



Source: Reserve Bank of India



Source: CCIL News Letters

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