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VISION

То be premier Institute for developing and nurturing competent professionals in banking and finance field.

E-Learning

Training

MISSION

To develop professionally qualified and competent bankers and finance professionals primarily through a process of education, examination, consultancy training, counselling and continuing professional development programs.

Face Book

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The key highlights of Monetary Policy Committee meeting held from February 5-7, 2025

Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC) meeting held from February 5-7, 2025. The key highlights of the meeting are as follows:

- Repo rate reduced by 25 bps to 6.25%.
- Standing Deposit Facility (SDF) rate adjusted to 6.00%.
- Marginal Standing Facility (MSF) rate and Bank Rate adjusted to 6.50%.
- RBI will continue to focus on durable alignment of inflation with target, while supporting growth. Neutral monetary policy stance to continue.

Key highlights of the Statement on Developmental and Regulatory Policies

- SEBI-registered non-bank brokers will get access to Negotiated Dealing System-Order Matching (NDS-OM), on behalf of their clients. The access will be subject to RBI's rules & conditions.
- Comprehensive review of trading and settlement timings across various market segments to facilitate benefits of efficient price discovery and optimization of the liquidity requirements, proposed to be carried out.
- New domains viz. 'bank.in' and 'fin.in' to be introduced to enhance the trust in the Financial sector.
- It is proposed to introduce an Additional Factor of authentication in cross-border Card Not Present (CNP) transactions to ensure safety in online international transactions using cards issued in India.

Prudential norms of UCBs revised by RBI for better operational flexibility

The RBI has revised certain prudential norms of Urban Co-operative Banks (UCBs) to allow them greater operational flexibility without diluting the regulatory objectives. As per revised guidelines, UCBs shall need to have at least 50% of their aggregate loans and advances comprising of small value loans from March 31, 2026. The definition of small value loans decided to be revised as loans of value not more than Rs. 25 lakh or 0.4% (earlier 0.2%) of their Tier I capital, whichever is higher, subject to a ceiling of Rs. 3 crores (earlier Rs. 1 crore) per borrower. A UCB's aggregate exposure to housing, real estate and commercial real estate loans has been capped at 10% of its total assets. A UCB's aggregate exposure to residential mortgages i.e. housing loans to individuals, (excluding those classified as priority sector) shall not exceed 25% of its total loans and advances.

SEBI launched MITRA to empower MF investors trace inactive folios

To resolve the issue of Mutual Fund (MF) folios left unclaimed due to oversight, loss of documents, demise of original investor or outdated Know Your Customer (KYC) norms, the Securities and Exchange Board of India (SEBI) has introduced a digital platform, named Mutual Fund Investment Tracing and Retrieval Assistant (MITRA) to help investors track inactive and unclaimed folios. Developed by the Registrar and Transfer Agents (RTAs), this platform will provide investors a searchable database of inactive and unclaimed Mutual Fund folios at an industry-level, thus, promoting financial transparency, ensuring financial security and mitigating the chances of frauds in inactive folios. Additionally, the Unit Holder Protection Committee (UHPC) will also review inactive folios alongside unclaimed dividends and redemptions, ensuring that necessary steps are taken to reduce unclaimed amounts.

Retail investors allowed to participate in algo trading from August 2025

SEBI has allowed the retail investors to participate in algorithmic trading, from August 1, 2025. They will get access to the approved algos only from the registered brokers. At present, only institutional investors are allowed to participate in algorithmic trading, which provides them the advantage of timed and programmed order execution.

SEBI updated CAS timelines; PAN data deadline extended to 5 days

To enhance the ease of compliance, SEBI has rationalized the timelines for issuance of Consolidated Account Statement (CAS). Accordingly, the Asset Management Companies (AMCs) and Mutual Fund-Registrar and Transfer Agents (MF-RTAs) to provide monthly common PAN data to depositories within five days from the end of the month, instead of the previous three days. Once they receive the PAN data, depositories have to consolidate the information and dispatch a CAS to investors. Those who have opted for electronic delivery will receive the statements by the 12th day from the month end, while investors preferring physical copies will get them by the 15th day from the month end. These revisions shall come into effect from May 14, 2025.

Banking Policies

Banks to get more capital with RBI reversing its decision on risk weight

RBI has reversed its decision to increase the risk weight of bank loans. Accordingly, the risk weight on the exposures of Scheduled Commercial Banks (SCBs) to Non-Banking Financial Companies (NBFCs) was increased by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs was below 100%. Now, it has been decided to restore the risk weights applicable to such exposures and the same shall be as per the external rating. The risk weights on consumer credit, including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, was increased to 125%. On a review, it has been decided that microfinance loans in the nature of consumer credit shall also be excluded from the applicability of higher risk weights and shall accordingly, be subject to a risk weight of 100%.

PM-GAH transactions can be matched on NDS-OM: RBI

RBI has now allowed transactions between a Primary Member (PM) and its own Gilt Account Holder (GAH) or between two GAHs of the same PM to be matched on both the anonymous Order Matching segment and the Request For Quote (RFQ) segment of NDS-OM. Such transactions will be cleared and settled through the Clearing Corporation of India Limited (CCIL). Additionally, bilaterally negotiated transactions between a PM and its own GAH or between two GAHs of the same PM, will also have the option of clearing and settlement through CCIL, provided they are reported to NDS-OM.

Banking Developments

RBI issues norms for forward contracts in G-secs

RBI released norms for forward contracts in Government Securities (G-secs) undertaken in the Over-the-Counter (OTC) market in India, to enable market participants (especially long-term investors) to manage their cash flows and interest rate risk. Any resident or non-resident who is eligible to invest in G-secs under the Foreign Exchange Management (Debt Instruments) Regulations, 2019, can participate in such transactions. Any entity, eligible to be classified as a non-retail user, shall undertake transactions in bond forwards as a user. Scheduled Commercial Banks (SCBs) and standalone Primary Dealers (PDs) can act as market makers for bond forwards.

A market-maker may undertake long positions without any limit and covered short positions in bond forwards. A market-maker permitted to undertake short sales can also undertake uncovered short positions, but only when the underlying Government security is eligible for short sale. These directions will come into force from May 2, 2025.

Insurance

IRDAI launched Bima-ASBA to ease premium payments

The Insurance Regulatory and Development Authority of India (IRDAI) has introduced a payment mechanism, named Bima-ASBA (Applications Supported by Blocked Amount), to ease premium payments for life and health insurance policies. The initiative will start from March 1, 2025 and will allow policyholders to block funds in their bank accounts via the Unified Payments Interface (UPI), ensuring a smoother transaction process without immediate debits. Thus, the funds will remain available in the account but will not be used for other purposes until the insurer takes a decision on the application. If the proposal is approved, the insurer will request the bank to debit the blocked amount. If the proposal is rejected, the funds will be unblocked and returned to the policyholder without any deductions. While their funds are blocked, the policyholder may continue to earn interest on the money, thus, getting additional financial benefits.

Regulator Speaks

Excessive exposure and over-leveraging detrimental to the financial system: Mr. Rao, Deputy Governor, RBI

Mr. M. Rajeshwar Rao, Deputy Governor, RBI has expressed concern about excessive borrowing in the unsecured segment and the derivative euphoria in the capital markets. Excessive exposure and over-leveraging can create significant vulnerabilities for individuals and the financial system on the whole, he cautioned. He further highlighted how Artificial Intelligence (AI) can enable quicker risk assessment and fraud detection, thus, leading to an enhanced customer experience. Mr. Rao also elucidated about creative destruction and creative disruption. Creative destruction, a concept popularized by Economist Joseph Schumpeter, means the complete dismantling of old systems to make room for new ones. On the other hand, creative disruption is about evolving and refining the existing systems through technological innovations. Mr. Rao opined that the focus should be on transforming existing systems for the better, rather than simply replacing them. India has exemplified creative disruption in finance through innovations like Unified Payment Interface (UPI), Account Aggregator (AA) framework and Unified Lending Interface (ULI). Mr. Rao also suggested that financial institutions must invest in digital infrastructure and pivot to a customer-centric, data-driven approach to stay competitive in this new landscape.

Economic Wrap Up

The Reserve Bank of India released its RBI Bulletin, February 2025. Its key highlights are as follows:

- India's merchandise exports at US\$ 36.4 billion contracted by 2.4% (y-o-y) in January 2025, mainly due to a decline in oil exports.
- India's merchandise imports increased by 10.3% (y-o-y) to US\$ 59.4 billion in January 2025.
- Merchandise trade deficit widened to US\$ 23 billion in January 2025 from US\$ 16.6 billion in January 2024.
- Capital expenditure recovered in November and December 2024, taking the y-o-y growth rate to 1.7% during April-December 2024.
- India's manufacturing Purchasing Managers' Index (PMI) reached a six-month high in January 2025.



- Core inflation increased to 3.7% in January 2025 from 3.6% in December 2024.
- The yield on the 10-year G-sec benchmark moderated to 6.75% on February 13, 2025 from 6.85% on January 15, 2025.
- Digital Payment Index reached 465.3 in September 2024, reflecting the growing penetration of digitalisation in the country.

New Appointments

NAME		DESIGNATION	
	Mr. Tuhin Kanta Pandey	Chairman, Securities and Exchange Board of India (SEBI)	

Forex

Foreign Exchar	Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months		
	As on February 28, 2025		
Item	₹ Cr.	US\$ Mn.	Total Reserve (in US\$ Mn) 720000 704885
	1	2	700000 - 684805
1 Total Reserves	5589313	638698	680000 - 658091 660000 - 640279 638698
1.1 Foreign Currency Assets	4754944	543350	640000 - 630607 - 630
1.2 Gold	641218	73272	
1.3 SDRs	157504	17998	Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25
1.4 Reserve Position in the IMF	35646	4078	Note: Data as reported on last Friday of respective Month

Source: Reserve Bank of India

Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) deposits as on February 28, 2025 - applicable for the month of March 2025

ARR Name	Rates
SOFR (USD)	4.33
SONIA (GBP)	4.4547
€STR (EUR)	2.665
TONA (JPY)	0.477
CORRA (CAD)	2.9900

ARR Name	Rates
AONIA (AUD)	4.1
SARON (CHF)	0.447406
OCR (NZD)	3.75
SWESTR (SEK)	2.138
SORA (SGD)	2.4175

ARR Name	Rates
HONIA (HKD)	3.46269
MYOR (MYR)	3.01
DESTR (DKK)	2.3580

Source: www.fbil.org.in

Glossary

Algorithmic Trading

Algorithmic trading refers to any order that is generated using automated execution logic. It combines computer programming and financial markets to execute trades at precise moments. The trade is executed at a high speed and frequency.

IIBF VISION



Financial Basics

Risk Weight

BASEL II provided a risk-weighting schedule for measuring the credit risk of obligors. The risk weights are linked to ratings given to sovereigns, financial institutions and corporations by external credit rating agencies.

Institute's Training Activities

Training Programmes for the month of March 2025

Programmes	Dates	Location
Programme on IT & Cyber Security	10 th -11 th March, 2025	
Programme for Internal Auditors of Banks & FIs	11 th -12 th March, 2025	
Programme on Digital Defence-Mastering IT Risk Management & Cyber Crime Prevention	11 th -12 th March, 2025	Virtual
Programme on Effective Branch Management	19 th -21 st March, 2025	
Workshop on IRAC: Understanding strategies to minimize provision	20 th March, 2025	

News from the Institute

14th R. K. Talwar Memorial Lecture

The 14th R. K. Talwar Memorial Lecture, organised in association with the State Bank of India, was held on 27th February 2025 at SBI Auditorium, Nariman Point, Mumbai. The lecture was delivered by Shri M. Nagaraju, IAS, Secretary, Department of Financial Services, Ministry of Finance. The lecture was attended by bankers and well-appreciated by the attendees.

IIBF releases the fourth edition of Banking & Finance Yearbook, 2025

IIBF releases the fourth edition of the "Banking & Finance Yearbook, 2025". It is a comprehensive digest of all major developments, trends, expert views and regulatory changes across different verticals in Banking & Finance domain for the year ended December 31, 2024. The book is available on Amazon both as a paperback and as a Kindle edition. It is available in the retail outlets of publisher, M/s Taxmann Publications (Pvt.) Ltd.

IIBF invites applications under Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) for the year 2024-25

The Institute invites applications under Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) Scheme. 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 has been extended till 31st March 2025. For more details, please 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, 2025 is "Cyber Risk 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

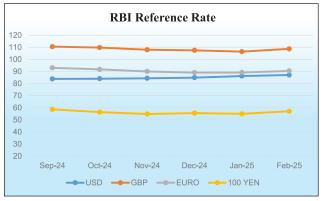
the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments/guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that: (i) In respect of the exams to be conducted by the Institute for the period from March to August of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question papers. (ii) In respect of the examinations to be conducted by the Institute for the period September to February of a calendar year, instructions/ guidelines issued by the regulator(s) and important developments in banking and finance up to 30st June will only be considered for the purpose of inclusion in the question papers.

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I, Bi	I, Biswa Ketan Das, hereby, declare that the particulars given above are true to the best of my knowledge and belief.		
	31.03.2025		Biswa Ketan Das

Biswa Ketan Das Signature of Publisher

Market Roundup



Weighted Average Call Rates (%) 6.7 6.65 6.6 6.55 6.5 6.45 6.4 6.35 63 6.25 62 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25

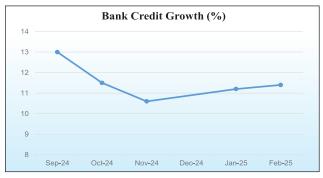
Source: FBIL

Source: Weekly Newsletter of CCIL

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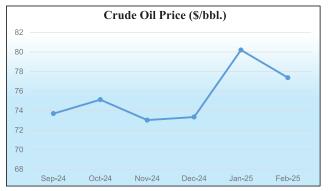
Source: Monthly Review of the Economy, CCIL, February, 2025



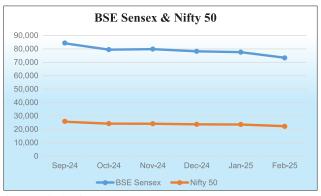
Source: Reserve Bank of India











Source: BSE & NSE





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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