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

(ISO 9001 : 2008 CERTIFIED ORGANISATION)

Committed to professional excellence

IIBF VISION

Volume No. : 5 Issue No. : 4 November 2012

2nd Quarter Monetary Policy Review - 30th Oct., 2012

Policy Measures

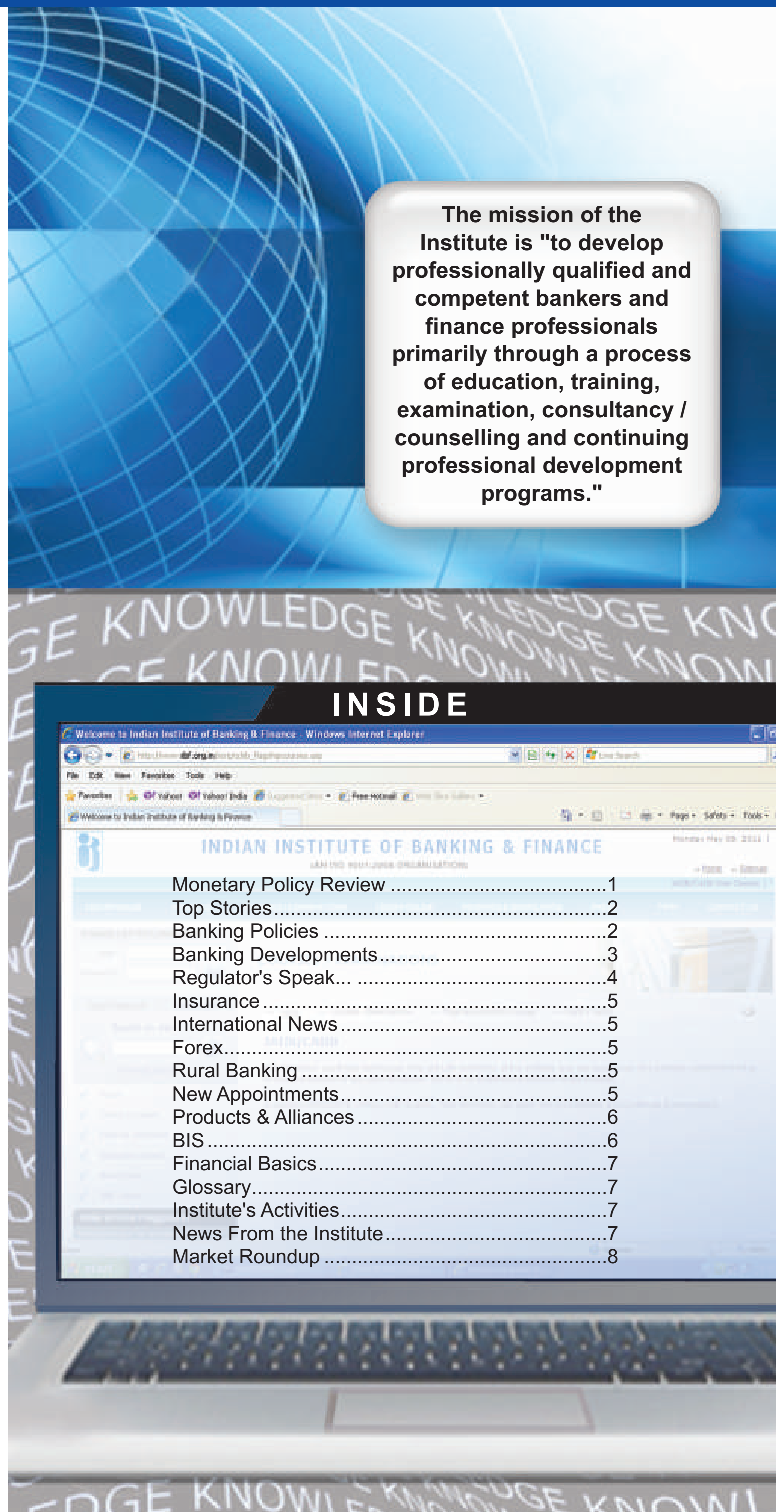
- Reduced the Cash Reserve Ratio (CRR) of scheduled banks by 25 bps from 4.5% to 4.25% of their Net Demand and Time Liabilities (NDTL) w.e.f. the fortnight beginning November 3, 2012. The reduction will inject around ₹175 billion of primary liquidity into the banking system.
- The repo rate under the Liquidity Adjustment Facility (LAF) remains at 8.0%.
- The reverse repo rate under the LAF, will continue at 7.0%.
- The Marginal Standing Facility (MSF) rate stands at 9.0%.

Inflation

- Headline WPI inflation remained sticky, at above 7.5% on a y-o-y basis, till end of Q2. In September, the momentum of headline inflation picked up due to the high fuel prices and elevated price levels of non-food manufactured products. Non-food manufactured products inflation was persistent at 5.6% through July-September.
- Consumer price inflation remained elevated; reflecting the build-up of food price pressures. CPI inflation, excluding food and fuel groups, ebbed slightly during June-September.

Monetary and Liquidity Conditions

- Money supply (M_3), deposit and credit growth have so far trailed below RBI's trajectories as indicated in the April policy and reiterated in the July review. Deposit growth has decelerated with moderation in interest rates, especially term deposits. Credit growth has ebbed with a slowdown in investment demand, especially *vis-a-vis* infrastructure and lower absorption of credit by industry in general. Looking at the developments so far and the usual year-end pick-up, the trajectories of the monetary aggregates for 2012-13 are projected at 14% for M_3, 15% for deposit growth and 16% for growth of non-food credit.



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

"The information / news items contained in this publication have appeared in various external sources / media for public use or consumption and are now meant only for members and subscribers. The views expressed and / or events narrated / stated in the said information / news items are as perceived by the respective sources. IIBF neither holds nor assumes any responsibility for the correctness or adequacy or otherwise of the news items / events or any information whatsoever."

- Liquidity conditions, as reflected in the average net borrowing under the LAF at ₹486 billion during July-September, remained within the comfort zone of (+/-) 1% of NDTL. However, liquidity conditions tightened in October, mainly due to the build-up in the Government's cash balances and the seasonal increase in currency demand; thus taking the average LAF borrowing well above the band of (+/-) 1% of NDTL to ₹871 billion during October 15th-25th.

Growth

- Growth decelerated over four successive quarters from 9.2% *y-o-y* in the Q4 of 2010-11 to 5.3% in the Q4 of 2011-12. The baseline projection of GDP growth for 2012-13 scaled down from 6.5% to 5.8%.

Top Stories

No-frills demat account introduced

Small individual investors will get no-frills demat accounts for trading in stocks, mutual funds and other securities without any annual maintenance charges for holdings up to ₹50,000. Also, the charges would be capped at a maximum of ₹100 a year if the portfolio value is up to ₹2 lakh.

First district with bank accounts for all adults

After being the first district in the country to achieve 100% literacy, Ernakulam is on its way to become the first district in the country to have a bank account for every adult. Mr. Jayaprakash K. R., Lead District Manager, Union bank of India at Ernakulam said "each adult will have an access to credit based on his / her banking history at nominal interest rate and an insurance coverage. A survey conducted by Kudumbasree Mission revealed that there are nearly 20% adults in the district without bank accounts. Banks will offer the remittance services and micro-insurance policies to these people."

Direct transfer of selected payments soon

Equipped with a robust database of Unique Identity Numbers (AADHAAR), the government will soon formally launch direct transfer of a clutch of payments — student scholarships, pensions and rural job guarantee scheme payments — to the beneficiaries' bank accounts. A beginning will be made on disbursal of LPG subsidy through this pilferage-free method. The money will be transferred in the bank accounts using the AADHAAR Payment Bridge System (APBS), which is a centralised electronic benefit transfer facilitating disbursement of benefits to the bank accounts of the beneficiaries linked to their AADHAAR numbers.

Banking Policies

New banking licenses

The government expects a breakthrough in providing new banking licences shortly. RBI wants the Banking Laws (Amendment) Bill to be cleared by Parliament before initiating the process of providing new licences. RBI has always maintained that it would be open to issuing new bank licences only after it gets more powers to regulate the sector. The amendment Bill gives RBI the power to supersede bank boards and inspect other arms of banks to avoid systemic risks. The Banking Laws (Amendment) Bill also seeks to allow private banks to raise the voting rights to 26% from a maximum of 10%, as recommended by the parliamentary standing committee. For buying more than 5% of equity stake, approval of RBI will be mandatory.

PSL norms eased for banks

RBI has made it easier for banks to meet the Priority Sector Lending (PSL) norms in the agriculture sector. Loans up to an aggregate limit of ₹2 crore per borrower to corporates - including farm produce companies, partnership firms and co-operatives of farmers directly engaged in agriculture and allied activities will be classified as direct agriculture lending. If the aggregate loan limit per borrower is more than ₹2 crore in the above cases, then the loan will be treated as indirect finance to agriculture. The direct and indirect agriculture lending targets for banks are set at 13.5% and 4.5% respectively of the adjusted net bank credit obtained as of March-end of the previous year.

RBI spells out interest subsidy on farm loans

RBI will now give all PSBs an interest subsidy of 2% p.a. against short term production loan up to ₹3 lakh to farmers. This subvention is subject to the condition that they make short term production credit up to ₹3 lakh at ground level available at 7% p.a. The amount of subvention will be calculated on crop loan amount from the date of its disbursement / drawal up to the date of actual repayment of crop loan by the farmer.

Capital norms eased for foreign-owned NBFC arms

A Non Banking Financial Company (NBFC) with more than 75% Foreign Direct Investment (FDI) may find it easy to set up downstream subsidiaries after the Government relaxing the minimum capital requirement norms for the same. The Government has reviewed the policy and decided to permit NBFCs having foreign investment above 75% but below 100% and with a minimum capitalisation of $50 million, to establish step-down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The rule has made the business very capital intensive for companies having FDI, as most of them prefer a subsidiary structure to carry out different types of businesses.

RBI revises prepaid card KYC norms

RBI has increased the limit that can be availed on semi-closed prepaid payment instruments to ₹10,000 by accepting minimum details of the customers. This limit stands valid provided the amount outstanding at any point of time and the total value of reloads during any given month does not exceed ₹10,000. However, cards with such KYC details will not be reloadable. Prepaid instruments issued by acquiring full KYC can be reloaded.

RBI to take up deposit-to-equity conversion

RBI will consider financial restructuring proposals of stressed Urban Co-operative Banks (UCBs) involving conversion of deposits into equity or debt instruments. Financially stronger banks are unwilling to acquire weak UCBs where the deposit erosion is large. In such situations, restructuring of the liabilities (deposits) of the weak UCB may be a viable proposition. The conversion of deposits will be considered even if the lenders' net worth (equity + reserves) does not become positive post-conversion. However, the conversion will be subject to the consent of depositors, including small depositors.

Banking Developments

Foreign expansion plans for PSBs

The government is keen not only to deepen financial inclusion by expediting new bank licenses, but also wants domestic banks to aggressively conquer foreign shores. The idea is to tap the perceived credibility advantage that Indian banks could have in foreign markets due to being regulated more strictly, when the global financial system is recuperating from a crisis. The Finance Ministry has asked PSBs to immediately finalise a strategy paper for their organic (branches and customers) and inorganic (acquisition) expansion overseas.

Rise in bad loans turn banks risk-averse

Banks have turned risk averse after facing a steady rise in bad loans. As per RBI's Macroeconomic and Monetary Review, the banks' gross and net NPA ratios slipped further during April-June quarter after a worsening trend in the last fiscal across bank groups. Deterioration in asset quality and in the macroeconomic conditions resulted in added risk aversion. This has led to a portfolio switch from credit creation to investments in G-secs on the back of government's large market borrowing.

Home loans up to ₹35 lakh must get priority tag

To give fillip to the housing sector, banks want strategic changes in regulations, including revision in the definition of home loans under priority sector and reduction in margin requirement for buying a house. Given the increase in property prices, an IBA committee has recommended the Finance Ministry to accord the priority sector tag to home loans up to ₹35 lakh (extant limit : ₹25 lakh). This will lead to banks providing housing loans at affordable interest rates; thus benefitting a large group of customers in Tier-II and Tier-III towns. Further, loans to builders constructing affordable homes costing within ₹35 lakh a unit could be classified as priority sector. Builders can then get loans at preferential interest rates, thereby accelerating housing projects in segments where the unit cost does not exceed ₹35 lakh.

RBI calls for expanding e-payment infrastructure

RBI finds an urgent need to expand the electronic payments acceptance infrastructure *viz.* ATMs, Point-of-Sale terminals, Micro-ATMs and handheld devices; especially in the under banked and unbanked segments of the country. Hardly 0.6 million out of the 10 million plus retailers in India have card payment acceptance infrastructure. An electronic GIRO instrument for effecting credit transfer by a payer from any branch of a bank or from any other authorised non-bank would be explored to increase this number. Among the electronic payments infrastructure, electronic clearing service (ECS) occupies a major share; followed by cards and bank account funding in payment of bills. There is a need for developing an electronic GIRO system for bill payments.

FSLRC moots new model for financial sector

A panel set up by the government has backed the setting up of an independent office to manage government debt; limiting RBI's role to monetary policy and banking supervision, and having a single financial sector regulator. In an approach paper put out, Justice B. N. Srikrishna, Head, Financial Sector Legislative Reforms Commission (FSLRC) has mooted a 7-agency model to regulate and develop the financial sector and ensure consumer protection.

2013 deadline for bank info sharing

Even as more banks prefer consortium lending, which improves access to information, RBI made information sharing among banks compulsory, with effect from 2013.

In consortium lending, two or more banks come together to finance big projects that require huge amount of money. RBI said the banks should strictly adhere to the instructions regarding sharing of information relating to credit among themselves, and put in place an effective mechanism for information sharing by December 2012. The central bank warned that banks would face action, including penalties, if they do not adhere to the norms. "Any sanction of fresh loans / *ad hoc* loans / renewal of loans to new / existing borrowers with effect from January 1, 2013 should be done only after obtaining / sharing necessary information," said the central bank.

Regulator's Speak...

RBI seeks amendment in law for *Islamic* banking

RBI is thinking of bringing the much-debated Islamic banking to India. Considering the complexities involved in the functioning of the same, RBI has initiated correspondence with the Centre, seeking the possibility of amending the Banking Regulation Act or bringing in new rules. The bone of contention is the interest payment, which is forbidden by *Islamic* banks. Dr. D. Subbarao, Governor, RBI says, "as per existing laws, banks are required to borrow and deposit in RBI which will have elements of interest rates. While banks need to give interest for the money they borrow from RBI, they will have to accept interest for the money they deposit with the apex bank through reverse repo window. Islamic banking does not permit taking interest and hence, under the existing Banking Regulation Act, it is not possible to establish the same in India."

Centralized KYC only after issuance of UCIC

Mr. G. Padmanabhan, Executive Director, RBI has stated that "establishing a centralized Know-Your-Customer (KYC) registry for the entire financial sector will be possible only after implementation of the Unique Customer Identification Code (UCIC). A centralized KYC registry will eliminate duplication of efforts and refine the KYC AML and Combating of Financial Terrorism (CFT) verifications across the financial system."

Foreign banks should concentrate on agricultural finance and SME

Dr. K. C. Chakrabarty, Deputy Governor, RBI has asserted that it is high time that foreign-headquartered banks in India did far more for the agriculture and Small & Medium Enterprises (SME) sectors. "We require foreign banks to bring new products, services, new structure, and new innovations. I want more innovation in agriculture and SME, rather than innovation in the derivative market or cross-border financing. Private and foreign banks can bring a revolution in agricultural finance and SME finance; as they had in retail banking, as well as on the technological front."

Basel's impact on GDP temporary

Citing a study by the Basel Committee, Mr. Anand Sinha, Deputy Governor, RBI has said that GDP growth would dip by 0.22% if Basel-III was fully phased in 35 quarters. However, it would shift back to the original path after 35 quarters. "The pursuit of financial stability could have implications on banks' growth. A major concern is that the capital buffer on the back of much higher level of equity required in the capital structure as per Basel III, would leave banks with substantially lower return on equity. It would then become difficult to retain investor's interest; thus making it difficult to raise capital."

Norms to buy back illiquid G-secs on the anvil

A joint working group of the Government and RBI is working on guidelines to buy back illiquid Government securities as stated by Mr. H. R. Khan, Deputy Governor, RBI. "Later on, some budget will have to be set aside to provide for the premium to retire the securities with low volumes. Banks do not look at their own corporate hedging policy and get into difficulty when Corporate Debt Restructuring (CDR) cases arise due to forex losses and excessive leverage. Banks must monitor and review to see that the corporates they are financing have a policy for hedging. Currently, though Credit Default Swaps (CDS) and Interest Rate Swaps (IRS) are there for hedging, they have not been utilised. We have a working group to bring out fixed rate products for hedging purposes."

India yet to see any fallout from QE3

RBI has not yet seen any immediate fallout in India from the US Federal Reserve's third round of Quantitative Easing (QE3) measures. Dr. Subir Gokarn, Deputy Governor, RBI said "to the extent that they have an impact on domestic dynamics, either on growth or inflation, we have to take cognizance of this fact. The Rupee has also stabilised on the back of the government's recent announcements. This suggests that domestic factors are important determinants for the quantum of capital flows. It should provide some encouragement to people arguing that continuing this reform momentum will have benefits on growth but also some indirect impact on inflation as well."

Use hedging tools to beat exchange rate volatility

Mr. G. Padmanabhan, Executive Director, RBI has stated that exporters can overcome exchange rate volatility by managing the uncertainty in cash flows through hedging instruments. "We have to live with the rupee volatility. Foreign flows are not coming in due to the uncertainty in global markets and a turbulent domestic environment."

Insurance

IRDA's revised draft norms for bancassurance

IRDA has issued a revised set of draft regulations on bancassurance tie-ups that are expected to give more flexibility to banks and insurers and also improve insurance penetration across the country. IRDA has stated that "bancassurance distribution may be either through the agency channel or the broking channel. The conduct of bancassurance through a broking channel will be governed by the IRDA Regulations, 2002.

IRDA working on mechanism for faster approval

IRDA is expected to soon devise a mechanism for faster regulatory approval of new insurance products. The regulator also encourages companies to launch low premium products for increasing insurance penetration. A broad roadmap for the development of insurance sector is expected imminently.

International News

Japanese ATM scans hand to identity

A regional bank in Japan has started operating ATMs that do not require plastic cards but instead identify account holders by scanning their hands. Account holders using the service offered by 'Ogaki Kyoritsu Bank' based in Gifu Prefecture are required to input their birthday, place their palm on the sensor and input a PIN at an ATM.

Forex

Simpler hedging makes investment easy for FIIs

RBI has made it easier for Foreign Institutional Investors (FIIs) to invest in the domestic equity and debt markets. FIIs can now approach any Category I dealer bank, authorised to deal in forex, for hedging their currency risk on the market value of their entire investment in equity and/or debt. This measure may be aimed at attracting forex inflows to smooth the volatility in the rupee-dollar exchange rate movement. So far, only "designated branches" of AD (Authorised Dealer) Category I banks maintaining FII accounts could act as market makers for hedging their currency risk.

Foreign Exchange Reserves		
Item	As on October 19, 2012	
	₹Bn.	US$ Mn.
	1	2
Total Reserves	15,830.6	295,235.2
(a) Foreign Currency Assets	13,986.9	260,377.9
(b) Gold	1,482.5	28,132.9
(c) SDRs	239.2	4,453.2
(d) Reserve Position in the IMF	122.0	2,271.2

Source : Reserve Bank of India (RBI)

Benchmark Rates for FCNR(B) Deposits applicable for the month November 2012					
LIBOR / SWAP For FCNR(B) Deposits					
	LIBOR	SWAPS			
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.87550	0.396	0.516	0.676	0.874
GBP	1.09563	0.7137	0.7945	0.9195	1.0814
EUR	0.55071	0.492	0.618	0.781	0.990
JPY	0.51514	0.263	0.267	0.287	0.330
CAD	1.96200	1.372	1.452	1.559	1.672
AUD	4.02600	2.965	3.035	3.224	3.334
CHF	0.32600	0.138	0.163	0.230	0.338
DKK	0.72750	0.7340	0.8540	1.0320	1.2250
NZD	3.41000	2.670	2.793	2.930	3.080
SEK	2.16500	1.388	1.438	1.529	1.640
SGD	0.50000	0.520	0.610	0.800	0.968
HKD	0.41000	0.430	0.500	0.580	0.780
MYR	3.16000	3.130	3.160	3.230	3.300

Source : FEDAI

Rural Banking

Centre begins merger of RRBs

The government has begun the process of cross-merger of Regional Rural Banks (RRBs) in Uttar Pradesh. This will soon be followed by mergers in seven more states in an attempt to create economies of scale and push the country's financial inclusion agenda. Cross-merger is blending of RRBs under different sponsor banks, which is said to lead to the formation of state-wise rural banks in future. In the current phase, the government plans to amalgamate geographically contiguous RRBs within a state, to bring the number further down to 46. The government wants to consolidate RRBs to create economies of scale; reduce cost; and equip them to take up financial inclusion.

New Appointments

- Mr. Damodar Acharya has been appointed as the Director on Central Board of RBI.

- Mr. T. M. Bhasin has been appointed as Deputy Chairman of Indian Banks' Association (IBA).
- Mr. S. Visvanathan has been appointed as the Managing Director of SBI.
- Smt. S. A. Panse has been appointed as Chairperson and Managing Director of Allahabad Bank.
- Mr. Satish Kumar Kalra has been appointed as the Executive Director of Andhra Bank.
- Mr. Bhupinder Nayyar has been appointed as the Executive Director of Oriental Bank of Commerce.
- Mr. Michael Corbat has been appointed as the CEO at Citigroup Inc.

Products & Alliances

Organisation	tied up with	Purpose
ICICI Bank	Ecobank Transnational Incorporated (Africa)	To extend banking services across India & Africa.
UCO Bank & Rewa Siddhi Gramin Bank	Mahindra & Mahindra	To extend vehicle finance
HDFC Bank	IOC	To provide banking facilities in semi-urban and rural areas through the latter's rural petrol pump outlets Kisan Seva Kendras (KSKs). KSKs will act as HDFC Bank's Business Correspondent
Karnataka Bank	National Collateral Management Services Ltd (NCMSL)	To assist industries, traders & farmers in financing their capital requirements.

Bank for International Settlements (Continued...)

Article on Stress Testing

Continuing with our inputs on stress testing, we provide in this issue details of stress testing of specific risks and products. The aspects stress tests missed before the crisis and the wide gamut of the scope of stress tests for a complete and effective capture of risks are discussed here below.

Stress testing of specific risks and products

Particular risks that were not covered in sufficient detail in most stress tests include :

- the behavior of complex structured products under stressed liquidity conditions;
- pipeline or securitisation risk;
- basis risk in relation to hedging strategies;
- counterparty credit risk;
- contingent risks; and
- funding liquidity risk.

Scenarios were not sufficiently severe when stress testing structured products and leveraged lending prior to the crisis. This may, to some degree, be attributed to reliance on historical data. In general, stress tests of structured products suffered from the same problems as other risk management models in this area in that they failed to recognize that risk dynamics for structured instruments are different from those of similarly-rated cash instruments such as bonds. These differences were particularly pronounced during the crisis, further degrading the performance of the stress tests. In particular, stress tests should specifically consider the credit quality of the underlying exposures, as well as the unique characteristics of structured products. Furthermore, stress tests also assumed that markets in structured products would remain liquid or, if market liquidity would be impaired, that this would not be the case for a prolonged period. This also meant that banks underestimated the pipeline risk related to issuing new structured products.

In many cases stress tests dealt only with directional risk and did not capture basis risk, thereby reducing the effectiveness of hedges. Another feature of the crisis was wrong-way risk, for example related to the credit protection purchased from monoline insurers.

In addition, stress tests for counterparty credit risk typically only stressed a single risk factor for a counterparty, were insufficiently severe and usually omitted the interaction between credit risk and market risk (specific wrong way risk). Stress testing for counterparty credit risk should be improved by utilizing stresses applied across counterparties and to multiple risk factors, as well as those that incorporate current valuation adjustments.

Another weakness of the models was that they did not adequately capture contingent risks that arose either from legally binding credit and liquidity lines or from reputational concerns related, for example, to off-balance sheet vehicles. Had stress tests adequately captured contractual and reputational risk associated with off-balance sheet exposures, concentrations in such exposures may have been avoided. With regard to funding liquidity, stress tests did not capture the systemic nature of the crisis or the magnitude and duration of the disruption to interbank markets.

A discussion on changes in stress testing practices since the out break of financial crises will provide more clarity on the whole architecture of stress testing which will appear in the next issue of IIBF Vision.

(Source : BIS)

Financial Basics

Baltic Exchange

An exchange that handles the trading and settlement of both physical contracts and derivatives relating to shipping and maritime transportation. The Baltic Exchange provides daily prices for freight, and tracks shipping costs through several indexes. Traders use these indexes to settle Forward Freight Agreements (FFAs), which are freight futures contracts.

Glossary

Quantitative Easing

Quantitative Easing (QE) is an unconventional monetary policy used by central banks to stimulate the national economy when conventional monetary policy has become ineffective. A central bank implements quantitative easing by buying financial assets from commercial banks and other private institutions with newly created money in order to inject a pre-determined quantity of money into the economy. This is distinguished from the more usual policy of buying or selling government bonds to keep market interest rates at a specified target value.

GIRO

It is a payment transfer from one bank account to another bank account and instigated by the payer, not the payee. Giros are primarily a European phenomenon; although electronic payment systems such as the Automated Clearing House exist in the United States and Canada, it is not, as yet, possible to perform third party transfers with them.

Institute's Activities

Training Program Schedule for the month of November 2012 at IIBF Leadership Centre, Kurla

Sr. No.	Program	Date
1.	TOPSIM Programme	5th to 6th November 2012
2.	Programme on Marketing & Customer Care for Direct Recruit Officers of Bank of India	5th to 9th November 2012
3.	Trainer's Training Programme on IT Security & Cyber Crime	29th Nov. to 1st Dec. 2012

Training activities completed during the month of October 2012 at IIBF Leadership Centre, Kurla

Sr. No.	Program	Date	No. of participants
1.	Credit Appraisal Programme	8th - 12th October 2012	31
2.	Financing SMEs	15th - 19th October 2012	32
3.	Leadership Development Programme	29th - 31st October 2012	34

Advanced Management Programme (AMP)

The Institute has announced an Advanced Management Programme (AMP) in Banking & Finance for 2012-13 at the IIBF Leadership Centre, Kurla, Mumbai. For more details, please visit www.iibf.org.in.

News From the Institute

Project Finance

The Institue is organizing the 19th batch of Certificate Course in Project Finance in collaboration with IFMR, Chennai. The campus training is scheduled from 10th to 15th December, 2012. For more details, visit www.iibf.org.in.

Mock Test for JAIIB / DB&F & CAIIB

The Institute has opened mock test for all the candidates of JAIIB / DB&F & CAIIB. For more details, please visit www.iibf.org.in.

Web-classes & E-learning for JAIIB / DB&F & CAIIB

The Institute has started Web-classes and E-learning for all the candidates of JAIIB / DB&F & CAIIB. For more details, visit www.iibf.org.in.

IIBF Vision via mail

The Institute has started sending IIBF Vision viae-mail to all the e-mail addresses registered with the Institute. Members who have not registered their e-mail ids are requested to register the same with the Institute at the earliest.

Additional Reading Material for IIBF examinations

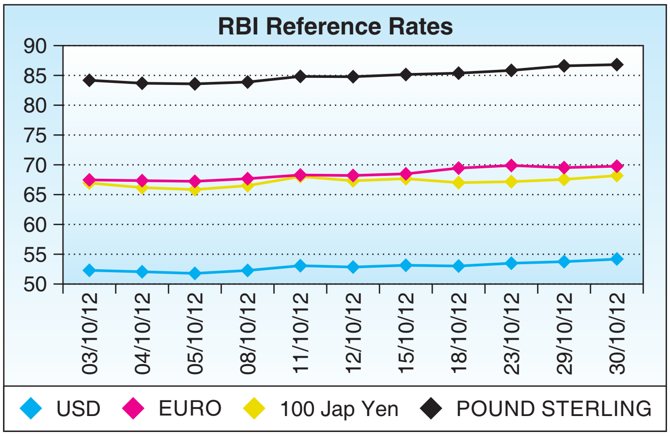
The Institute has put on its portal additional reading material for candidates taking various examinations culled out from the Master Circulars of RBI. For more details, visit www.iibf.org.in.

Diamond Jubliee & C H Bhabha Banking Overseas Research Fellowship

Institute invites proposal for Diamond Jubliee and CH Bhabha Banking Overseas Research Fellowship for the year 2012-13. For details visit www.iibf.org.in.

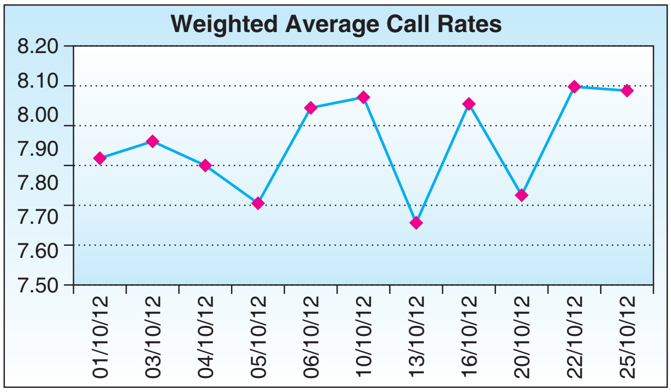
- Registered with Registrar of Newspapers under RNI No. : 69228 / 98
- Postal Registration No. : MH / MR / South - 42 / 2010 - 12
- Published on 25th of every month.
- Posted at Mumbai Patrika Channel Sorting Office, Mumbai - 1
- Posting Date : 25th to 30th of every month.

Market Roundup



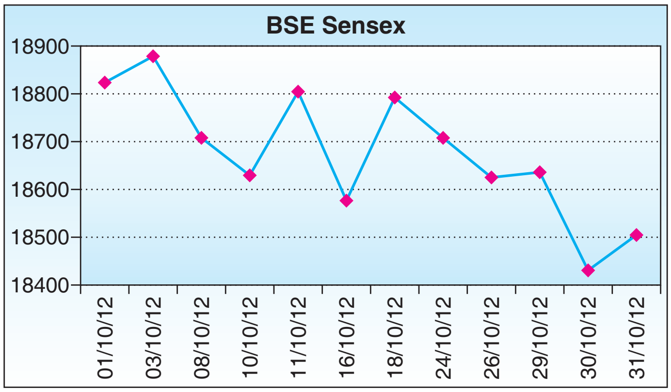
Source : Reserve Bank of India (RBI)

- On 3rd, Rupee appreciated 24 paise as it rose for the fourth consecutive day against the dollar to close at 52.15 which was five-and-half month high.
- The Rupee fell to a one-week low on 8th and posted its biggest one day fall in three months. The Rupee closed at 52.64 / 65 per dollar after hitting 52.65.
- The Rupee touched its lowest level in a week on 9th and closed at 52.72 / 73 after falling for third consecutive session, as dollar demand from largely importers and broad dollar short covering offset inflows tied to the gains in domestic shares.
- Rupee advanced 0.5 per cent to 52.78 a dollar on 11th snapping four days of declines on speculation the nation's relatively fast economic growth will attract foreign capital.
- The Rupee strengthened on 30th after fluctuating through the day, on speculation exporters sold dollars to benefit from the best exchange rate in more than five weeks. The Rupee rose 0.2% to 53.90 to dollar.
- During the month, Rupee depreciated across the board 3.50% against US Dollar, 3% against GBP, 3.55% against Euro and 1.98% against JPY.



Source : CCIL Newsletter for October 2012

- Call rates moved between 7.68%, lowest on October 13th and 8.08%, highest on October 22, 2012.
- The rates remained range bound with slight variation with demand or lack of it.



Source : Reserve Bank of India (RBI)

Printed by Dr. R. Bhaskaran, **published by** Dr.R. Bhaskaran on behalf of Indian Institute of Banking & Finance, and **printed at** Quality Printers (I), 6-B, Mohatta Bhavan, 3rd Floor, Dr. E. Moses Road, Worli, Mumbai - 400 018 and **published from** Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.

Editor : Dr. R. Bhaskaran.

INDIAN INSTITUTE OF BANKING & FINANCE
Kohinoor City, Commercial-II, Tower-I, 2nd 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