



# IIBF VISION

Volume No. : 18

Issue No. : 8

March 2026

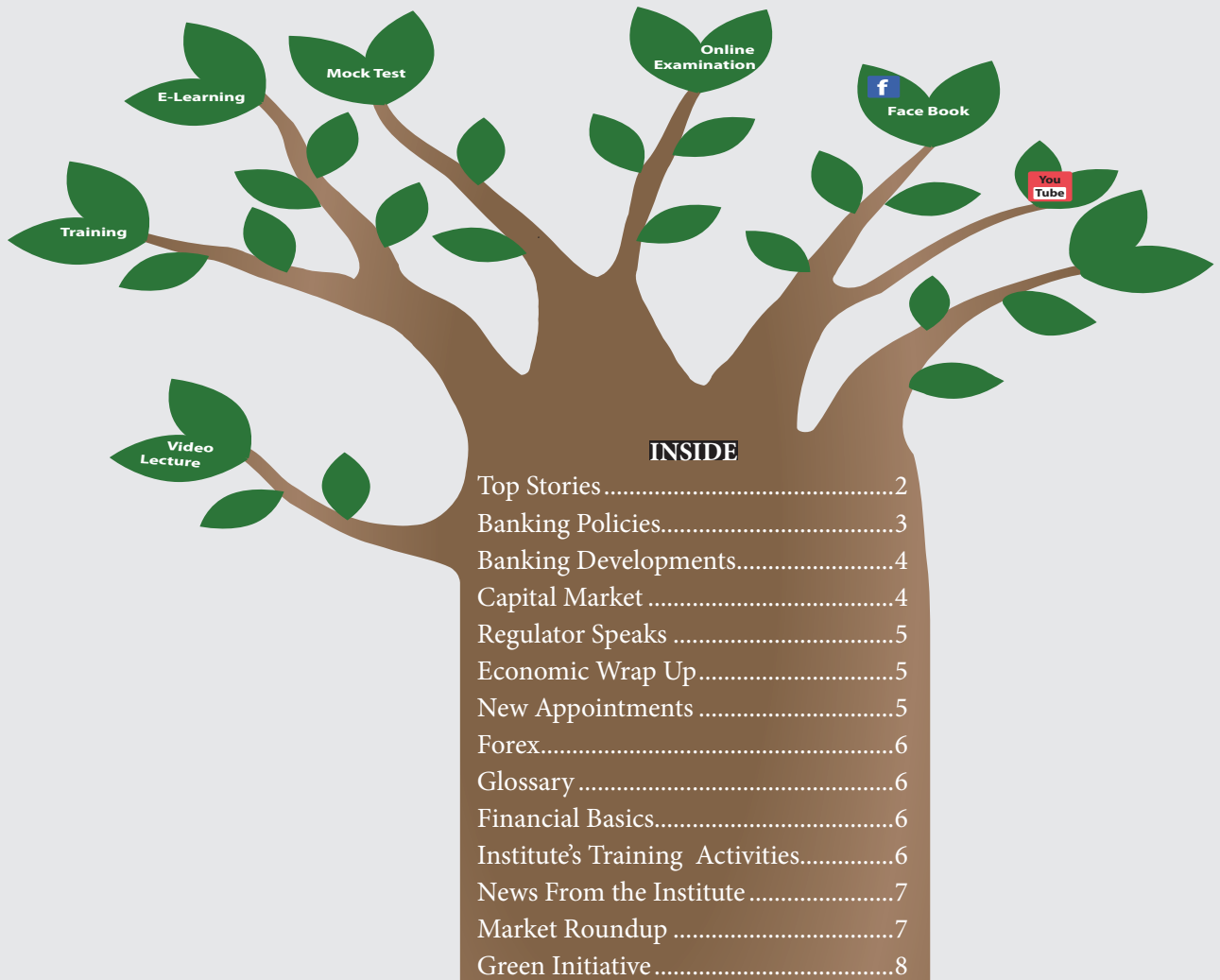
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## VISION

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

### Key highlights of the RBI's Monetary Policy Committee (MPC) meeting from February 4 to 6, 2026

- Repo rate remains at 5.25%.
- Standing Deposit Facility (SDF) rate remains at 5.00%.
- Marginal Standing Facility (MSF) rate and Bank Rate remains at 5.50%.

### Cracking Down on Mis-selling

Finance Minister Ms. Nirmala Sitharaman directed banks to focus on core banking functions – deposits and lending – and immediately curb the aggressive selling of third-party products, including, insurance. Mis-selling has been classified as an offence under the Bharatiya Nyaya Sanhita.

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

- The comprehensive instructions to Regulated Entities (REs) on advertising, marketing and sales of financial products and services to be issued to prevent mis-selling.
- Instructions on various aspects of loan recovery, including engagement of recovery agents, to be reviewed and harmonised.
- The instructions on the framework for compensation in case of small value fraudulent transactions will be issued.
- Proposed to allow commercial banks to extend finance to Real Estate Investment Trusts (REITs), with prudential safeguards.
- The rationalisation of the extant regulatory norms applicable for unsecured loans by Urban Co-operative Banks (UCBs); limits for lending to nominal members; and the tenor and moratorium requirements for housing loans, has been proposed.
- Eligible Non-Banking Financial Companies (NBFCs) not availing public funds and not having customer interface (including Type I NBFCs) proposed to be exempt from registration.
- It is proposed to dispense with the requirement of prior approval for opening branches by NBFC - Investment and Credit Companies.
- A Discussion Paper on “Exploring safeguards in digital payments to curb frauds”, to be issued.
- Lead Bank Scheme to be revised to enhance its effectiveness.
- The guidelines of Kisan Credit Card (KCC) to be revised to expand coverage.
- The guidelines relating to use of Business Correspondents (BCs) by banks, to be revised.
- The limit of collateral-free loans to Micro and Small Enterprises (MSEs) to be revised from ₹10 lakh to ₹20 lakh to improve their access to formal credit and support their entrepreneurial activity.
- A regulatory framework to enable the introduction of derivatives on credit indices and total return swaps on corporate bonds has been proposed.
- Authorised Dealers (ADs) to get greater flexibility vis-à-vis foreign exchange products, risk management and platforms.
- Investments under the Voluntary Retention Route (VRR) shall now be reckoned under the limit for Foreign Portfolio Investors (FPI) investments under the General Route. FPIs investing under VRR shall get certain additional operational flexibilities.
- Mission SAKSHAM (Sahakari Bank Kshamta Nirman) - a sector-wide capacity-building and certification framework proposed for UCBs.

### Deposit insurance: Risk-based premium model to replace the flat rate one

The flat rate premium system for deposit insurance will be replaced by a Risk-based Premium (RBP) framework, w.e.f. April 1, 2026. Under the RBP regime, there will be two risk assessment models – Tier 1 and Tier 2. The RBI has also introduced a vintage incentive i.e. signifying longer contribution to Deposit Insurance and Credit Guarantee Corporation's (DICGC's) Deposit Insurance Fund without any major distress or claim payouts from DICGC.

### IFSC Units undertaking multiple activities can now obtain single registration

International Financial Services Centres Authority (IFSCA) has issued a circular on the Unified Registration for

multiple Capital Market Activities under the IFSCA (Capital Market Intermediaries) Regulations to enhance ease of doing business. This allows entities, intending to undertake multiple capital market activities in IFSC, to obtain a single unified registration instead of separate registrations.

### **IFSCA released draft regulations for Electronic Trading Platforms**

IFSCA has released draft regulations on setting up and operation of Electronic Trading platforms (ETPs) within IFSCs. The draft regulations require authorised ETPs to develop and implement objective and legally binding operating rules for the ETP and put in place a sound risk management system for operation of the ETP.

### **IFSCA revised AML/KYC/CFT guidelines**

IFSCA has revised guidelines on Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer (AML/CFT/KYC). Accordingly, REs shall capture customer's KYC records and upload on CKYCR within 10 days of commencement of an account-based relationship with the customer. REs to adopt Risk-Based Approach (RBA) to identify and assess the Money Laundering and Terrorist Financing risk to which they are exposed.

### **NPS Vatsalya: CRAs will share specific subscriber information with pension funds**

According to circular issued by Pension Fund Regulatory and Development Authority (PFRDA), Central Recordkeeping Agencies (CRAs) will now share specified subscriber information related to NPS Vatsalya with the respective pension funds. Adherence to privacy safeguards, security standards, audit requirements and regulatory oversight will be mandatory. The circular also clarifies the asset allocation framework under the NPS Vatsalya Scheme Guidelines, 2025.

### **EPFO plans single pool for ETF investments**

The Employees' Provident Fund Organisation (EPFO) plans to consolidate funds of all its five schemes into a single pool for investment in Exchange Traded Funds (ETFs) and move to annual investment from the current monthly investment cycle.

## **Banking Policies**

### **RBI finalises acquisition finance norms**

The Reserve Bank of India has released the final framework for acquisition financing by banks, which is allowed only for strategic and long-term investments. Accordingly, Banks' participation in overseas syndicated acquisition financing capped at 20%. Bank funding capped at 75% of acquisition value; acquirer must bring minimum 25% equity/own funds. Post-acquisition debt-to-equity ratio capped at 3:1 on a consolidated basis. The loans must be secured by acquired shares/Compulsorily Convertible Debentures (CCDs), with additional collateral permitted. Bridge financing allowed for equity contribution, with repayment within 12 months.

### **RBI asks banks to give collateral-free loans up to Rs. 20 lakhs to MSEs**

From April 1, 2026 onwards, loan borrowers from the Micro, Small Enterprises (MSE) sector can get collateral-free loans up to Rs. 20 lakh. This facility will also be available to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by Khadi and Village Industries Commission (KVIC). RBI has given banks the discretion to extend this limit to Rs. 25 lakh, according to the MSE unit's good track record and financial position.

### **Bank's CME cannot exceed 40% of eligible capital base: RBI**

The Concentration Risk Management Directions, 2026 released by the RBI clarified that Capital Market Exposure (CME) of a bank includes both its direct exposures and indirect exposures (both fund based and non-fund based), including Investment Exposures and Credit Exposures. The aggregate CME of a bank, on both solo and consolidated basis, shall not exceed 40% of its eligible capital base. The circular also provided a list of exposures of a bank which will be excluded from the CME computation.

### **NBFCs can consider DLG for determining provisions under ECL**

For loan portfolios covered by Default Loss Guarantee (DLG) arrangements as per Chapter III of the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025 and Part B of the Reserve Bank of India (Non-Banking Financial Companies – Transfer and Distribution of Credit Risk) Directions, 2025, an NBFC may consider the Default Loss Guarantee (DLG) for determining provisions under the Expected Credit Loss (ECL) framework across all stages. This can be done subject to the requirements laid down under Indian Accounting Standards (IndAS), which require the DLG arrangement to be integral to the contractual terms of the loan and not being recognised separately.

### **RBI modified ECB framework; revises borrowing limits**

RBI has introduced changes to the External Commercial Borrowing (ECB) framework. These amendments rationalise the ECB framework by expanding the eligible borrower and recognised lender base, revising borrowing limits and average maturity period norms and removing restrictions on the cost of borrowing for ECBs. A review of end-use restrictions and simplification of reporting requirements are also part of the amendments made.

## **Banking Developments**

### **RBI amended its Directions on RWAs**

RBI has amended the Directions on Risk Weighted Assets (RWAs) to make an issue of irrevocable payment commitment by a bank to clearing corporations of stock exchanges, on behalf of its client, a financial guarantee with a Credit Conversion Factor (CCF) of 100%. However, capital shall be maintained only on the exposure reckoned as Capital Market Exposure (CME) and the risk weight shall be 125% thereon.

### **RBI amended Directions on 'Standard advances' by Rural Co-operative Banks**

According to the Reserve Bank of India (Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026, in case of 'Standard advances', banks shall recognise income on accrual basis without the requirement of making any matching provision. For credit facilities not classified as 'Standard' (including those guaranteed by Government), income shall be recognized on actual receipt basis i.e. cash basis.

### **RBI amended its Miscellaneous Directions for NBFCs**

National Urban Co-operative Finance and Development Corporation Limited (NUCFDC) are allowed to make offer or invitation to subscribe to its equity shares on a private placement basis to more than 200 persons in aggregate in a financial year, subject to the conditions. NUCFDC shall ensure compliance with all the applicable statutory and regulatory requirements with regard to the private placement of securities.

### **RBI amended the regulatory framework governing investments under VRR**

To ensure predictability and ease of doing business, investment limits under the Voluntary Retention Route (VRR) shall be subsumed under the investment limit for FPI investments under the General Route. This applies to all investments through VRR in Central Government securities (including Treasury Bills), State Government Securities and corporate debt securities. FPIs availing retention periods longer than the minimum one stipulated in the Directions, shall have the option of liquidating their portfolio (fully or partly) and exiting the VRR after the end of the minimum retention period. These Directions will come into force from April 01, 2026.

## **Capital Market**

### **SEBI discontinues solution-oriented scheme category; adds new categories**

SEBI has discontinued the solution-oriented scheme category and introduced new categories viz. contra funds and sectoral debt funds, adding goal-based life cycle funds. To ensure that schemes remain "true-to-label", the scheme name shall be the same as the scheme category. Words/phrases that highlight/emphasize only the return aspect of the scheme shall not be used in the name of the scheme. Mutual Funds shall disclose category-wise portfolio overlap level. Such disclosure shall be published on Asset Management Company (AMC) website for investor communication on a monthly basis.

### **SEBI released capacity norms for Commodity Derivatives Segment of MIIs**

SEBI released norms for Commodity Derivatives Segment of Market Infrastructure Institutions (MIIs) with respect to the capacity planning and real time performance monitoring of their Critical Information Technology systems and supporting components. Accordingly, installed capacity must be maintained at a minimum of two times the projected peak load for the segment. If actual capacity utilization exceeds 75% of the installed capacity, immediate action shall be taken by the MII.

### **CRAs rating instruments under other regulators get stricter norms from SEBI**

In cases where a Credit Rating Agencies (CRAs) undertakes rating of instruments falling under the purview of any other Financial Sector Regulator (FSR) or Authority, they must maintain separate email IDs for handling grievances and web disclosures for SEBI-regulated activities and those regulated by other authorities. Additionally, such CRAs must submit an undertaking as part of their half-yearly internal audit report.

## SEBI revamped Stock Brokers Regulations

SEBI has notified revamped stock broker regulations for the first time in 3 decades allowing them to undertake additional activities under the framework of other financial regulators and provide incidental advice. The stock brokers may provide only incidental investment advice to their broking clients, limited to advice that clients may reasonably rely upon for buying, selling or holding securities. However, they must comply with the relevant provisions of the SEBI (Investment Advisers) Regulations, 2013.

## Regulator Speaks

### RBI prioritizes access to timely formal credit for MSMEs: Governor, RBI

Speaking at a meeting with select MSMEs and representatives of MSME associations, Mr. Sanjay Malhotra, Governor, RBI emphasised that RBI is committed towards improving access to timely and adequate formal credit for MSMEs. MSMEs must pursue formalisation, maintain credit discipline and adopt digital payments to shore up long-term resilience and competitiveness.

### Indian economy beholds macroeconomic stability: Deputy Governor, RBI

Speaking at the 14<sup>th</sup> Foundation Day Lecture of the Centre for Development Studies, Ms. Poonam Gupta, Deputy Governor said, Indian economy is not just growing at an accelerated pace, but is also depicting enhanced macroeconomic stability. This is reflected in a multitude of economic outcomes becoming steadier and materializing within a narrower range. High, stable and accelerating growth, and more predictable economic outcomes have become the hallmarks of the Indian economy.

### Ethics in banking is a core safeguard: Deputy Governor, RBI

Underlining ethics in banking as a core safeguard for the financial system, Mr. Swaminathan J, Deputy Governor, RBI has stated that digital journeys should be designed such that customers are clear about what they are doing, what they are authorising and what they are not. While customer centricity is often spoken about in big terms, it is usually the basics such as clear communication, accurate execution and fair dealings that matter most.

## Economic Wrap Up

**The Reserve Bank of India released the February 2026 issue of monthly RBI Bulletin. The key highlights are as follows:**

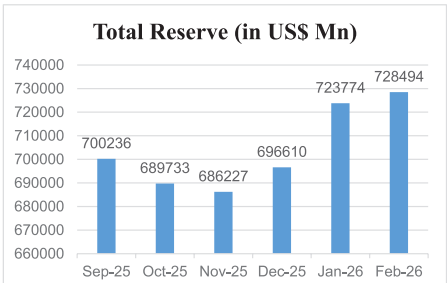
- The revised outlook for Consumer Price Index (CPI) inflation in Q1:2026-27 and Q2 at 4% and 4.2% respectively.
- The global composite Purchasing Managers' Index (PMI) improved to 52.5 in January 2026.
- Overall financial conditions exhibited some tightness from the second half of January till 17<sup>th</sup> February, driven by relative tightening in the corporate bond market.
- In January 2026, the merchandise trade deficit widened reflecting sharper rise in imports.
- Bolstered by adequate liquidity, average net absorption under the Liquidity Adjustment Facility (LAF) increased during January 16-February 17, from the preceding one-month period.
- In the fixed-income segment, between January 19 and February 17, Government security (G-sec) yields declined across the term structure other than at the longer end of the curve.
- The RBI's Digital Payments Index rose to 516.76 as of September 2025, up from 465.33 in September 2024.

## New Appointments

Name	Designation
Shri Uday Kotak	Chairman, GIFT City



## Forex

Foreign Exchange Reserves			Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months	
Item	As on February 27, 2026			
	₹ Cr.	US\$ Mn.		
	1	2		
1 Total Reserves	6627548	728494	<p>Note: Data as reported on last Friday of respective month</p>	
1.1 Foreign Currency Assets	5214072	573125		
1.2 Gold	1197517	131630		
1.3 SDRs	171635	18866		
1.4 Reserve Position in the IMF	44324	4873		

Source: Reserve Bank of India

Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) deposits as on February 27, 2026, applicable for the month of March 2026

ARR Name	Base Rates of ARR (%)
SOFR (USD)	3.67
SONIA (GBP)	3.7276
€STR (EUR)	1.933
TONA (JPY)	0.729
CORRA (CAD)	2.2800

ARR Name	Base Rates of ARR (%)
AONIA (AUD)	3.85
SARON (CHF)	-0.063311
OCR (NZD)	2.25
SWESTR (SEK)	1.635
SORA (SGD)	1.0422

ARR Name	Base Rates of ARR (%)
HONIA (HKD)	2.01218
MYOR (MYR)	2.75
DESTR (DKK)	1.5210

Source: www.fbil.org.in

## Glossary

### Acquisition Finance

Acquisition Finance shall mean a financial facility or assistance provided to an eligible borrower entity for the purpose of acquiring equity shares or compulsorily convertible debentures in a target company or its holding company, resulting in the borrower entity acquiring control over the target company.

## Financial Basics

### Contribution Margin

The contribution margin represents the incremental money generated for each product/unit sold after deducting the variable portion of the firm's costs. It is computed as the selling price per unit minus the variable cost per unit.

## Institute's Training Activities

### Training Programmes for the month of March 2026

Programmes	Dates	Location
Programme on Mastering the Credit Lifecycle – Credit Monitoring, Follow up and Recovery Management	10 <sup>th</sup> -11 <sup>th</sup> March, 2026	Virtual
Post Examination Training for Certified Information Technology Audit Professional	10 <sup>th</sup> -12 <sup>th</sup> March, 2026	Virtual
Programme on Recovery Strategies: Non-Legal & Legal	12 <sup>th</sup> -13 <sup>th</sup> March, 2026	Virtual

Programme on Digital Banking CX - Winning Strategies for Marketing & Customer Engagement	12 <sup>th</sup> -13 <sup>th</sup> March, 2026	Virtual
Post Examination Training for Certified Banking Compliance Professional	16 <sup>th</sup> -18 <sup>th</sup> March, 2026	Virtual

## News from the Institute

### IIBF invites applications under DJCHBBORF 2025-26

IIBF invites applications under Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship (DJCHBBORF) 2025-26. The last date for receipt of applications has been extended till March 31, 2026. For more details, please visit [www.iibf.org.in](http://www.iibf.org.in)

### Bank Quest Theme for upcoming issue

The theme for the upcoming issue of Bank Quest for the quarter January-March 2026 is “New Avenues of Payments Systems”. The Sub-themes are: UPI, ULI, CBDC- Challenges, Opportunities and Prospects, Cyber Security.

#### STATEMENT ABOUT OWNERSHIP AND OTHER PARTICULARS OF IIBF VISION, THE NEWSLETTER OF INDIAN INSTITUTE OF BANKING & FINANCE

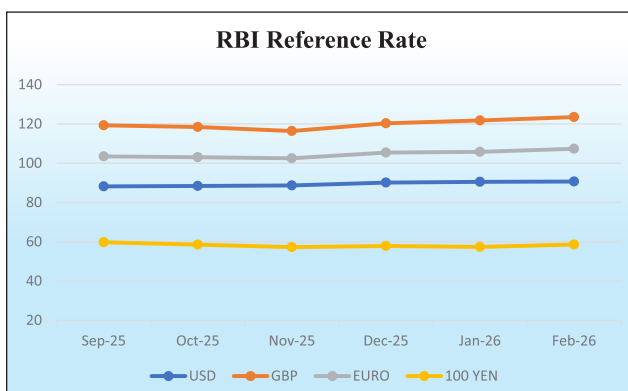
- Place of Publication : Mumbai
- Periodicity of Publication : Monthly
- Publisher's Name : Mr. Deepak Kumar Lalla  
Nationality : Indian  
Address : Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-1, Kirol Road, Kurla (W), Mumbai-400 070.
- Editor's Name : Mr. Deepak Kumar Lalla  
Nationality : Indian  
Address : Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-1, Kirol Road, Kurla (W), Mumbai-400 070.
- Name of Printing Press : Printrade Issues (I) Pvt. Ltd., 17, Pragati Ind. Estate, 316, N.M. Joshi Marg, Mumbai - 400 011.
- The Name and Address of the Owners : Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-1, Kirol Road, Kurla (W), Mumbai-400 070.

I, Deepak Kumar Lalla, hereby declare that the particulars given above are true to the best of my knowledge and belief.

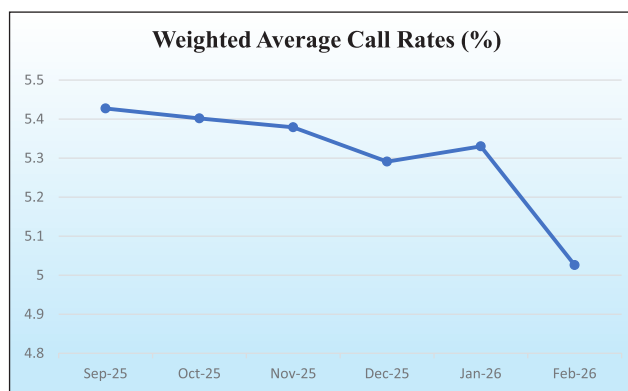
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## Market Roundup

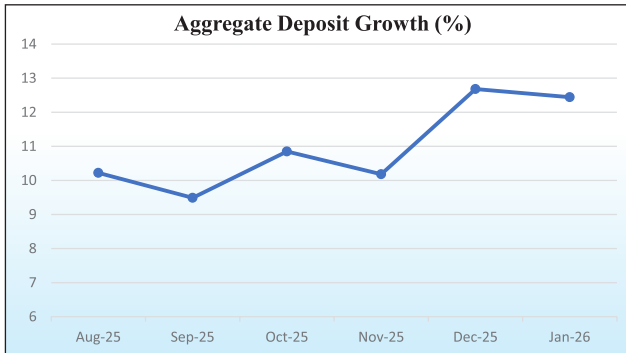


Source: FBIL

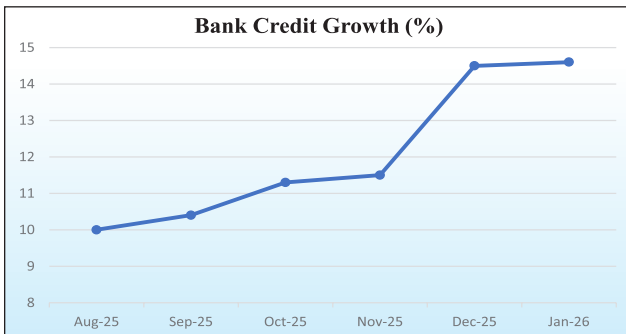


Source: Weekly Newsletter of CCIL

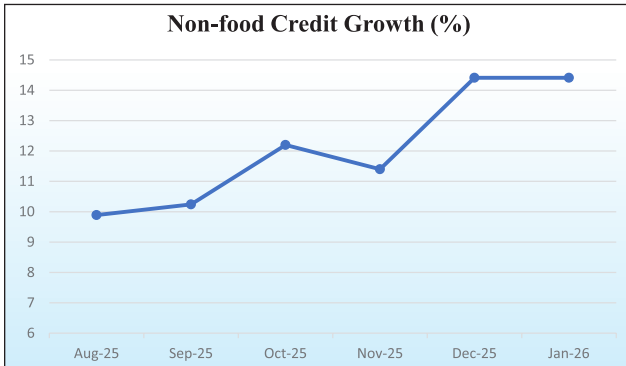
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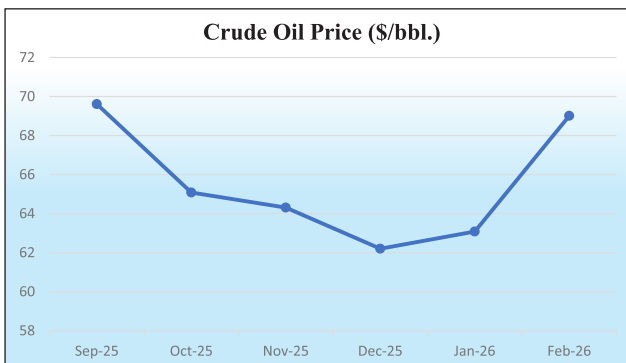
Source: Monthly Review of the Economy, CCIL, January 2026



Source: Reserve Bank of India

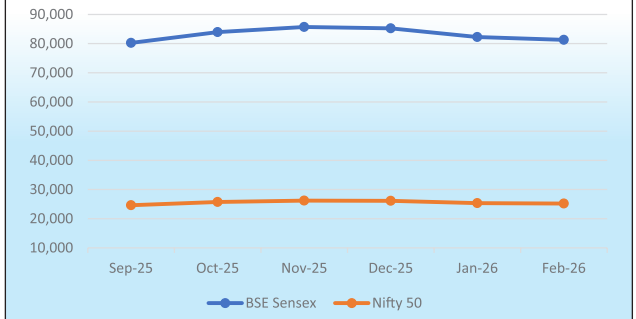


Source: Monthly Review of the Economy, CCIL, January 2026



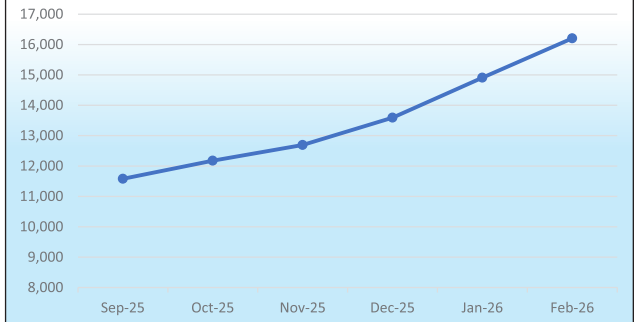
Source: PPAC, Ministry of Petroleum and Natural Gas

## BSE Sensex & Nifty 50



Source: BSE & NSE

## Gold Price 999 per gm (Rs.)



Source: Gold Price 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.

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

**Printed by** Deepak Kumar Lalla, **Published by** Deepak Kumar Lalla, on behalf of Indian Institute of Banking & Finance, and **printed at** Printrade Issues (I) Pvt. Ltd., 17, Pragati Ind. Estate, 316, N.M. Joshi Marg, Mumbai - 400011 and **published at** Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.  
**Editor :** Deepak Kumar Lalla

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