



Committed to professional excellence

IIBF VISION

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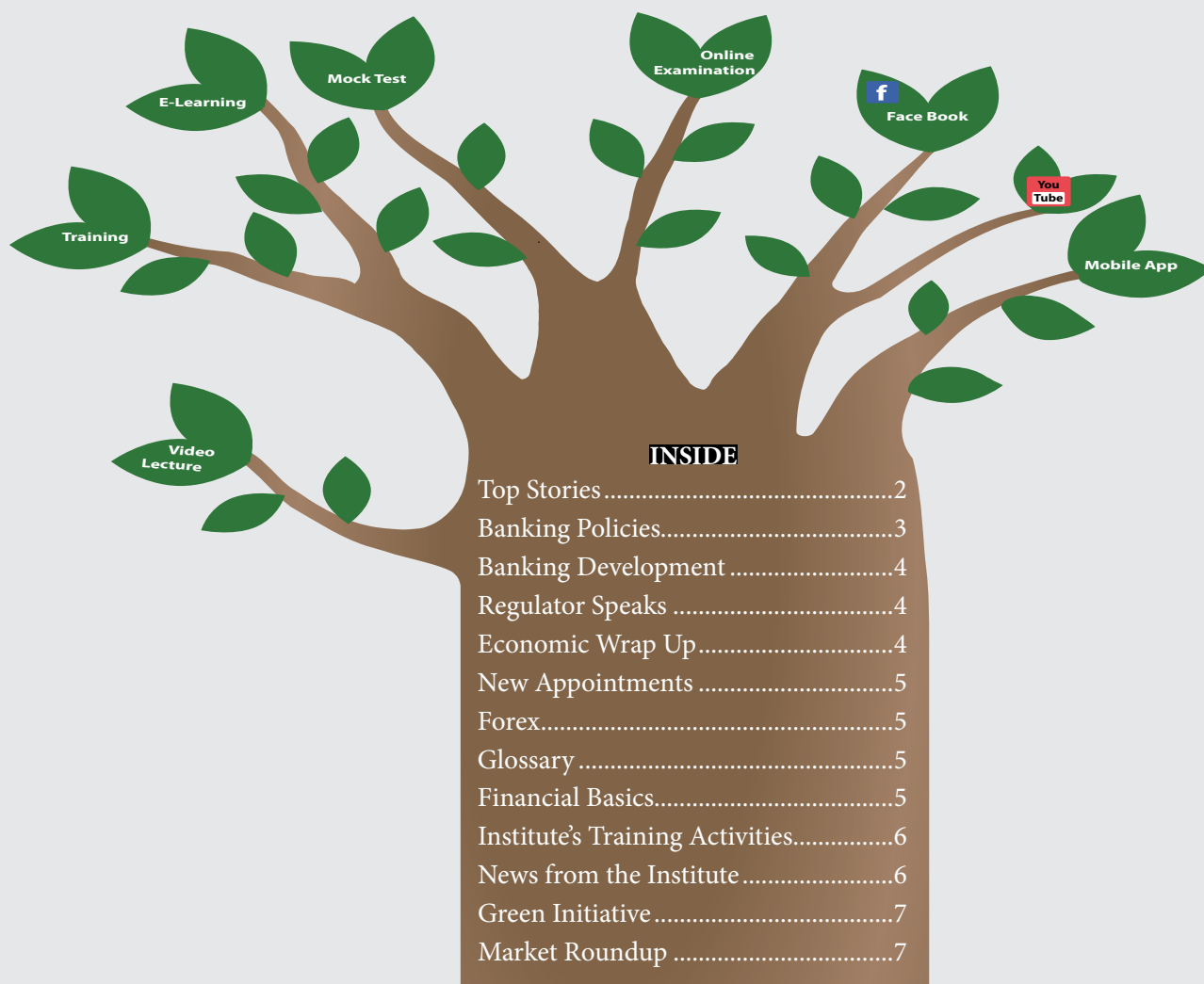
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VISION

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****1st G20 FCBD meeting focussed on global economic outlook, sustainable finance, and financial inclusion**

India kickstarted the G20 Finance Track with the 1st G20 Finance and Central Bank Deputies (FCBD) meeting in Bengaluru (Karnataka). The meeting comprised of discussions on global economic outlook and risks, apart from policy responses to tackle emerging global challenges. Hosted jointly by the Ministry of Finance and the RBI, the three-day gathering comprised discussions on key issues of relevance for the global economy, shaping up of the international financial architecture, infrastructure development and financing, sustainable finance, global health, international taxation, and financial inclusion, among others.

RBI to extensively use AI, MI driven tools for data analysis

On the backdrop of a challenging financial environment and in the wake of India assuming G20 Presidency, the RBI unveiled its Medium-term Strategy Framework Utkarsh 2.0 for 2023-25. Launched by RBI Governor Shaktikanta Das, Utkarsh 2.0 retains the six Vision Statements as well as Core Purpose, Values, and Mission statement of Utkarsh 2022. However, Artificial Intelligence (AI) and Machine Learning (ML) driven tools for data analysis and information creation will be an integral part of Utkarsh 2.0. Utkarsh 2.0 will include excellence in performance of its functions; strengthened trust of citizens and institutions in the RBI; and enhanced relevance and significance in national and global roles. It sets out the priorities, activities, and desired outcomes under each of the objectives of RBI for the period between 2023 and 2025.

Trading hours for markets restored to pre-pandemic schedule

Beginning from April 7, 2020, the Reserve Bank of India (RBI) had amended the trading hours for various markets regulated by it, in view of health risks and operational problems posed by Covid-19 pandemic. However, now with an aim to normalise liquidity operations, it has restored the trading hours as they were before the modification. Accordingly, call/notice/term money market; the market for Commercial paper and Certificates of Deposit; Repo in Corporate Bonds; and Rupee Interest Rate Derivatives will all close/end at 5 pm.

RBI allows hedging of gold; players can be better equipped against uncertainties

Indian residents have now received RBI's formal nod to hedge gold on recognised exchanges in the International Financial Services Centre (IFSC). The move will help participants hedge their positions to protect themselves against uncertainties like price fluctuations and downward currency movement. It will increase volumes and activities at IFSC. It will become a major enabler for gold importers and exporters who use yellow metal as the primary raw material for production. Further, it will also help increase the price competitiveness of Indian jewellery industry.

Banks showing double-digit growth, less NPAs, better capital position: RBI report

According to RBI's annual report on Trend and Progress of Banking in India, banks in India have shown a double-digit growth in 2021-22, after a big gap of seven years. Apart from an upswing in their balance-sheet, the banks are also bettering their asset quality and capital position. The robust growth is particularly seen in public sector banks (PSBs), which account for 62% of the deposits of scheduled commercial banks, and command 58% market share of loans.

By September 2022, gross non-performing assets (GNPAs) fell to 5% of gross advances, as compared to 5.8% in March 2022, on account of lower slippages, and, reduction in outstanding GNPAs through recoveries, upgradations, and write-offs.

Banking Policies

Indian Banks, AIFIs allowed overseas dealing in domestically-restricted financial products

Foreign branches/foreign subsidiaries of Indian banks/ All India Financial Institutions (AIFIs) can now deal in restricted / unavailable financial products (including structured financial products) in domestic market, without RBI's prior approval. Branches and subsidiaries of Indian banks/ AIFIs operating in International Financial Services Centres aka IFSCs including those operating out of Gujarat International Finance Tec aka GIFT City can also undertake such dealings. Banks and AIFIs will have to ensure that such branches and subsidiaries do not deal in products linked to Indian Rupee, unless specifically permitted by RBI. They are not allowed to accept structured deposits from Indian residents. Further, the financial products will attract prudential norms such as capital adequacy, exposure norms, periodical valuation, and all other applicable norms. Activities of branches/subsidiaries in foreign jurisdictions and IFSCs would be subject to the laws in India unless specifically exempted by law.

UCBs get revised norms related to categorisation, net worth

With an aim to strengthen the financial robustness of Urban Co-operative Banks (UCBs), the RBI has established a four-tiered regulatory framework for categorisation of UCBs. It has also issued norms pertaining to the net worth and capital adequacy of these banks.

Accordingly, Tier I UCBs comprise of all unit UCBs and salary earners' UCBs (irrespective of deposit size), and all other UCBs having deposits up to ₹100 crore. Tier 2 consists of UCBs with deposits between ₹100 crore and ₹1,000 crore. Tier 3 has UCBs with deposits between ₹1,000 crore and ₹10,000 crore. UCBs with deposits more than ₹10,000 crore have been categorised in Tier 4.

As for net worth requirements, Tier 1 UCBs operating in a single district should have minimum net worth of ₹2 crore. For all other UCBs (in Tier 1, 2 and 3), the minimum net worth should be ₹5 crore. Those UCBs not having the prescribed net worth will have to meet those requirements in a phased manner. The minimum capital to risk weighted assets ratio to be maintained by Tier 1 UCBs is 9% of Risk Weighted Assets (RWAs) on an ongoing basis. For Tier 2 to Tier 4 UCBs, this ratio is 12% of RWAs on an ongoing basis.

Revised norms to classify UCBs as FSWM

Aiming to enhance the profile of urban cooperative banks (UCBs), the RBI has prescribed revised norms to categorise them as Financially Sound and Well Managed (FSWM) banking entities.

As per these norms that are applicable with immediate effect, UCBs can be categorised as FSWM only if they have reported net profit for at least three, out of the preceding four years; have not incurred a net loss in the immediate preceding year; and have NPAs less than 3%. Their capital adequacy ratio should be at least 1% above the minimum CRAR applicable to UCBs as on the reference date.

Putting emphasis on the banks' liquidity status, the RBI has stipulated that the UCB should not have defaulted on maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) during the preceding year. The bank should have a sound internal control system with at least two professional directors on the board. It should have fully implemented Core Banking Solution (CBS). It should not have any monetary penalties imposed upon itself during previous two financial years for violation of RBI's directives and guidelines.

The UCB's Board may review its compliance with FSWM criteria on a yearly basis immediately after the audit of the financial statements and RBI inspection report as & when received. This process will be subject to supervisory review.

Dispensation for enhanced cap limit for parking SLR securities extended by RBI

Presently, banks hold a special dispensation of enhanced Held to Maturity (HTM) limit of 23% of Net Demand and Time Liabilities (NDTL), for Statutory Liquidity Ratio (SLR) eligible securities acquired between September 1, 2020 and March 31, 2023, until March 31, 2023. RBI has now extended this dispensation towards eligible securities acquired up to March 31, 2024. Beginning from the quarter ending June 30, 2024, the enhanced HTM limit shall be restored to 19.5% in a phased manner.

Banking Development

Payment frauds reporting module migrated to Daksh

Beginning from January 1, 2023, the RBI migrated the payments fraud reporting module to Daksh, its advanced supervisory management system. The move is aimed to streamline reporting of such frauds, enhance efficiency, and automate the payments fraud management process. The onus of reporting the payment fraud transactions would rest on the issuer bank, PPI issuer or credit card-issuing NBFCs whose payment instrument has been used in the fraud. Before reporting to Daksh, these entities will have to use their own systems to validate the payment fraud information reported by the customer, to ensure authenticity and completeness. They are also required to report payment frauds (domestic and international) to Central Payments Fraud Information Registry (CPFIR) within seven calendar days from date of reporting by customer / date of detection by the entity.

Regulator Speaks

RBI praises fintech for transformative innovations; advises focus on governance, risk mitigation

RBI Governor Shaktikanta Das, Deputy Governor M K Jain, and some senior RBI officials met with select fintech entities and their industry associations, to advise them regarding focus on governance issues, data protection, regulatory compliance, and risk mitigation, as they continue to transform the financial ecosystem through their innovations. The Governor praised the fintechs for transforming the system through digital innovations and novel means of delivering financial services. He also reiterated the RBI's commitment to these new-age companies and highlighted the apex bank's proactive and supportive role in providing a conducive policy environment for responsible innovation. He averred that RBI would continue with its participative and consultative approach to facilitating innovations in the financial sector.

Govt. green bonds can be a benchmark for private sector bonds for ESG-linked debt: RBI Dy Governor

RBI Deputy Governor M Rajeshwar Rao has opined that pricing of the Centre's sovereign green bonds can become a benchmark for private sector players raising funds through rupee bonds for environmental, social and governance (ESG)-linked debt. He avers that to support this acceleration, several structural changes may be needed in the traditional lending approach, including evaluation and certification of the green credentials of projects. Banks and financial institutions will need to invest in human resources and capacity-building efforts, as well as integrate environmental and social risk considerations into their corporate credit appraisal mechanisms, in order scale up green finance in a focussed way.

Economic Wrap Up

Performance of some of the key economic indicators, as per the Monthly Economic Report November 2022 from the Department of Economic affairs.

- Private consumption, reached its highest among all second quarters during the past 11 years at 58.4% of GDP.
- Inflation, as measured by the Consumer Price Index-Combined (CPI-C), fell sharply to 5.9% (YoY basis) in November 2022 compared to 6.8 per cent in October 2022.
- Core inflation continued to remain sticky and persisted at an elevated level of 6% in November 2022
- India's real GDP grew at 6.3% YoY in Q2 of 2022-23, aided by robust domestic demand and steady investment activity.
- The share of exports in GDP increased from 22.9% of GDP in Q1 of 2022-23 to 23.3% in Q2.
- Industrial activity, as gauged by PMI Manufacturing, continued to remain in the expansionary zone during Q3:FY2022-23.
- The performance of eight core industries experienced positive growth sequentially in October, barring electricity and cement which were influenced by seasonal factors.

New Appointments

Name	Designation
Shri. Baskar Babu Ramachandran	Re-appointed MD & CEO, Suryoday Small Finance Bank
Shri. Shaji K V	Chairman, NABARD
Shri. Shamsher Singh	MD & CEO, SBI Mutual Fund

Forex

Foreign Exchange Reserves		
Item	As on, December 30, 2022	
	₹ Cr.	US\$ Mn.
	1	2
1 Total Reserves	4656002	562851
1.1 Foreign Currency Assets	4121067	498188
1.2 Gold	341827	41323
1.3 SDRs	150400	18182
1.4 Reserve Position in the IMF	42708	5159

Source: Reserve Bank of India

BASE RATES OF ALTERNATIVE REFERENCE RATES (ARRs) FOR FCNR (B) DEPOSITS APPLICABLE FOR THE MONTH OF JANUARY 2023

Currency	Rates
USD	4.30
GBP	3.4282
EUR	1.906
JPY	-0.047
CAD	4.2700

Currency	Rates
AUD	3.10
CHF	0.939876
NZD	4.25
SEK	2.376
SGD	1.8706

Currency	Rates
HKD	1.38621
MYR	2.75
DKK	1.6610

Source: www.fbil.org.in

Glossary

Green Bonds

A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. These bonds are typically asset-linked and backed by the issuing entity's balance sheet, so they usually carry the same credit rating as their issuers' other debt obligations.

Financial Basics

Net Present Value (NPV)

Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is the result of calculations that find the current value of a future stream of payments, using the proper discount rate. It is used to calculate the current value of a future stream of payments

from a company, project, or investment. In general, projects with a positive NPV are worth undertaking while those with a negative NPV are not.

Institute's Training Activities

Training Programmes for the month of January 2023

Programmes	Dates	Location
Post Examination Virtual Mode Training for Certified Treasury Professional (VCRT CTP-31)	4 th to 6 th January	Virtual
Post Examination Virtual Mode Training for Certified Credit Professional (VCCP-61)	10 th to 12 th January	
Balance sheet reading and Ratio analysis	16 th to 18 th January	
Program for Branch Managers- Control Aspects in Branches	19 th to 21 st January	
Program on Trade based Money Laundering	20 th to 21 st January	
Program on Preventive Vigilance & Fraud Management	23 rd to 25 th January	

News from the Institute

IIBF organises a Banking Conclave on Responsible Banking in partnership with UNEP-FI

The Institute has partnered with United Nations Environment Program-Finance Initiative (UNEP-FI) for sensitizing bankers of different levels on Climate Risk and Sustainable Finance. The conclave will commence on 30th January 2023 for Board Members of banks followed by workshops for General Bankers, Credit Risk Professionals and Relationship Managers of Corporates on 31st January 2023, 1st February 2023 and 2nd February 2023 respectively.

IIBF - IFC to jointly launch a Certificate course on Climate Risk and Sustainable Finance

The Institute has entered into an agreement with International Financial Corporation (IFC) for providing a certification course on Climate Risk and Sustainable Finance. The course will be provided in the form of e-learning comprising of 4-6 hours of learning followed by an assessment. The certificate will be jointly issued by IIBF and IFC.

JAIIB/DB&F/SOB/CAIIB - Introduction of Revised Syllabi

The syllabi of JAIIB/DB&F/SOB/CAIIB has been restructured and revised to make them more contemporary, conceptual and ensure greater value addition. In this regard, the CEO of the Institute addressed a message to the members on the need for revising the syllabi. A detailed notice, about the subjects under the revised syllabi, the examination pattern, time limit for passing, passing criteria etc. has also been placed on the website. To make the transition more candidate friendly, credits for certain subjects have been allowed from the old syllabi to the new syllabi. The books, for all the subjects under the revised syllabi, shall be made available soon in the market, both offline and online. The examinations, under the revised syllabi, will be held from May/June 2023 onwards. The negative marking rule has been deferred by the Institute. For more details, please visit our website www.iibf.org.in.

IIBF invites Application for Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) – 2022-2023

The Institute invites applications for DJCHBBORF 2022-23. The objective of the fellowship is to provide the successful candidate an opportunity to undertake a research study on the latest developments in the field of

banking and finance in India or abroad. The last date for receipt of applications is 28th February 2023. For more details visit www.iibf.org.in.

IIBF invites proposals under Micro & Macro Research 2022-23

The Institute invites applications for Micro Research 2022-23 for members of the Institute (bankers) to present their original ideas, thoughts and best practices on areas of their interest. The Institute also invites Macro Research Proposals for the year 2022-23. The last date for receipt of applications under both categories is 28th February 2023. For more details visit www.iibf.org.in

Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter January - March, 2023 is “Increased footprints of Financial Planning and Wealth Management”.

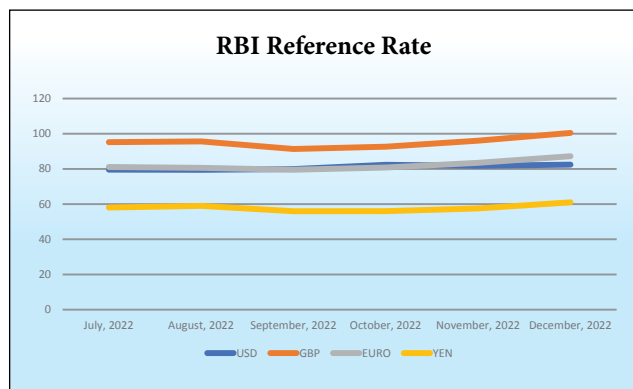
Cut-off date of guidelines /important developments for examinations

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 2023 to July 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December 2022 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 2022 to January 2023, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June 2022 will only be considered for the purpose of inclusion in the question papers.

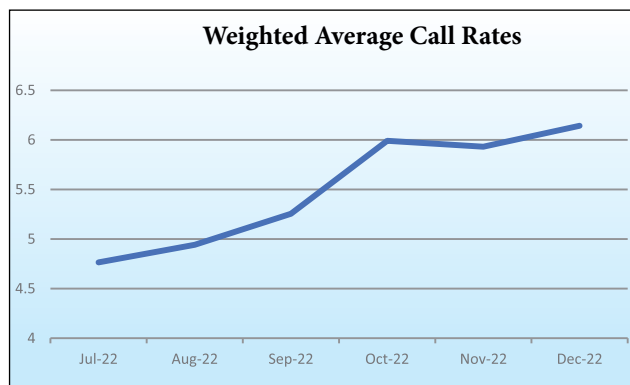
Green Initiative

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

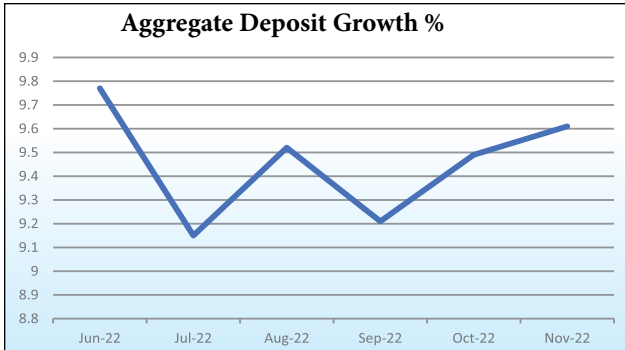


Source:FBIL

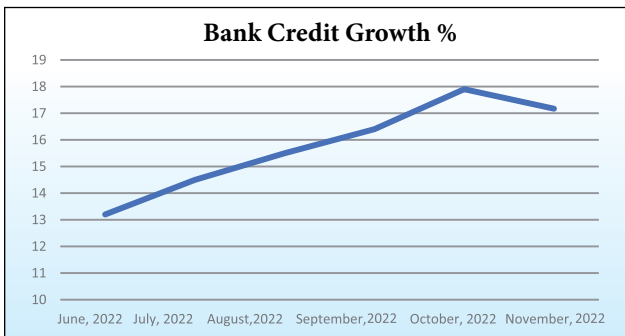


Source: Weekly Newsletter of CCIL

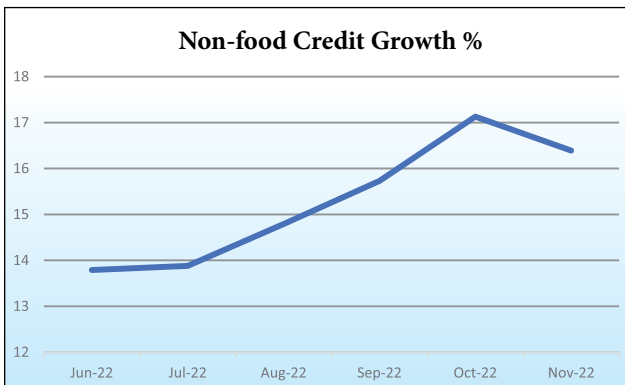
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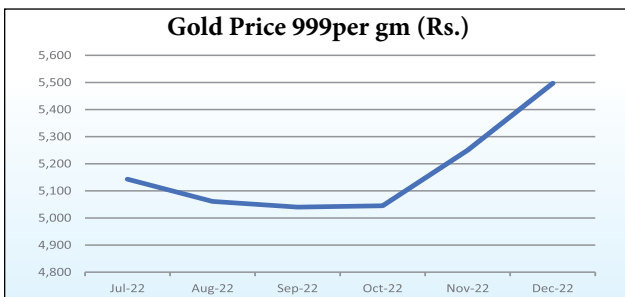
Source: Monthly Review of Economy, CCIL, December, 2022



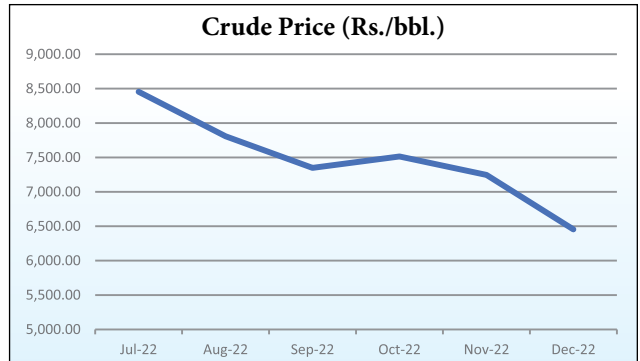
Source: Reserve Bank of India



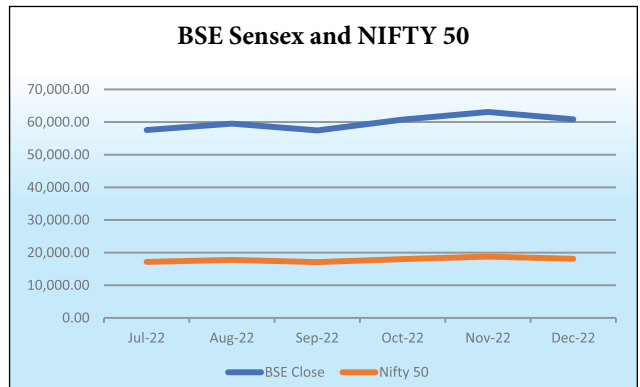
Source: Monthly Review of Economy, CCIL, December, 2022



Source: Gold Price India



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE

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