# A Monthly Newsletter of Indian Institute of Banking & Finance (ISO 21001 : 2018 CERTIFIED) Volume No. : 17

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### VISION

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

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Training

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### MISSION

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

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### The key highlights of Monetary Policy Committee meeting held from April 7-9, 2025

Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC) meeting held from April 7-9, 2025. The key highlights of the meeting are as follows:

- Repo rate reduced by 25 bps to 6.00%.
- Standing Deposit Facility rate will be at 5.75%.
- Marginal Standing Facility rate and Bank rate stands at 6.25%.
- Real GDP growth for 2025-26 is projected at 6.5%.
- Consumer Price Index headline inflation went down from 5.2% in December 2024 to 3.6% in February 2025.

### Statement on Developmental and Regulatory Policies: Key highlights

- The securitisation of stressed assets shall be enabled through market-based mechanism to improve risk distribution and give lenders an exit route from such exposures.
- All Regulated Entities (REs) and all types of loans shall be brought under the ambit of co-lending to give sustainable credit access to a broader segment.
- The comprehensive regulations on prudential norms and conduct related aspects for gold loans to be issued.
- The regulations governing non-fund-based facilities across regulated entities to be harmonised.
- National Payments Corporation of India (NPCI) to revise the transaction limits in Unified Payments Interface (UPI) for person to merchant transactions. Banks can continue to have the discretion to decide their own internal limits (within the limits specified by NPCI).
- It is proposed to make Regulatory Sandbox theme-neutral and on-tap.

### RBI amended LCR norms to improve liquidity resilience of India's banks

RBI has amended its Liquidity Coverage Ratio (LCR) norms to improve the liquidity resilience of banks in India and to align the guidelines with global standards in a non-disruptive manner. RBI has announced an increase of 2.5% in the run-off rates to internet and mobile banking enabled retail and small business customer deposits. A bank shall adjust the market value of Government Securities (Level 1 High Quality Liquid Assets (HQLA)) with haircuts in line with margin requirements under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF). In addition, the composition of wholesale funding from 'other legal entities' is rationalised. Consequently, funding from non-financial entities like trusts (educational, charitable and religious), partnerships, Limited Liability Partnerships, etc. shall attract a lower run-off rate of 40% as against 100% currently. These changes will come into force from April 01, 2026.

### **Recognition and operationalization of PaRRVA**

Securities and Exchange Board of India (SEBI) has come out with recognition and operationalization of Past Risk and Return Verification Agency (PaRRVA) that will verify the risk-return metrics of services marketed to investors by SEBI-regulated persons or their agents. A Credit Rating Agency (CRA) shall take on the role of the PaRRVA, whereas, a recognized stock exchange will serve as a PaRRVA Data Centre (PDC). Initially, PaRRVA will be operationalised on a pilot basis for two months.

### SEBI released norms for withdrawing an Environmental, Social and Governance (ESG) rating

As per the new norms, an ESG Rating Provider (ERP) can no longer withdraw an ESG rating, except for where the rated issuer or an issuer whose security is rated, has closed business or has been merged or amalgamated with another company. The ESG ratings providers can withdraw rating on a listed company if business responsibility and sustainability report are not available for a firm or if there are no subscribers for the ratings. Additionally, when rating a security, the ratings provider can withdraw ratings if it has rated the firm for three years or for 50% of the security's tenure.

### All MIIs to follow SEBI's standardised format for System and Network Audit reports

SEBI has introduced a standardised format for System and Network Audit reports of all Market Infrastructure Institutions (MIIs). SEBI will assign unique IDs to each observation to simplify the tracking of both current and historical audit issues starting from audits conducted in FY 2024-25. MIIs will need to disclose basic information such as name, address and contact details of the auditee and audit team, followed by audit details such as period, methodology & tools used, and IT environment overview. The audit will ensure compliance with relevant regulatory requirements and identify any technical glitches encountered. This new framework will improve data quality, ensure compliance with regulatory requirements and streamline the monitoring of audit observations for all stock exchanges, clearing corporations and depositories.

### NPS accounts of subscribers without Indian citizenship to be closed: PFRDA

According to the rules updated by the Pension Fund Regulatory and Development Authority (PFRDA), PRAN/ NPS accounts of subscribers of the National Pension System (NPS) who renounce their Indian citizenship and do not hold an Overseas Citizen of India (OCI) card, shall be closed. The PFRDA has asked such subscribers to intimate the NPS Trust of the change in their status and furnish the relevant documents as proof. Their accounts will be shut down and the entire accumulated pension wealth will be transferred to Non-Resident Ordinary (NRO) account only.

# **Banking Policies**

### RBI allowed minors aged 10+ years to open and operate bank accounts

To make banking accessible to young people and help them with a smooth transition as they become adults, the RBI has now allowed minors of any age to open and operate savings and term deposit accounts through his/ her natural or legal guardian. The minors aged 10+ can operate their accounts independently, subject to limits set by individual banks as per their specific risk management policies. The young account holders will be made aware of all terms and conditions for operating such accounts. On attaining the age of majority, fresh operating instructions and specimen signature of the account holder shall be obtained and kept on record.

### All REs must use PRAVAAH portal from May 1, 2025: RBI

All banks, financial companies and other REs have been mandated by the RBI to use the PRAVAAH portal from May 1, 2025, to submit any applications for authorisations, licenses and approvals to the RBI. PRAVAAH, Platform for Regulatory Application, Validation and Authorization, is a secure portal launched by RBI in May 2024, with an aim to provide a single, safe and streamlined platform for individuals and companies to apply for different permissions from the RBI.

### **RBI** incentivises currency distribution and exchange for improved customer service

To extend better customer service in currency distribution and exchange, the RBI will be offering incentives to banks for their performance in this aspect. As per the Master Direction notified by RBI for this purpose, the incentives shall be paid on the adjudicated notes and soiled notes actually received in the Issue Office of RBI.

As for coins, the incentive for distribution shall be paid on the basis of net withdrawal from the currency chest. All the incentives shall be sent to the concerned banks by the Currency chest branch, on a pro-rata basis.

# **Banking Developments**

### RBI asks banks to start migrating to '.bank.in' domain for enhanced cyber security

Following the sharp rise in digital payment frauds, the RBI has introduced an exclusive '.bank.in' internet domain for Indian banks. This initiative will strengthen the banking system's cyber security framework, thus, leading to enhanced customer confidence in the digital banking and payment systems. The operationalisation of the '.bank. in' domain will be done through the Institute for Development and Research in Banking Technology (IDRBT). Banks have been given time till October 31, 2025 to complete this migration process.

### Fourth phase of 'One State, One RRB' to become functional from May 1, 2025

Considering the efficiency and cost rationalisation has been achieved by previous phases of amalgamations of all Regional Rural Banks (RRBs) in a state into one entity, the Department of Financial Services (DFS) has started the fourth phase of this drive. In this phase, 43 RRBs will be consolidated into 28 RRBs. Around 92% of these branches are in rural/semi urban areas. The implementation of this drive will start from May 1, 2025.

# **Regulator Speaks**

### Operational integrity and trust are imperative for financial markets: Mr. Sanjay Malhotra, Governor, RBI

Delivering the keynote address at the Conference by Fixed Income Money Market and Derivatives Association of India - Primary Dealers Association of India (FIMMDA-PDAI), Mr. Sanjay Malhotra, Governor, RBI stated that financial markets are key enablers of economic growth, as they are for raising capital and trading financial assets. Regulation of financial markets rests on integrity of operations and the fostering of trust. India's financial markets have evolved within a regulated framework, but have also continually adapted to changing regulatory philosophies and approaches. Mr. Malhotra said that in order to fulfil the aspirations of the country, financial markets will need to facilitate efficient and cost-effective funding. They should be able to manage their risks efficiently. They will also need to ensure fairness to every stakeholder as they chart ahead and make themselves robust, resilient and future ready.

### India is an investment haven for stable and productive investment: Mr. Sanjay Malhotra, Governor, RBI

Addressing the US-India Economic Forum organised by the Confederation of Indian Industry (CII) and US India Strategic Partnership Forum (USISPF), Mr. Sanjay Malhotra, Governor, RBI exhorted the US industry to invest in India. Mr. Malhotra emphasized that India's monetary, financial and political stability; policy consistency and certainty; congenial business environment; and strong macroeconomic fundamentals make it a lucrative investment option for long-term and productive investments. The banking sector is resilient, has a healthy balance sheet and continues to meet the large funding requirements of the economy. The Governor further spoke about the proactive Government policies presenting unparalleled investment opportunities in sunrise sectors such as space, semiconductors, renewable energy and electric vehicles.

### Probability of defaults may increase due to climate change risks: Mr. Rao, Deputy Governor, RBI

Speaking at Credit Summit 2025 organised by the Bharat Climate Forum, Mr. M. Rajeshwar Rao, Deputy Governor, RBI cautioned that climate change can lead to additional operational costs for borrowers with an increased possibility of a loss of their assets, thus, increasing the probability of default by borrowers. Mr. Rao said that, considering the climate change and its impact on economies/societies, we need a collaborative and sensitive approach to address them. He added that the first and foremost consideration is a national-level taxonomy. The second building block would be a consistent and harmonised regulatory approach towards assessing climate change risks and fostering of related financing. The next building block would be developing robust assurance and verification functions. The fourth would be to develop transparency in climate related disclosures.

# NBFCs must practise financial inclusion with dignity and transparency: Mr. Swaminathan J., Deputy Gov, RBI

Speaking at a Conference of Non-Banking Financial Companies (NBFCs), Mr. Swaminathan J., Deputy Governor, RBI cautioned that financial inclusion must not be used as a pretext for financial exploitation of customers. He emphasised that the NBFC sector must keep practising financial inclusion by treating customers with dignity, transparency and care. A commitment to fair conduct and a customer-centric culture must be practised and percolated down by the NBFC's CEO and Board to all levels. In instances of default, recovery practices must be conducted in an empathetic and respectful manner. Both, internal and external assurance mechanisms, must be strengthened. Risk taking must be intelligent and well planned. Asset-liability mismatches, nature and tenor of the funding sources and concentration risks should all be given a board-level oversight ably supported by robust internal controls.

# Economic Wrap Up

# The Department of Economic Affairs released its Monthly Economic Review, March 2025. The key highlights are as follows:

- As of September 2024, the banking sector's Gross Non-Performing Assets (GNPA) ratio has declined to 2.6%.
- The current account deficit has narrowed to 1.1% of the GDP in Q3 FY25, compared to 1.8% in the previous quarter.
- India's services Purchasing Managers Index (PMI) increased to 58.5 in March 2025 as companies benefited from demand strength and another upturn in new business inflows.
- As of March 21, 2025, Scheduled Commercial Banks (SCBs) reported a credit growth of 11%, with deposit growth (excluding the effects of the merger) at 10.3% for the same period.
- In March 2025, total exports rose by 2.7% YoY to USD 73.6 billion, while total imports increased by 4.9% YoY to USD 77.2 billion.
- As per the report 'Women and Men in India 2024' released by Ministry of Statistics and Programme Implementation (MoSPI), as of March 2024, women own 39.2% of all bank accounts and contribute to 39.7% of total deposits.

# New Appointments

NAME	DESIGNATION
Dr. Poonam Gupta	Deputy Governor, Reserve Bank of India

### Forex

Foreign Exchange Reserves		Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months		
	As on April 25, 2025		Total Reserve (in US\$ Mn)	
Item	₹ Cr.	US\$ Mn.	700000 688129	
	1	2	690000	
1 Total Reserves	5879208	688129	670000 6653996 660000 658091	
1.1 Foreign Currency Assets	4960996	580663	650000 640279 638698 640000 630607	
1.2 Gold	720785	84365	630000 6200000 6200000 6200000 6200000 6200000 6200000 6200000 6200000 6200000 6200000 6200000 620000000 6200000 6200000 6200000 6200000000	
1.3 SDRs	158817	18589	610000	
1.4 Reserve Position in the IMF	38610	4512	Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25	

### Source: Reserve Bank of India

Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) deposits as on April 30, 2025, applicable for the month of May 2025

ARR Name	Rates	ARR N
SOFR (USD)	4.36	AONIA
SONIA (GBP)	4.459	SARON
€STR (EUR)	2.167	OCR (N
TONA (JPY)	0.476	SWEST
CORRA (CAD)	2.7500	SORA (

R Name	Rates
NIA (AUD)	4.10
RON (CHF)	0.196361
CR (NZD)	3.5
VESTR (SEK)	2.139
RA (SGD)	2.1066

ARR Name	Rates	
HONIA (HKD)	4.17578	
MYOR (MYR)	3.00	
DESTR (DKK)	1.8050	

Source: www.fbil.org.in

# Glossary

#### **Run-off** rate

The Run-off rate refers to the percentage of deposits that a bank expects to be withdrawn in a short-term period of stress. It helps banks assess their liquidity needs and ensure they have enough High-Quality Liquid Assets (HQLAs) to cover potential withdrawals.

## **Financial Basics**

### Funded Interest Term Loan (FITL)

A Funded Interest Term Loan refers to giving loan for repaying a loan. It is a type of loan where the lender provides funds to the borrower to cover the interest payments on an existing loan. The FITL has the benefits for both borrower and lenders. As the borrower gets a breather to repay the loan, while the bank may be able to save the account from turning into an Non-Performing Assets (NPAs).

# **Institute's Training Activities**

### Training Programmes for the month of May 2025

Programmes	Dates	Location		
Programme on Leadership and Development of Soft Skills for Branch Managers	12 <sup>th</sup> - 13 <sup>th</sup> May, 2025	IIBF, PDC-Chennai		
Post Examination Training for Certified Treasury Professional	12 <sup>th</sup> - 14 <sup>th</sup> May, 2025	Virtual		
Programme on Customer service excellence and Customer grievance redressal mechanism	14 <sup>th</sup> - 15 <sup>th</sup> May, 2025	IIBF, PDC-Chennai		
Post Examination Training for Certified Credit Professional	14 <sup>th</sup> - 16 <sup>th</sup> May, 2025			
Programme on Improving Compliance Culture in Banks/ NBFCs/FIs/SFBs with special reference to KYC/AML/CFT guidelines	14 <sup>th</sup> - 16 <sup>th</sup> May, 2025			
Programme on Effective Branch Management	14 <sup>th</sup> - 16 <sup>th</sup> May, 2025	1		
Programme on Management of Operational Risk in Banks & FIs	14 <sup>th</sup> - 16 <sup>th</sup> May, 2025	Virtual		
Programme on Guidelines related to Export & Import Transactions	16 <sup>th</sup> - 17 <sup>th</sup> May, 2025			
Programme for Internal Audit Officers of Banks	21 <sup>st</sup> - 22 <sup>nd</sup> May, 2025			
Programme on Balance Sheet Reading & Ratio Analysis	21 <sup>st</sup> - 22 <sup>nd</sup> May, 2025			
Programme on Leadership & Development of Soft Skills for Branch Managers	21 <sup>st</sup> - 23 <sup>rd</sup> May, 2025	Leadership Development Centre, Kurla (West), Mumbai		
Programme on Know Your Customer (KYC), Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT)	21 <sup>st</sup> - 23 <sup>rd</sup> May, 2025	Virtual		
Programme on Use of Artificial Intelligence in present Banking scenario	22 <sup>nd</sup> - 23 <sup>rd</sup> May, 2025	Leadership Development Centre, Kurla (West), Mumbai		
Programme on Business Analytics, Machine Learning and Artificial Intelligence and its Implication in Banks	27 <sup>th</sup> - 29 <sup>th</sup> May, 2025	Virtual		

### News from the Institute

### IIBF celebrated 97th Foundation Day

IIBF is pleased to inform that the Institute successfully completed its 97<sup>th</sup> year since inception on April 30, 2025. During its 97 years of service, the Institute has emerged as a premier Institute in banking & finance fraternity through its academic endeavours, examinations and training programmes.

# IIBF organises Orientation programme on "Microfinance: Recent Developments, Challenges and Opportunities"

IIBF is going to organise Orientation programme on "Microfinance: Recent Developments, Challenges and Opportunities" on May 14, 2025. The key speakers will be Dr. Umakant Dash, Director, Institute of Rural Management Anand; Mr. Jiji Mammen, Executive Director & CEO, Sa-Dhan; Dr. Prabhu Sahoo Dutta, General Manager – Microfinance and Financial Inclusion, NABARD. The programme is tailored to provide comprehensive academic insights into Microfinance.

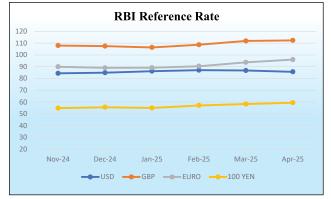
### Bank Quest Theme for upcoming issue

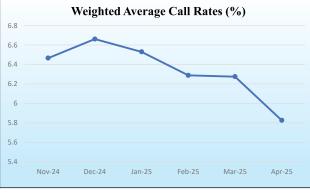
The theme for the upcoming issue of Bank Quest for the quarter April-June 2025 is "*Net Zero Banking*". The subthemes are: Responsible Banking, Green Finance, Green Bonds, Transition to Green Financing.

### 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 31<sup>st</sup> 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 30<sup>st</sup> June will only be considered for the purpose of inclusion in the question papers.

# Market Roundup



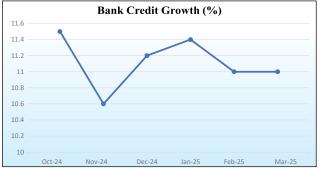




Source: Weekly Newsletter of CCIL



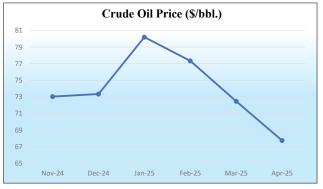




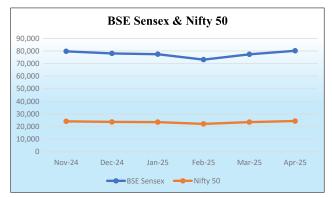
Source: Reserve Bank of India

















#### **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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**IIBF VISION**