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. : 4 Issue No. : 9 April 2012

Mid - Quarter Monetary Policy Review : March 2012

Monetary and Liquidity Measures

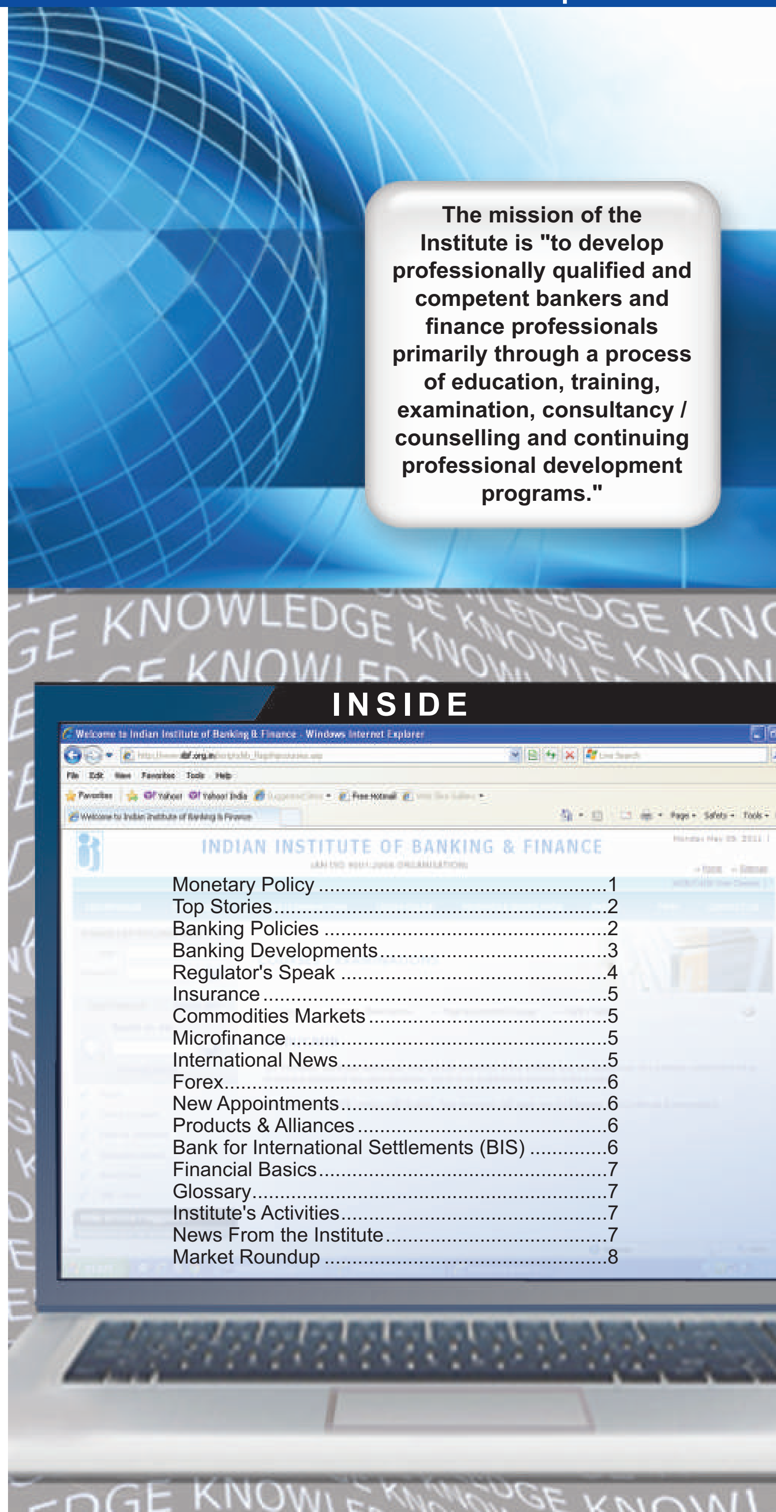
- RBI reduced CRR of Scheduled Banks from 5.5% to 4.75% effective from March 10, 2012. During the monetary policy review, CRR remains unchanged at 4.75% of their Net Demand and Time Liabilities (NDTL).
- Policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 8.5%.
- Reverse Repo rate under the LAF unchanged at 7.5%.
- Marginal Standing Facility (MSF) rate and Bank Rate stand at 9.5%.

Growth / inflation projections

- GDP growth (y-o-y) decelerated to 6.1% in Q3 of 2011-12 from 6.9% in Q2 - thus reflecting a slowdown in industrial activity. The Central Statistics Office (CSO) has estimated the full year growth for 2011-12 at 6.9%, in line with RBI's projection. Growth in industrial production, as reflected in the Index of Industrial Production (IIP), moderated to 4.0% during 2011-12 (April-January) from 8.3% in the corresponding period a year ago.
- After remaining above 9% during April-November 2011, y-o-y headline Wholesale Price Index (WPI) inflation rate moderated to 7.7% in December and further to 6.6% in January 2012, before rising to 7.0% in February.
- Fuel group inflation moderated from 15.0% in December to 12.8% in February. Non-food manufactured products inflation moderated from 7.9% in December to 5.8% in February 2012. Consumer Price Index (CPI) inflation for January 2012 was 7.7%.

Money, Credit and Liquidity Condition

The y-o-y money supply (M3) growth and non-food credit growth moderated, reflecting the slowdown in the economy. In order to mitigate the liquidity tightness, RBI injected a more durable primary liquidity through OMOs aggregating ₹1,247 billion in the period between



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

November 2011 and March 9, 2012 and reduced the CRR by 125 bps (50 bps effective January 28; and 75 bps effective March 10), injecting primary liquidity of about ₹800 billion.

External sector

While the growth in merchandise exports decelerated, moderation in imports growth was less pronounced leading to wide trade deficit. After the Third Quarter Review (TQR), the rupee has moved in a range of ₹48.69 to ₹50.58 per USD.

Top Stories

Following are some of the key highlights of the Union Budget 2012-13, presented by Finance Minister Mr. Pranab Mukherjee in the Parliament on 16th March, 2012.

- To protect the financial health of Public Sector Banks and Financial Institutions ₹15,888 crore proposed to be provided for capitalization.
- Savings bank account interest up to ₹10,000 exempted from tax.
- Financial Inclusion : Out of 73,000 identified habitations that were to be covered under "Swabhimaan" campaign by March, 2012, about 70,000 habitations has been covered. Rest likely to be covered by March 31, 2012.
- Farming for growth : Target for agricultural credit raised to ₹5,75,000 crore; Interest subvention for short-term crop loans to farmers at 7% interest continues; additional 3% for prompt paying farmers. Farmers will continue to get interest subsidy.
- Government to allow use of Kisan credit cards in ATMs.
- Government to provide ₹10,000 crore to NABARD for refinancing Regional Rural Banks(RRBs).
- Government to set up ₹5,000 crore venture fund for Micro-Small-Medium Enterprises (MSME) sector.
- A central "Know Your Customer" depository to be developed in 2012-13 to avoid multiplicity of registration and data upkeep.
- RBI's monetary policy which has been tight has impacted both growth and consumption.

Display officials names on Net

To make the complaint-procedure easier for bank-customers, RBI has instructed all banks to display the names, addresses, telephone numbers and fax numbers of their Chairman and Managing Director (CMD) or Chief Executive Officer (CEO), as well as line functioning heads for operations such as credit cards, loans and advances, Retail banking, Personal banking, Rural, Agricultural banking and SME banking on their web-sites.

Rules for NBFC operations

RBI has asked NBFCs to start operations within six months of obtaining the licence - failing which the permission will be withdrawn automatically. No NBFC can start operating without obtaining a CoR from RBI. Also, there can be no change in ownership of the NBFC prior to commencement of business and regularization of its CoR.

Banking Policies

RBI for more Tier-I capital adequacy than Basel-III norms

To help sustain the healthy financial profiles of Indian banks, RBI is expected to prescribe higher capital adequacy norms *vis-a-vis* those proposed under the Basel-III framework. RBI had proposed that the common equity Tier-I capital should be at least 5.5% of Risk Weighted Assets (RWAs) *vis-a-vis* 4.5% prescribed by Basel-III norms. Now, RBI has proposed Tier-I capital of at least 7% and wants total capital to be kept at least 9%. It has also proposed a capital conservation buffer viz. common equity of 2.5% of RWAs.

New supervisory action structure for UCBs unveiled

RBI has unveiled a revised Supervisory Action Framework for Urban Co-operative Banks (UCBs) whereby in the initial stage of deterioration in their financial position, self corrective action by banks' management is envisaged. Despite that, if their financials still do not improve, RBI will step in and initiate supervisory action as it deems necessary. Under RBI supervision, the UCBs would be required to submit an action plan to RBI for improving their performance in the specific areas where there is a deterioration or concern. The next stage would include pre-emptive action aimed at arresting any further deterioration.

RBI to monitor banks' global books

RBI will now inspect the overseas operations of Indian banks as it does for the local business; to ensure that events outside the nation do not rock the domestic business. The inspection will review whether a bank is following all the regulator's norms in letter and spirit. It will also point out where the bank has faltered and how those issues can be rectified. It will also ensure that Indian banks elsewhere follow local rules to prevent any slips in compliance.

FVCIs can dabble in securities via secondary market

RBI has allowed Foreign Venture Capital Investors (FVCI) to invest in securities through the secondary market and also through private arrangements or purchase from a third party. The move is expected to bring several VC investors to India's debt and equities market. The eligible securities include equity, equity-linked instruments, debt and debt instruments, debentures of a domestic venture capital undertaking or VC funds, units of schemes / funds set up by a VC fund.

Banking Developments

Inter-operability of BCs at retail outlets allowed

In its efforts to promote financial inclusion, RBI has decided to permit inter-operability of Business Correspondents (BC) at retail outlets or sub-agents, provided the technology is available with the bank. While a BC can work for multiple banks; at the point of customer interface, a retail outlet or a sub-agent of a BC shall represent and provide banking services of only one bank. RBI has stated that the terms and conditions of the contract between the bank and the BC should be carefully defined in written agreements and subjected to a thorough legal vetting. Banks should also strictly adhere to instructions regarding managing risks and code of conduct in outsourcing of financial services by banks.

Personal loan disbursal up a bit

Personal loan disbursements increased marginally to 12.7% y-o-y in January 2012 *vis-a-vis* 12.3% in December. Since April 2011 - when loans to this category increased by over 18% y-o-y - the increase had been smaller with each passing month. This is the first time in 10 months that the trend has reversed. Loans disbursed to industries and services have seen a month-on-month growth. Bank credit to industries improved marginally to 20.2% y-o-y in January from 19.8% y-o-y in December, while lending to the services sector in January was at 15.5% against 14.9% in December. The credit deployment to Commercial Real Estate (CRE), grew 12.1% in January compared with 11.3% in December.

Spurt in borrowing a concern

The government has admitted that the spurt in its market borrowings may lead to hardening of yields, forcing the government to raise more debt to pay interest on earlier loans. Total Government borrowing is now pegged at ₹5.1 lakh crore for 2011-12, much higher than the ₹4.17 lakh crore Budget estimate. Bond market analysts fear that the yield on the government bond may permanently rise close to 9% unless the Government shifts towards fiscal consolidation, and reduces its borrowings. Albeit, increased borrowings during 2011-12 have been conducted without disrupting the market, this spurt in volume is a matter of concern.

Rise in non-food credit moderates to 15.3%

The increase in non-food credit moderated to 15.3% y-o-y in the fortnight ended February 24, taking the outstanding credit to ₹4,324,312 crore. In 2011- 12 so far, credit growth has been 11.61%, over the corresponding period of 2010-11, with the amount lent at ₹4,49,936 crore. Since November 2011, credit growth has been slowing. It was 15.4% y-o-y in the fortnight ended February 10, 2012. The sluggish demand for loans reflects slowing economic activity. Moreover banks have become a tad risk averse in the wake of rising NPAs. The non-food credit growth has been decelerating since December 2010.

Banks tap RBI's extra borrowing facility

Year-end targets, and the withdrawal pressure before advance tax payments, have led to banks accessing RBI's Marginal Standing Facility (MSF) to borrow funds at 9.5%. So far, banks have borrowed ₹750 crore under the MSF. The MSF window was introduced to be accessed only if banks fell short of the minimum Statutory Liquidity Ratio (SLR) requirement of 24%. But for some time now, banks have been consistently borrowing around ₹1.79 lakh crore a day from RBI's repo window. According to the revised calendar, the government may borrow ₹12,000 crore in March. So far this financial year, RBI has infused over ₹1 lakh crore through OMOs.

Finance Ministry looking to merge RRBs with sponsor banks

The Finance Ministry is looking to merge the 82 Regional Rural Banks (RRBs) with their sponsor banks. A recent communication to the chiefs of sponsor banks and RRBs to the effect that RRB officers (Scale-I : Officer to Scale-IV : Chief Manager) should be deputed to their respective sponsor banks and vice-versa, suggests that an integration exercise is being worked out. The Ministry has directed that 20% of RRB officers should be deputed to their respective sponsor banks (mainly PSBs). The RRBs officers who go on deputation have to be replaced with sponsor bank officers.

Gilts : Low credit demand, OMOs play saviours in FY 12

The government's market borrowings for the current financial year may have come to an end with the last scheduled auction carried out. Bond yields moved largely in an orderly fashion, despite higher borrowing due to RBI's proactive measures. OMOs and diversion of bank funds in the absence of credit demand has helped markets absorb the heavy supply of G-secs this financial year. So far, the government has borrowed ₹73,000 crore through the sale of dated securities - 16.7% more than the previous financial year. RBI purchased illiquid securities worth ₹113,949 crore through OMO auctions.

Short-term CD rates rise to 11.6%

Rates on certificates of deposit (CDs) increased 25-30 bps, as banks rushed to refinance maturing debt, meet year-end targets and prepare for withdrawal pressure from companies, ahead of the deadline for advance tax payments. A lack of participation from mutual funds - which generally are major investors apart from banks - also helped raise the rates. CDs maturing in three months were issued at 11.5-11.6%, while those maturing in 6 months were issued at 11.1-11.2%. Bankers said ₹1.5 lakh crore worth of CDs issued earlier were lined up for maturity in the month of March.

Government to infuse ₹15,888 crore into banks

The government has earmarked ₹15,888 crore for capital infusion into banks in the next financial year. It is also planning to set up a financial holding company to raise funds for Public Sector Banks (PSBs). The capital infusion will enable PSBs to maintain a minimum Tier-I capital adequacy at 8%, and also meet their capital requirements in the coming financial year. The regulatory Capital Adequacy Ratio (CAR) requirement is 6%, with an overall CAR of 9%. Apparently, the funds would be raised by the holding company, which would be an investor in the bank. The government would continue to control the bank's management, while inducting external capital into the holding company.

Government to pump additional ₹12000 crore into 7 PSBs

The Finance Ministry has formally notified recapitalisation of seven banks for 2011-12 viz. SBI, Indian Overseas Bank, IDBI Bank, PNB, Central Bank of India, UCO Bank and Bank of Maharashtra. These banks will get a total of ₹12,000 crore (from the Government) to help them maintain a Capital to Risk Asset Ratio (CRAR) of 8%. Now with the fresh allocation, banks may go for preferential allotment of equity shares to the extent of amount allocated to them.

Banks may run out of cover to shield trading losses

Banks are on the brink of exhausting the Held-To-maturity (HTM) cap, which protects them from mark-to-market losses. They may approach the regulator for some relaxation, in order to support the government's high borrowing programme. According to norms, banks can keep G-Secs up to 25% of NDTL in the HTM category. Securities kept under the HTM category are protected from yield fluctuations and need not be marked-to-market, unlike Available-For-Sale (AFS) portfolio. Some mid-sized government banks are said to have already exhausted 24%. If bonds are kept in the AFS portfolio, banks will incur trading losses as yields are expected to rise during the course of the year. As a result, banks may request RBI to allow an increase in the HTM cap.

Call to hike cap on bank loans to NBFCs

"The 5% cap on bank loans to NBFCs for classifying them as priority sector advances should be done away with. The cap works against the very intention of extending credit to the credit-starved segment. However, if the regulator fears systemic risk, then at least it should be increased" said Mr. Sanjay Chamria, Vice Chairman & MD, Magma Fincorp. He further explains "It also needs to be clarified whether the cap includes portfolios sold by NBFCs. This is not exposure to the NBFC but to the underlying customer to whom the loan has originally been given."

Regulator's Speak...

Banking correspondent model still in 'evolutionary stage'

The banking correspondent model of extending services to the unbanked regions is still in an evolutionary phase, said Dr K. C. Chakrabarty, Deputy Governor, RBI, adding "We are yet to find an appropriate delivery model." When it began in 2007, only individuals could be appointed as banking correspondents and they were not supposed to work for profits.

RBI remains focused on growth

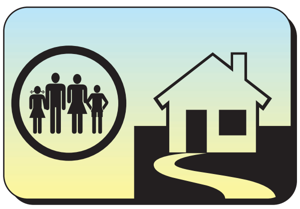
Dr. Subir Gokarn, Deputy Governor, RBI has stated that "RBI remains focused on economic growth; even though rising oil prices have emerged as an inflationary risk since our last policy review in January. A sharp slowdown in economic growth had reduced the ability of producers to pass on price increases." Dr. Gokarn further says that the bank's stance on policy did not change quarter-to-quarter. They were based on "a forward-looking view of the dynamics of both growth and inflation and in larger context of global risk and domestic risks". In January, RBI had said that in the growth-inflation balance, its bias had shifted to growth. Economic growth slowed to 6.1% in the three months to December, the weakest annual pace in three years.

Meeting higher Government borrowing is a challenge

According to Mr. H. R. Khan, Deputy Governor, RBI there is a ₹60,000-crore increase in the gross borrowing programme of the Government in the next fiscal at ₹5.69 lakh crore; while the net market borrowing will be ₹4.70 lakh crore, up by ₹43,000 crore. "It is going to be a challenge to manage the enlarged borrowing programme, but we shall definitely do our best." The bond market got nervous following the Budget announcement on more Government borrowing. The yield on the benchmark 10-year bonds moved up by 0.09% bps at close on 16th March 2012.

Capital needs for co-operative banks to rise

Mr. S. Karuppasamy, Executive Director, RBI has stated that "the minimum capital requirements for co-operative banks will soon go up from ₹15 lakh to as much as ₹3 crore. There will be liberal norms for setting up a bank in backward areas and slightly tougher norms in the banked areas. Under the existing norms, a co-operative bank can be set up with a minimum capital of ₹15 lakh. This will now be increased to ₹50 lakh for banks in the backward areas and ₹3 crore for urban banks with ready banking infrastructure."



Insurance

IRDA to streamline servicing of 'orphaned' life insurance policies

Now, policies stopped being serviced by agents - aka 'orphaned policies' - will be well-serviced by the insurers by allotting them to other agents, as per the Insurance Regulatory and Development Authority's (IRDA) directive. "Whatever the case - policy holders should not be denied the benefit of having an agent. The insurers should instill procedures for capturing the details of the policy allotted agents who are servicing the allotted policies, in order to ensure that the objectives of allotment are met."

Commodities Market

RBI norms will hit Gold loan companies' growth

CRISIL avers that RBI's recent guidelines for gold loan companies will significantly moderate the sector's growth and profitability over the next year. Business growth is likely to fall from 80% p.a. to 20-25% p.a. and Return-on-Assets (RoA) is expected to fall from the currently high level of 4.5 % to 2.5-3%. However, in the long term the guidelines are expected to have an overall positive impact by enhancing the gold loan companies' ability to absorb the impact of any sharp decline in gold prices, thereby improving the sector's asset quality in the long term.

Microfinance

RBI offers breather to MFIs

Taking into account the difficulties faced by the MFI sector and the representation received from them, RBI has deferred the implementation of asset classification and provisioning norms for NBFC-MFIs to April 1, 2013. Now, NBFC-MFIs must make 100% provisions on aggregate loan instalments overdue for 180 days or more. So far, MFIs maintained 10% provisions on loan amounts for which the repayment was due for more than 180 days. However, the NBFC-MFIs must meet all other guidelines mandated by the regulator from April 1, 2012.

International News

Euro area constraints could pressurize Indian banks

The Economic Survey 2011-12 has cautioned that funding constraints in the international financial markets could impact the availability and cost of funding for banks and corporates. Sovereign risk concerns, particularly in the Euro area, affected financial markets for the greater part of the year. The contagion of Greece's sovereign debt problem spread to India and other economies via higher-than-normal levels of volatility. While Indian banks might not bear any direct impact (considering their negligible exposure to the troubled Euro zone); they could be indirectly affected due to funding pressures.

IMF Chief upbeat on global economy

In a cautiously upbeat assessment of the global economy, IMF Chief Ms. Christine Lagarde has affirmed that "measures taken to fight financial woes in Europe and the US have started paying off. Financial-market conditions are more comfortable and recent economic indicators are beginning to look a little more upbeat." Ms. Lagarde says that some of the policy actions taken particularly by the European Central Bank and some European countries have helped stabilise the overall situation and bring back the world economy from the brink. Meanwhile, the US economy is recuperating with better consumer and business spending and an improved job market; in spite of a depressed housing sector and high unemployment.

Forex

Forex reserves up $862million to $294.82billion

After a huge decline, India's foreign exchange reserves increased by $862.4 million to touch $294.821 billion for the week ended March 16. The rise is mainly due to currency revaluation.

Benchmark Rates for FCNR(B) Deposits applicable for month of April 2012					
LIBOR / SWAP For FCNR(B) Deposits					
	LIBOR	SWAPS			
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.04850	0.598	0.751	0.983	1.240
GBP	1.86306	1.2504	1.3150	1.4676	1.6210
EUR	1.38064	1.097	1.232	1.404	1.595
JPY	0.55229	0.359	0.395	0.429	0.495
CAD	1.91600	1.386	1.528	1.682	1.824
AUD	5.02600	4.003	4.073	4.293	4.398
CHF	0.39200	0.243	0.303	0.395	0.525
DKK	1.58000	1.1875	1.3380	1.5065	1.6940
NZD	3.55400	3.073	3.305	3.545	3.763
SEK	2.86200	2.138	2.210	2.281	2.369

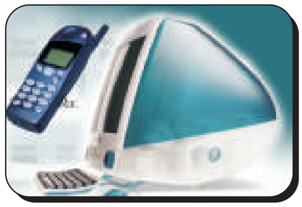
Source : FEDAI

Foreign Exchange Reserves		
Item	As on March 23, 2012	
	₹Bn.	US$ Mn.
	1	2
Total Reserves	**14,970.2**	**295,140.0**
(a) Foreign Currency Assets	13,223.4	259,740.5
(b) Gold	1,376.6	28,127.7
(c) SDRs	226.5	4,448.5
(d) Reserve Position in the IMF	143.7	2,823.3

Source : RBI

New Appointments

- Mr. D. Sarkar has been appointed as Chairman & Managing Director of Union Bank of India
- Mr. D. Narang has been appointed as the Executive Director of United Bank of India.
- Mr. C. V. R. Rajendran has been appointed as the Executive Director of Bank of Maharashtra.



Products & Alliances

Organization	Organization tied up with	Purpose
Bank of Baroda	Bajaj Auto	The MoU will enable BoB to leverage its branch network in financing vehicles manufactured by Bajaj Auto under four fuel options i.e. petrol, diesel, LPG and CPG.
The Karur Vysya Bank	SBI Life Insurance	For providing GMRA policy cover to the bank's housing loan customers under group insurance.

Bank for International Settlements (Continued...)

Continuing with our efforts to provide further details on Core Principles of Banking Supervision of BIS, we take you closer to the BIS thinking. This helps the readers understand the beautiful logic that BIS employs to safeguard the banking system from serious financial upheavals.

1. The Basel Committee on Banking Supervision (the Committee) has revised the Core Principles for Effective Banking Supervision (Core Principles). In conducting its review, the Committee has sought to balance the objectives of raising the bar for banking supervision (incorporating the lessons learned from the crisis and other significant regulatory developments since the Core Principles were last revised in 2006) against the need to maintain the universal applicability of the Core Principles and the need for continuity and comparability. By raising the bar, the practical application of the Core Principles should improve banking supervision worldwide.
2. The revised Core Principles strengthen the requirements for supervisors, the approaches to supervision and supervisors' expectations of banks. This is achieved through a greater focus on effective risk-based supervision and the need for early intervention and timely supervisory actions. Supervisors should

assess the risk profile of banks, in terms of the risks they run, the efficacy of their risk management and the risks they pose to the banking and financial systems. This risk-based process targets supervisory resources where they can be utilized to the best effect, focusing on outcomes as well as processes, moving beyond passive assessment of compliance with rules.

3. The Core Principles set out the powers that supervisors should have in order to address safety and soundness concerns. It is equally crucial that supervisors use these powers once weaknesses or deficiencies are identified. Adopting a forward-looking approach to supervision through early intervention can prevent an identified weakness from developing into a threat to safety and soundness. This is particularly true for highly complex and bank-specific issues (e.g. liquidity risk) where effective supervisory actions must be tailored to a bank's individual circumstances.
4. In its efforts to strengthen, reinforce and refocus the Core Principles, the Committee has nonetheless remained mindful of their underlying purpose and use. The Committee's intention is to ensure the continued relevance of the Core Principles in providing a benchmark for supervisory practices that will withstand the test of time and changing environments. For this reason, this revision of the Core Principles builds upon the preceding versions to ensure continuity and comparability as far as possible.
5. In recognition of the universal applicability of the Core Principles, the Committee conducted its review in close cooperation with members of the Basel Consultative Group which comprises representatives from both Committee and non-Committee member countries and regional groups of banking supervisors, as well as the IMF and the World Bank. The Committee consulted the industry and public before finalizing the text.

Financial Basics

Underwriter Syndicate

A temporary group of investment banks and broker-dealers who come together to sell new offerings of equity or debt securities to investors. The underwriter syndicate is formed and led by the lead underwriter for a security issue. An underwriter syndicate is usually formed when an issue is too large for a single firm to handle. The syndicate is compensated by the underwriting spread, which is the difference between the price paid to the issuer and the price received from investors and other broker-dealers. Also referred to as an underwriting group, banking syndicate and investment banking syndicate.

Glossary

Held-to-Maturity

Accounting standards necessitate that companies classify any investments in debt or equity securities when they are purchased. The investments can be classified as held to maturity, held for trading or available for sale. A held to maturity security is a debt or equity security that is purchased with the intention of holding the investment to maturity. This type of security is reported at amortized cost on a company's financial statements and is usually in the form of a debt security with a specific maturity date.

Institute's Activities

Training Activities at Leadership Centre, IIBF, Kurla

Seminar on IT & Cyber Security

The Institute will conduct an interactive workshop on IT and Cyber Security on 17th April'2012 at IIBF, Corporate Office, Kurla, Mumbai.

Seminar on Corporate Social Responsibility (CSR)

The Institute will conduct a seminar on Corporate Social Responsibility(CSR) in collaboration with Indian Centre For Corporate Social Responsibility (ICCSR) on 21st April' 2012 at IIBF, Corporate Office, Kurla, Mumbai.

Leadership Program :

The Institute has announced a 3 day Leadership Development Programme in collaboration with Personal Decisions International (PDI) Ninth House from 26th April to 28th April' 2012. For more details, please visit www.iibf.org.in.

Train the Trainers' Program :

The Institute has announced a 3 day Train the Trainers' Program on Financial Inclusion from 3rd May to 5th May' 2012. For more details, please visit www.iibf.org.in.

News From the Institute

Contact classes for JAIIB / DB&F and CAIIB

The Institute has announced contact classes for JAIIB / DB&F and CAIIB candidates. The schedules of the contact classes are uploaded on the website to enroll the members for the same. For more details visit www.iibf.org.in.

Web-classes and E-Learning for JAIIB / DB&F and CAIIB

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

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Mock test for JAIIB / DB&F and CAIIB

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

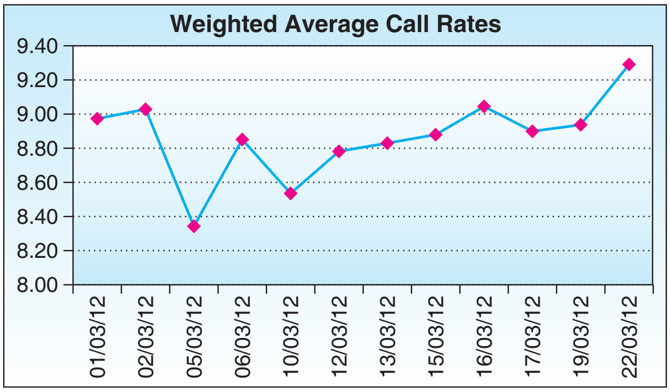
Additional Reading Material for IIBF examinations

The Institute has put in 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)

Green Initiative

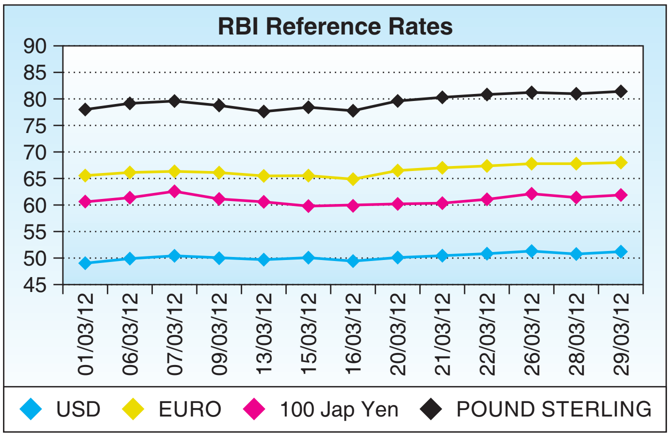
We would request all the candidates to update their e-mail address with the Institute on a priority basis, to enable us to send the Annual Report for the year 2012-13 via e-mail.

Market Roundup



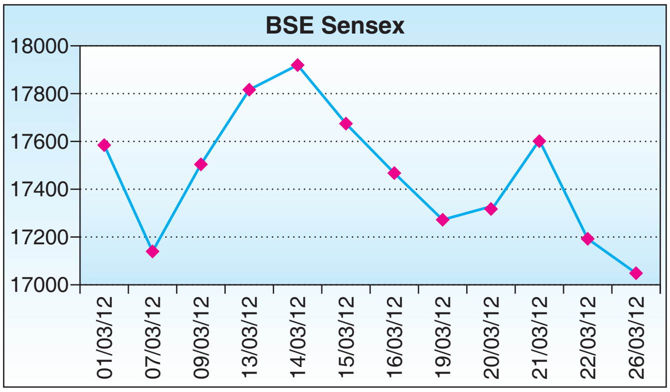
Source : CCIL Newsletter, March 2012

- The call money market remained tight in the third week with rates above repo rates and trade at around 9%.
- Banks are borrowing heavily in the overnight money market, pushing the call money rates to 9.5%, though down from 10%.
- The rates in the call money markets rose to 15% on the last day of the month, the highest in three years owing to year end pressure to build balance sheets.



Source : Reserve Bank of India (RBI)

- Strong demand for dollar, weak equities and risk aversion among investors saw the rupee falling to levels seen in January. On 6th, rupee closed at 50.37.
- Towards the end of the month rupee closed at 50.79 to dollar, down by 7 paise The Rupee fell approaching a two-month low, as US consumer confidence near a one-year high bolstered demand for dollars amidst retreat in local equities
- The Rupee ended on 29th at 51.39 / 40 to the dollar, 1.2% weaker than 28th 's close of 50.775 / 785, its sharpest drop in a single session since December 02. This is on the back of persistent dollar demand from oil importers, while negative local shares triggered foreign fund outflow worries.
- Rupee to trade in the range of 50.40-51.20 against the dollar during the first week of April in the absence of any major negative news, according to experts.
- The Rupee, during the month, depreciated against all major currencies, 4% against USD, EUR and Stg Pds and 2% against JPY.



Source : Reserve Bank of India (RBI)

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