A Monthly Newsletter of Indian Institute of Banking & Finance (Rs. 40/- per annum)

(ISO 9001 : 2008 CERTIFIED ORGANISATION)

Committed to professional excellence

IIBF VISION

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3rd Qtr. Review of Monetary Policy 2012-13 - 29th Jan., 2013

Monetary and Liquidity Measures

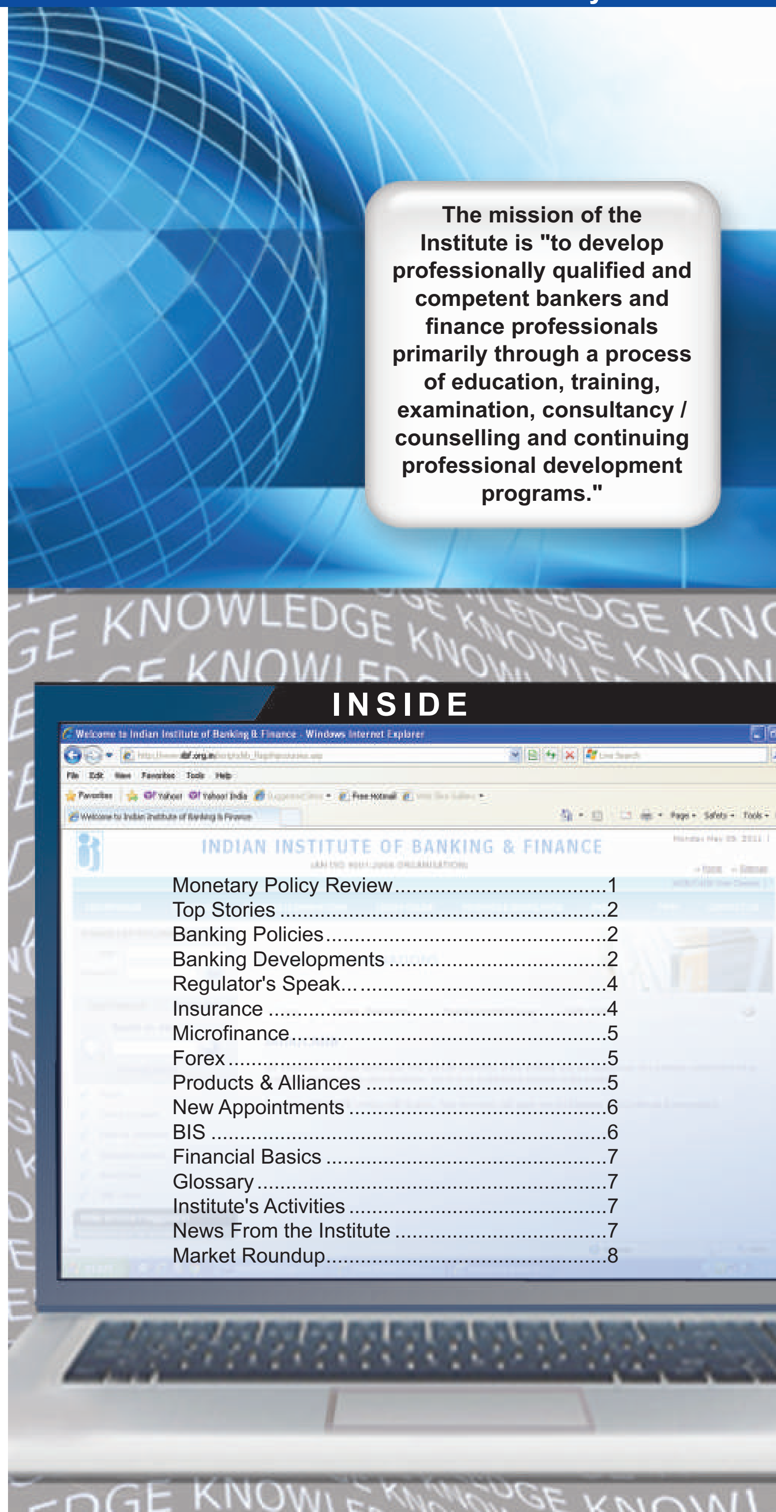
- Policy repo rate under the Liquidity Adjustment Facility (LAF) reduced by 25 bps, from 8.0% to 7.75%.
- Reverse repo rate under the LAF, determined with a spread of 100 bps below the repo rate, gets calibrated to 6.75%.
- The Marginal Standing Facility (MSF) rate, determined with a spread of 100 bps above the repo rate and also the Bank Rate adjusted to 8.75%.
- W.e.f. the fortnight beginning February 9, 2013, Cash Reserve Ratio (CRR) of scheduled banks reduced by 25 bps from 4.25% to 4.0% of their Net Demand and Time Liabilities (NDTL).

Inflation

Headline WPI inflation eased significantly from 8.1% in September 2012 to 7.2% by December. Inflation on account of non-food manufactured products fell sharply in Nov-Dec as input price pressures eased. Food inflation showed contrarian behaviour by moving to double digits in Dec, reflecting both cyclical and structural factors. In contrast to WPI inflation, CPI inflation as measured by the new CPI, rose to 10.6% in Dec largely reflecting the surge in food inflation. Excluding food and fuel groups, CPI inflation remained unchanged at 8.4% during the third quarter. Keeping in view the expected moderation in non- food manufactured products inflation, domestic supply-demand balances and global trends in commodity prices, the baseline WPI inflation projection was revised downwards for March 2013 from 7.5% to 6.8%.

Monetary and Liquidity Conditions

Money supply remained below the indicative trajectory of RBI which reflected the deceleration of growth in aggregate deposits and moderation in economic activity. The overall non-food credit growth was around the indicative trajectory. However, bank credit to industry showed a significant deceleration while credit to agriculture registered an increase. M_3 growth projection for the current year has been scaled down to 13% while non-food credit growth projection is retained at 16%.



The mission of the Institute is "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."

INSIDE

Top Stories

RBI panel moots uniform account number structure

A RBI panel has recommended that the 26-digit International Bank Account Number (IBAN) format be used in Indian banks. IBAN is uniform system carrying information about transactions across banks to ensure accuracy and speed. It prevents credit from going to wrong accounts and facilitates straight-through processing. IBAN is an international standard for identifying bank accounts across national borders. The format envisages 26 digits *viz.* 18-digit bank account number, 4-digit bank code, 2-digit country code and 2 check digits.

Banking Policies

Reasons for denial of ATM service

RBI has asked banks to incorporate information pertaining to denial of services (to the customers) at ATM sites, reasons thereof and the action taken to avoid recurrence of such instances in the quarterly review of ATM transactions to their board of directors. It has given an indicative list of 33 reasons that banks need to mention, including invalid transaction, invalid PIN, exceeded withdrawal limit and so on.

Norms for corporate bond repo market eased

RBI has eased the norms for trading in corporate repo markets by making short-term debt securities also eligible for it, and by widening the credit default swap basket. Traders describe this as a small step towards deepening the bond markets. Short-term corporate debt can now be traded in the repo market, where holders of securities pledge them to borrow funds with a promise to buy them back at a future date. Repo in corporate debt shall also be permitted on CPs, CDs and non-convertible debentures of less than one year of original maturity. RBI has also permitted credit default swaps, an insurance against default, on unlisted corporate debt securities and those with less than one year maturity.

Norms for issue of CP eased

In a bid to make Commercial Papers (CPs) attractive, RBI has allowed issuers to buy back these instruments before maturity. It has also slightly diluted the minimum credit rating requirement for CPs so that more companies can avail them to meet the short-term funding requirements for their operations. RBI has directed that the buyback of CPs be done through the secondary market and at the prevailing market price.

Charge prepayment penalty only on fixed rate loan dues

A RBI committee has advised banks to revise the penalty structure on prepayments and charge it only on the outstanding amount. It has also recommended that banks raise long-term deposits to fund more long-term loans. This will help reduce the EMI burden on home loan borrowers, thus saving them substantial amounts. The committee has also advised banks to popularize long-term fixed rate product.

RBI raises FII limit in G-secs, corporate bonds

To attract foreign funds into the bond market, RBI has raised the ceiling for foreign institutional investors (FII)'s holdings in G-secs and corporate bonds by $5 billion each. The cap on domestic debt now stands at $75 billion. The sub-limit of $10 billion for investment by FIIs in G-secs was enhanced by $5 billion, while the cap on corporate debt other than in the infrastructure sector was raised from $20 billion to $25 billion.

Issue Tier-II bonds to retail investors

With a view to deepen the corporate bond market in India through enhanced retail participation, banks, while issuing subordinated debt for raising Tier-II capital, have been encouraged by RBI to consider raising such funds through public issue to retail investors. The bonds have a minimum maturity of five years. However, if they are issued in the last quarter of the year i.e. from January 1 to March 31, they should have a minimum tenure of 63 months.

Inflation-indexed bonds to wean investors off gold

To wean investors away from buying gold, RBI has decided to introduce Inflation-Indexed Bonds (IIBs) in a new manner. More importantly, both principal as well as the coupon rate on the bond will be indexed to inflation.

Differential rates only for deposits above ₹1 crore

RBI has revised the definition of wholesale (bulk) deposits for payment of differential interest rates. Banks can now pay differential rates of interest for deposits above ₹1 crore. Earlier, this limit was ₹15 lakh. Banks would need to disclose in advance the schedule of interest rates payable, including deposits on which differential interest will be paid.

Banking Developments

President's assent to money laundering & banking bills

The Prevention of Money Laundering (Amendment) Bill and Banking Laws (Amendment) Bill, 2012, have become law of the land, with Mr. Pranab Mukherjee, President, giving assent to these; along with the Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Bill, 2012. The Prevention of Money Laundering (Amendment) Bill, which seeks to enlarge the definition of money laundering offences and could help curb funding of terrorist operations, was approved by Parliament in the winter session.

30 years to pay home loan EMIs

In order to protect borrowers from interest rate fluctuations and reduce the burden of equated monthly instalments (EMIs), the K. K. Vohra panel instituted by RBI has suggested that banks offer loan products with a repayment period of 30 years. The move could protect both customers and banks from the risks accompanying adverse movements in interest rates. Banks have also been advised to introduce hybrid loan products, having both fixed and floating interest rate loans, with a higher proportion of the former. The panel has observed that most home loan products are generally on a 15-25 year maturity and floating in nature.

Banks unlikely to pass on rate benefits

According to Mr. Ananda Bhowmick, Senior Director, India Ratings, even if RBI slashes key policy rates, banks may find it difficult to lower lending rate, as short-term funding mismatches are at an all-time high for some of them. "The risk is partly mitigated by banks' domestic retail depositor base, but the high pace of refinancing squeezes quarter-end liquidity, keeps funding costs elevated and delays the transmission of any policy rate cut to borrowers".

Raise interest rate cap for collateral-free loans to MSEs

Banks have sought flexibility to charge a higher mark-up on their minimum lending rate on collateral-free loans given to Micro and Small Enterprises (MSEs), under a credit guarantee scheme. Currently, the CGS covers credit facilities (fund based and / or non-fund based) not exceeding ₹1 crore extended by banks and select financial institutions to a single eligible borrower in the MSE sector.

BASEL III : RBI for liquidity buffer from SLR portfolio

After the Basel committee of banking supervision eased the implementation of Liquidity Coverage Ratio (LCR), RBI opines that Indian banks might need to cull out usable liquidity from their existing statutory liquidity portfolio. Under LCR, banks are expected to hold a minimum level of highly liquid assets that can be sold in the open market to tide over a liquidity crisis. In normal conditions, these assets must at least be equal to the total net cash flows of the bank on a regular basis. In India, banks are mandated to keep 23% of their Net Demand and Time Liabilities (NDTLs) in government securities. However, Statutory Liquidity Ratio (SLR) does not meet the Basel requirement for LCR as the assets held by banks are not unencumbered and not liquid.

ECB limit raised for infrastructure NBFCs

RBI has raised the External Commercial Borrowing (ECB) limit for Non-Banking Finance Companies (NBFCs) classified as Infrastructure Finance Companies (IFCs). The limit under the automatic route has been enhanced from 50% to 75% of owned funds, including outstanding ECBs. Such companies desirous of availing ECBs beyond 75% of their owned funds would require RBI's approval; and will, therefore, be considered under the approval route.

RBI offer may help gold loan companies flourish

The proposal by RBI to increase the Loan to Value (LTV) ratio to 75% from the present 60% is likely to help gold loan companies raise their business volume at a reasonable rate. However, the pace of growth might be much lower than the over 120% Compounded Annual Growth Rate (CAGR) witnessed over the last three years. In its report, the KUB Rao committee, appointed by RBI on Gold Loan Companies (GLCs) has proposed to increase the LTV ratio alongwith a host of other recommendations for monetisation of gold. The report also acknowledged the positive role of banks and NBFCs in monetising gold.

Infra firms account for 40% of CDR

Over 4 in 10 accounts recast by Corporate Debt Restructuring (CDR) cell in the first half of the financial year, were those of infrastructure companies. According to CDR cell data, between April and September 2012, the cell re-cast infra loans worth ₹15,562 crore. The outstanding infra loans under recast as of end-September stood at ₹32,336 crore. The high interest rate and increased debt levels have resulted in plummeting the bottom-line of infra companies. Land acquisition and environment clearance issues have delayed the commissioning of projects.

More enquiries over credit profile post financial crises

Credit Information Bureau (CIBIL) has stated that financial institutions are making more enquiries about credit profile of entities post the financial crisis and about 20% of them are about auto loans. "Delhi NCR contributes to over 34% of all auto loan enquiries (made in bigger cities)," says Mr. Arun Thukral, MD, CIBIL adding that "after the 2008 financial crisis, banks have tightened their credit policies and have reduced their exposure specifically to unsecured debt like credit cards and personal loans. Banks are now more cautious in giving housing loans to customers with a low credit rating."

RBI to review grievance redress mechanism

RBI has set up a working group to review and improve the grievance redress mechanism for bank customers. The Banking Ombudsman received 14,492 card related complaints in the reporting year. Presently, there are fifteen Banking Ombudsmen with specific jurisdiction covering 29 States and 7 Union Territories of India.

Gold-linked products needed to cut imports

It is becoming imperative to introduce and popularise gold-linked financial products and thereby discourage buying & stocking of physical gold by investors to curb the Current Account Deficit (CAD) of the country. Mr. G. Padmanabhan, Executive Director, RBI avers that "Given the insatiable lure for gold in the country, it is imperative that we introduce gold-linked products which result in the existing gold in bank lockers getting converted as financial products rather than unabated import of gold." A working group formed by RBI to study and suggest measures to curb gold imports has recommended stricter norms on gold loan companies and innovative gold-linked financial products.

Regulator's Speak...

Final guidelines on new bank licences soon

Mr. Anand Sinha, Deputy Governor, RBI has confirmed that RBI will soon release the final guidelines on issuing new bank licences. In the draft guidelines, RBI has proposed a risk weight of 150% on capital market exposure and 125% for commercial real estate exposure for NBFCs not sponsored by banks. It also proposes stringent entry point norms and a Tier-I capital adequacy of 7.50% for NBFCs and 10% for infrastructure financing companies.

No monetary steps to reduce CAD

Dr. D. Subbarao, Governor, RBI has asserted that while the apex bank is concerned about the Current Account Deficit (CAD), it will not use monetary measures to bring down the same. "We are trying to convey that CAD has implications for inflation - therefore, the conduct of monetary policy."

RBI considers cutting banks' HTM ceiling

RBI is looking into a proposal to cut the minimum amount of bonds that banks are required to hold under Held-to-Maturity (HTM) category, said Mr. H. R. Khan, Deputy Governor, RBI. The HTM could be reduced in a non-disruptive manner. Currently, the limit is set at 25%, but traditionally it has been aligned with the banks' SLR, which currently stands at 23%.

Bond yield climbs, rupee falls as RBI talks tough

The euphoria over bonds has turned out to be short-lived, with RBI refusing to drop its guard against inflation. RBI Governor has asserted that inflation is still high and thus there is little room for monetary or fiscal stimulus that is possible when growth is slowing. Right now, both monetary and fiscal sides, have no room for stimulus. So, that is the big concern. On Jan 16, yields on the 10-year benchmark government bond rose by 5 bps to close at 7.88%. On Jan 14, it had touched a 30-month low of 7.80%, after headline inflation eased, albeit marginally, which made traders bet on a 50 bps cut in the repo rate.

Clear norms needed to help net banking

Dr. K. C. Chakrabarty, Deputy Governor, RBI has underlined a need to evolve standards and codes for electronic funds transfer / net banking. The evolved code must cover credit cards and non-cash payment facilities, such as direct debit, ATM, EFT, Point-Of-Sale, internet banking, and telephone banking. It must set out rules about the information the customer must be given; when and how it is provided; and procedures for making complaints.

Insurance

IRDA working groups on product standardisation

IRDA has constituted working groups for the standardisation of products aimed at bringing uniformity in the products offered by life insurance companies. IRDA has set up working groups for Unit-liked Investment Plans (ULIPs), linked variable insurance plans, non-linked variable insurance plans and other non-linked plans. Each of the four working groups would have 6 members from life insurance companies and 1 representative from IRDA. The groups would focus on bringing uniformity in the design of the products; determine relevant parameters which may need to be defined for each of the product; and ensure that these parameters are consistent with the IRDA regulations.

IRDA's new framework for monitoring insurance frauds

IRDA has issued a framework for monitoring frauds in the insurance sector and has asked insurers to carry out due diligence on their staff, including agents. Stating that such frauds mitigate consumer & shareholder confidence and can affect the reputation of individual insurers & the insurance sector as a whole, IRDA has asked insurers to lay down procedures for monitoring and early detection of frauds. Insurers have to submit a compliance report to the regulator by June 30, 2013.

More freedom in choosing investment avenues

IRDA plans to give insurance companies more headroom to invest in 'AA' rated corporate bonds. This move could boost investments in corporate debt, especially instruments issued by infrastructure companies. The proposed changes to the investment regulations will allow insurers, both in life and non-life segments, to put up to 15% of their investments in the debt market in 'AA' rated corporate instruments. The headroom will be created by clubbing the investment limits in G-secs along with 'AAA' rated corporate bonds. The composite investment limit for these instruments could be set at 75%. Extant regulations require insurance companies to put 75% of their debt market investments in AAA-rated instruments excluding G-secs.

Life cover now with minimum death, surrender value

Traditional life insurance products now come with a mandatory higher minimum death benefit and surrender value. Mr. J. Hari Narayan, Chairman, IRDA reveals that "The board has approved minimum death benefit and minimum surrender value. The traditional plans have also been aligned with the pension products on some aspects of the benefits. This is to enhance customer protection in view of the long-term nature of life insurance products."

Microfinance

MFIs drift from traditional Grameen lending model

Faced with the challenge of bank funding and stringent regulatory norms, many microfinance institutions (MFIs) are drifting from the traditional Grameen model of lending. The idea is to reduce operational cost, while maintaining low default rates. The Grameen model, dating back to 1976, stipulates weekly repayments under group lending, whereby the members of a group constantly create peer pressure for timely repayment of loans. As a result, the rate of default in most MFIs is as low as 1-2 %.

Forex

RBI shifts forex intervention focus

RBI seems to have shifted the focus of its foreign exchange interventions back to the spot dollar / rupee market after having intervened heavily through forward contracts in the currency since May. RBI sold $921 million in the spot market in November - maximum in a year. In contrast, it didn't intervene in the forwards; rather, it unwound some of its positions there. The outstanding position of RBI in forwards slipped to $13.54 billion in November from $14.08 billion in October. RBI chooses to intervene in the forex market through forward contracts to postpone the impounding of rupee liquidity due to its dollar sales.

Benchmark Rates for FCNR(B) Deposits applicable for next month of February 2013

LIBOR / SWAP For FCNR(B) Deposits					
	LIBOR	SWAPS			
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.78100	0.425	0.561	0.770	0.999
GBP	0.98125	0.7618	0.8693	1.0040	1.1928
EUR	0.49857	0.694	0.840	1.003	1.173
JPY	0.47143	0.223	0.223	0.255	0.303
CAD	1.88200	1.446	1.562	1.698	1.832
AUD	3.60600	2.935	3.080	3.300	3.438
CHF	0.27440	0.208	0.308	0.440	0.578
DKK	0.71250	0.9390	1.0840	1.2450	1.4040
NZD	3.33600	2.925	3.083	3.238	3.385
SEK	1.75000	1.349	1.529	1.700	1.863
SGD	0.54800	0.550	0.685	0.815	1.020
HKD	0.43000	0.470	0.580	0.660	0.840
MYR	3.25000	3.250	3.350	3.430	3.550

Source : FEDAI

Foreign Exchange Reserves

Item	As on January 25, 2013	
	₹Bn.	US$ Mn.
	1	2
Total Reserves	15,951.80	2,95,749.70
(a) Foreign Currency Assets	14,093.40	2,61,708.60
(b) Gold	1,491.00	27,219.80
(c) SDRs	238.80	4,433.90
(d) Reserve Position in the IMF	128.60	2,387.40

Source : Reserve Bank of India (RBI)

Products & Alliances

Organisation	Organisation tied up with	Purpose
Indian Overseas Bank (IOB)	Deutsche Bank	For Cash Management Services (CMS)
Central Bank of India (CBI)	NCDEX Spot Exchange (NSPOT)	To provide credit to farmers, processors & market participants

Organisation	Organisation tied up with	Purpose
Small Industries Development Bank of India (SIDBI)	Franchising Association of India (FAI)	Entrepreneurship growth and development of MSME in the country.
Yes Bank	KidZania	To enable to teach kids the nuances of managing funds and impart financial literacy.
Allahabad Bank	Chamber of Indian Micro, Small & Medium Enterprises	To shore up its priority sector lending.
ICICI Bank	SARE Homes	To offer special finance schemes for the real estate developer's projects.
Pandyan Grama Bank	TVS Motors	To provide financing options for three wheelers.
Dena Bank	SIDBI	For encashment of credit flow to the MSME Sector.
Bank of Baroda	National Handicapped Finance & Development Corporation (NHFDC)	Extending financial assistance to handicapped individuals.
Central Bank of India	National Collateral Management Services Ltd. (NCMSL)	For collateral management and warehousing services.
Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)	Credit information companies Experian and Equifax	To make available information to the lending industry, *vis-a-vis* security status as well as the credit profile status of the borrowers.

New Appointments

Name	Designation / Organisation
Dr. Urjit R Patel	Deputy Governor, Reserve Bank of India.
Dr. Deepali Pant Joshi	Executive Director, Reserve Bank of India.
Mr R. K. Dubey	Chairman and Managing Director, Canara Bank
Mr. S. S. Mundra.	Chairman & Managing Director, Bank of Baroda.
Mr. Ashwani Kumar	Chairman and Managing Director, Dena Bank
Mr Raj Kumar Goyal	Executive Director, Central Bank of India.
Mr. K. Subrahmanyam	Executive Director, Union Bank of India
Mr. Bibhas Kumar Srivastav	Executive Director, Corporation Bank

Bank for International Settlements (Continued...)

We will discuss the first principle as indicated earlier.

Stress testing should form an integral part of the overall governance and risk management culture of the bank. Stress testing should be actionable, with the results from stress testing analyses impacting decision making at the appropriate management level, including strategic business decisions of the board and senior management. Board and senior management involvement in the stress testing programme is essential for its effective operation.

The board has ultimate responsibility for the overall stress testing programme, whereas senior management is accountable for the programme's implementation, management and oversight. Recognizing that many practical aspects of a stress testing programme will be delegated, the involvement of the board in the overall stress testing programme and of senior management in the programme's design are essential. This will help ensure the board's and senior management's buy-in to the process. It will also help maximize the effective use of stress tests, especially with respect to firm-wide stress testing. The rationale for particular choices, as well as their principal implications, should be explained and documented so that the board and senior management are aware of the limitations of the stress tests performed (eg key underlying assumptions, the extent of judgment in evaluating the impact of the stress test or the likelihood of the event occurring). Stress testing should promote candid discussion on modeling assumptions between the board and risk managers.

Senior management should be able to identify and clearly articulate the bank's risk appetite and understand the impact of stress events on the risk profile of the bank. Senior management must participate in the review and identification of potential stress scenarios, as well as contribute to risk mitigation strategies. In addition, senior management should consider an appropriate number of well-understood, documented, utilized and sufficiently severe scenarios that are relevant to their bank. Senior management's endorsement of stress testing as a guide in decision-making is particularly valuable when the tests reveal vulnerabilities that the bank finds costly to address.

A stress testing programme as a whole should be actionable and feed into the decision making process at the appropriate management level, including strategic business decisions of the board or senior management. Stress tests should be used to support a range of decisions. In particular but not exclusively, stress tests should be used as an input for setting the risk appetite of the firm or setting exposure limits. Stress tests should also be used to support the evaluation of strategic choices when undertaking and discussing longer term business planning. Importantly, stress tests should feed into the capital and liquidity planning process.

(Source :BIS)

Financial Basics

Efficient Market Hypothesis (EMH)

An investment theory that states it is impossible to "beat the market" because stock market efficiency causes existing share prices to always incorporate and reflect all relevant information. According to the EMH, stocks always trade at their fair value on stock exchanges, making it impossible for investors to either purchase undervalued stocks or sell stocks for inflated prices. As such, it should be impossible to outperform the overall market through expert stock selection or market timing, and that the only way an investor can possibly obtain higher returns is by purchasing riskier investments.

Glossary

Loan to Value Ratio

A lending risk assessment ratio that financial institutions and other lenders examine before approving a mortgage. Typically, assessments with high LTV ratios are generally seen as higher risk and, therefore, if the mortgage is accepted, the loan will generally cost the borrower more to borrow or he or she will need to purchase mortgage insurance.

Calculated as :

$$\text{Loan to Value Ratio} = \frac{\text{Mortgage Amount}}{\text{Appraised Value of the Property}}$$

Institute's Activities

Training activities completed during the month of January 2013

Sr. No.	Programme	Date
1.	Financing SMEs	14th to 18th January, 2013
2.	Programme on Project Finance	18th to 24th January, 2013
3.	International Trainers' Training Programme	21st to 25th January, 2013

Training Program Schedule for the month of February and March 2013

Sr. No.	Program	Date
1.	Programme on risk based supervision and audit for Abhyudaya Co-op. Bank Ltd.	11th to 13th February 2013
2.	Credit Appraisal (Industrial and Commercial Advances)	25th February to 1st March 2013
3.	Programme on Housing Finance	4th to 6th March 2013
4.	Leadership Development Programme	11th to 13th March 2013

News From the Institute

MOU with Acharya Nagarjuna University

The Institute has entered into a Memorandum of Understanding (MOU) with the Acharya Nagarjuna University (ANU), Guntur, Andhra Pradesh to offer the Diploma in Banking & Finance course to University students as also to the students of 412 affiliated colleges of the University. The MOU was signed by the CEO of IIBF and the Registrar of the University on 22nd January 2013 at the University campus in the presence of Prof. K. Viyyanna Rao, Vice Chancellor, ANU and Shri B. A. Prabhakar, CMD, Andhra Bank and member of Institute's Governing Council. The MOU is unique that the University and its affiliated colleges will impart professional coaching to all the students enrolled for the Diploma in Banking & Finance (DB&F) course.

Online payment of Examination fees

The Institute has started accepting the examination fees for JAIIB / CAIIB / DB&F / Diploma / Certificate examinations via online mode with effect from 30th January 2013. For more details, visit www.iibf.org.in.

PTML 2012

The 29th Sir PTM lecture was delivered by Mr. Saumitra Chaudhuri, Member, Planning Commission, Government of India on the topic "Restoring India to the Track of High Growth, Social & Economic Inclusion and Stability" on 28th January 2013 at Yashwantrao Chavan Pratishthan, Mumbai. Mr. K. R. Kamath, Chairman & Managing Director, Punjab National Bank and President of Indian Institute of Banking & Finance (IIBF) welcomed the Chief Guest and the lecture concluded with a vote of thanks by Dr. R. Bhaskaran, Chief Executive Officer, IIBF. The lecture was well attended by senior bankers, economists and others.

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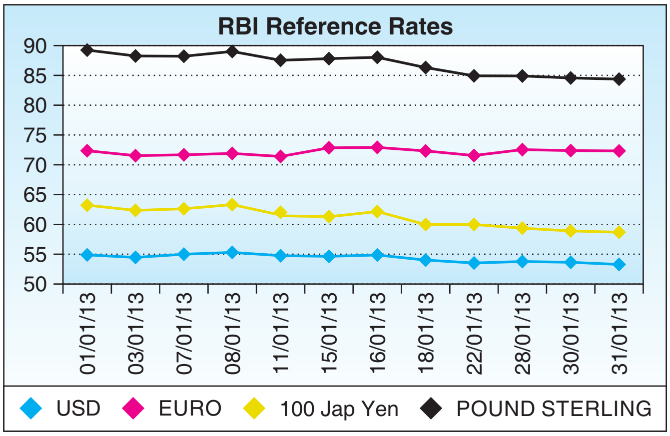
Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship

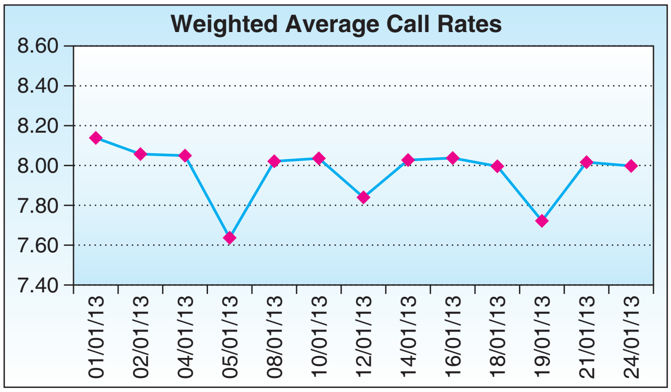
The last date for receiving applications for the Diamond Jubilee and CH Bhabha Banking Overseas Research Fellowship for the year 2012- 13 has been extended to 31^{st} March 2013.

Market Roundup



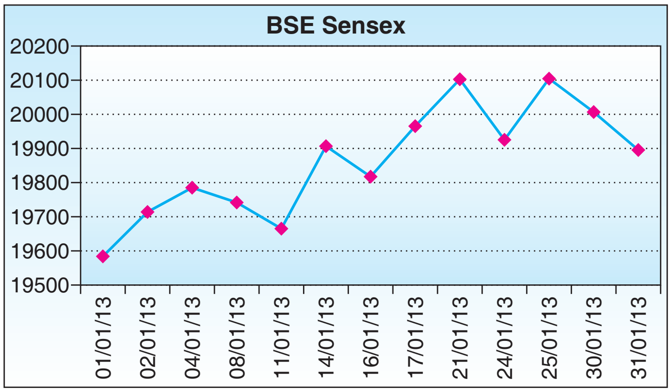
Source : Reserve Bank of India (RBI)

- Rupee closed at 54.69 to a dollar on the first day of the month, showing slight appreciation tracking gains in local shares after US Law makers agreed on a deal which would avert 'fiscal cliff' but weak domestic data limited a sharper rise.
- The Rupee rose on 8^{th} helped by continued inflows into local equities, but a warning from Fitch on the country's ratings again highlighted the headwinds facing the domestic currency. The Rupee closed at 54.99 / 00 per dollar stronger than close of 55.23 / 24 on 7^{th}.
- Rupee up by 26 paise and closes at 54.50 to a dollar on 14^{th}. The Rupee strengthened as lower-than-expected inflation numbers further raised expectations that RBI will cut interest rates later this month to boost economic growth.
- The Rupee closed stronger on 18^{th} at a two-and-half month high on dollar selling by Reliance Industries and Power Grid Corporation apart from Sensex touching a two year high.
- The Rupee closed marginally lower failing to hold on early gains on 22^{nd} as dollar purchases by oil companies and banks have offset the impact of morning selling which was a reaction to the rise in import duty on gold by a third.
- During the month, Rupee appreciated across the board by 2.8% against \$, 0.34% against Euro, 7.20% against JPY and by 5.61% against £.
- Rupee may weaken by up to 7% in 2013, warn Economists.



Source : CCIL Newsletter for January 2013

- The market generally remained range bound.
- The rates moved between a high of 8.14% and a low of 7.64%.
- Exactly at intervals of 7 days, dip in the rates observed on 5^{th}, 12^{th} and 19^{th}.
- Towards the end of the month, the rates slightly firmed up.



Source : Reserve Bank of India (RBI)

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Editor : Dr. R. Bhaskaran.

INDIAN INSTITUTE OF BANKING & FINANCE
Kohinoor City, Commercial-II, Tower-I, 2^{nd} Floor, Kirol Road, Kurla (W),
Mumbai - 400 070.
Tel. : 91-22-2503 9604 / 9746 / 9907 • Fax : 91-22-2503 7332
Telegram : INSTIEXAM • E-mail : iibgen@bom5.vsnl.net.in
Website : www.iibf.org.in