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

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Committed to professional excellence

IIBF VISION

Volume No. : 4 Issue No. : 1 August 2011

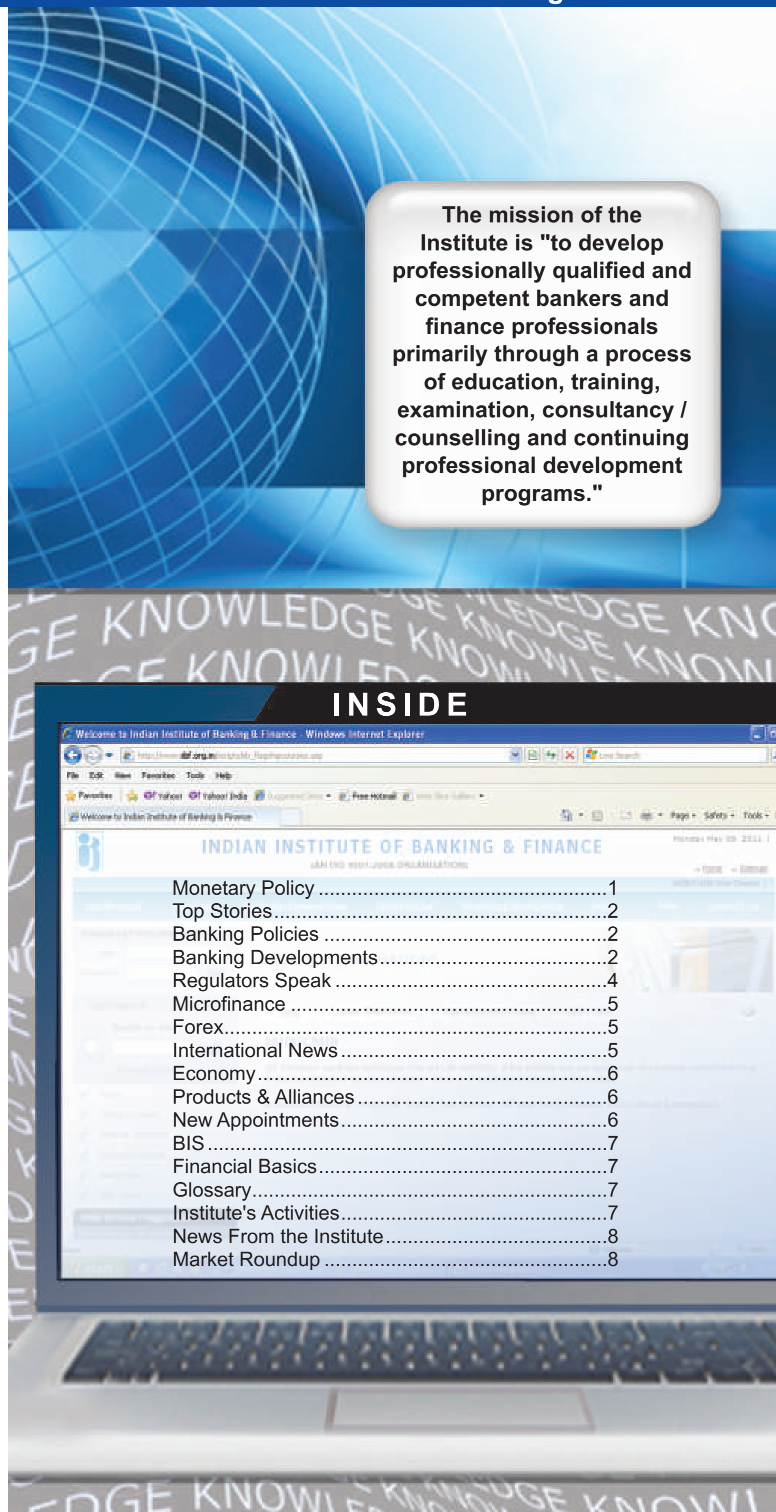
1st Quarter Review of Monetary Policy - 26th July 2011

Monetary Measures

- Increased the policy repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 7.5% to 8.0% with immediate effect.
- The reverse repo rate under the LAF, determined with a spread of 100 basis points below the repo rate, automatically adjusts to 7.0% with immediate effect.
- The Marginal Standing Facility (MSF) rate, determined with a spread of 100 basis points above the repo rate, stands recalibrated at 9.0% with immediate effect.
- The cash reserve ratio (CRR) of scheduled banks has been retained at 6.0% of their net demand and time liabilities (NDTL).

Domestic Economy

- As SCBs raised their deposit rates, they saw response by way of an acceleration in growth of deposits from 17.4%, y-o-y, in early April 2011 to 18.4% in early July 2011. Simultaneously, currency growth decelerated from 18.4 per cent to 15.0% in the corresponding period. On the back of good deposit growth, y-o-y broad money supply (M3) increased by 17.1% in early July 2011 outpacing the Reserve Bank's indicative trajectory of 16%.
- The Base Rate system, introduced since July 1, 2010, has improved the transparency in lending rates and also enabled a more informed assessment of the transmission of monetary policy impulses to banks' lending rates. Since July 2010, the modal Base Rate of banks has increased by 225 basis points. The Base Rate system of loan pricing coupled with deficit liquidity conditions has increased both the strength and the transparency of the monetary transmission process.
- Consistent with the policy stance, liquidity conditions have generally remained in deficit mode so far in 2011-12. The average daily net injection of liquidity through the Liquidity Adjustment Facility (LAF) window during this period till July 22 was around ₹48,000 crore, which was within 1% of NDTL.



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

Monetary Aggregates

- The current trends in money supply (M3) and credit growth remain above the indicative trajectory of Reserve Bank. Keeping in view the evolving growth-inflation dynamics, the indicative projection of M3 growth for 2011-12 is revised downwards from 16.0%, as set out in the May 3 Policy Statement, to 15.5%. Non-food bank credit growth projection is also revised downwards from 19.0% to 18.0%.

Top Stories

19 banks to hold common exam for officers' posts

Those aspiring to become officers in any one of the 19 Public Sector Banks (PSBs), will now have to take the first-of-its-kind Common Written Examination (CWE) on September 18. The Institute of Banking Personnel Selection (IBPS) has notified the CWE on behalf of the participating banks. The exam scores will be valid for one year.

Customers 'bank' increasingly on ATMs, mobiles

According to McKinsey's India personal Financial Services Survey 2011, Indian consumers are increasingly using the ATM, Internet and Mobile for banking transactions. The share of these alternative channels in total transactions is steadily increasing, vis-a-vis that of bank branches. About 7% of all banking consumers in India now use Internet banking, against 1% in 2007. Correspondingly, there has been a 15% decline in branch usage over the same period.

ATM disputes to be resolved in 7 days

If an ATM-related complaint isn't redressed within 7 days, it can potentially cost ₹100 per day to the Bank. From July 1, 2011, RBI has reduced the mandatory time for resolving ATM-related complaints to a week from the earlier 12 days.

Banking Policies

Go slow on loans to commercial real estate projects

Fearing an asset price bubble, RBI has asked banks to go slow on lending to the commercial real estate sector. There had been a sharp increase in lending to commercial real estate projects in the last one year and NPA growth in the sector stayed higher than the growth in overall loan delinquencies. According to RBI data, bank lending to commercial real estate registered a 20% growth in the year ended May 30 vis-a-vis 1.2% in the previous year. If real estate prices fall, banks might face serious asset quality pressures.

New norms on Currency hedging risk

In order to facilitate greater use of rupee in trade transactions, RBI has decided to allow non-resident importers and exporters to hedge their currency risk in respect of exports from and imports to India, invoiced in Indian Rupees, with AD Category I banks. RBI has already issued the operational guidelines for the transactions. The amount and tenure of the hedge will not be allowed to exceed that of the underlying transaction and will have to be in consonance with the extant regulations regarding tenure payment or realization of the proceeds.

RBI incentive to banks opening branches in rural areas

For each branch proposed to be opened in Tier-3 to Tier-6 centres of under-banked districts of under-banked states, a bank will be authorized to open a branch in a Tier-1 or Tier-2 centre. This incentive to banks comes on a backdrop of continual need for opening more branches in these states for ensuring more uniform spatial distribution. Further, under the annual branch expansion plan, RBI now requires banks to open at least 25% of their branches in un-banked rural centres.

Banking Developments

Report fraud of ₹1 crore and above to CBI

In order to clamp down on banking frauds, RBI has asked PSBs to promptly report cases of cheating involving ₹1 crore and above to the CBI, and of the lesser amount to the police. Private and foreign banks have been asked to report cases of fraud involving an amount of ₹1 lakh and above to the police. Fraud by employees exceeding ₹10,000 should also be reported to the police. Besides, cases involving an amount more than ₹7.5 crore should be reported to Banking Security and Fraud Cell of the respective centres, which is specialised cell of the Economic Offences Wing of the CBI. Further, banks should ensure that all frauds of ₹1 lakh and above are reported to their Boards promptly.

Credit growth could hit 22%

Credit growth could well clock a healthy 22% during 2011-12 despite the drag effect of inflation worsened by a lacklustre industrial performance. RBI's mid-quarter policy review observes that the y-o-y non-food credit growth had moderated from 21.3% in March to 20.6% in early June, but remained above the indicative projection of 19%.

Performance review of banks & FIs

Finance Minister Mr. Pranab Mukherjee recently reviewed the financial performance and credit disbursement record of PSBs and financial institutions (FIs). The ministry had set a target of ₹4.75 lakh crore for agriculture credit for 2011-12, compared with ₹3.75 lakh crore during 2010-11. The actual disbursement for agricultural credit was at ₹46 lakh crore in 2010-11, exceeding the target by 19%. A total of 5.5 crore farm loan accounts were financed during the same period, a rise of 14.11% in number of farm accounts and 16.19% in the amount of loans disbursed. Under the Kisan Credit Card scheme, banks issued a 9.81 crore cards as on December 31, 2010. The total outstanding loans of PSBs for education sector stood at ₹43,074 crore as on March 31, 2011. Outstanding bank credit to infrastructure sector was ₹4.57 lakh as on March 25, 2011. A total of 72,950 villages were identified for providing appropriate banking facilities and bringing them in the overall banking network. Of these, 29,569 villages have been covered in the financial year 2010-11.

RBI caps bank investments in liquid MF plans

RBI has reiterated that the total investment by banks in liquid or short-term debt schemes of mutual funds (MFs), with weighted average maturity of portfolio of not more than one year, will be subject to prudential cap of 10% of their net worth as on March 31 of the previous year. The weighted average maturity would be calculated as average of the remaining period of maturity of securities weighted by the sums invested. The apex bank noted that in order to ensure a smooth transition, banks with investments in these MF schemes in excess of the 10% limit, could comply with this requirement at the earliest but not later than six months from July 5, 2011.

High bond yields threaten borrowing

The 10-year benchmark bond yield has climbed nearly 40 basis points (bps) since the financial year began on April 1, following rate increases by RBI to fight the stubbornly high inflation. The yield has been moving in a range of 8.32% and 8.38%, with traders predicting a rise as high as 8.50% on concerns over tight cash conditions and rising rates. The government will have to consider cancelling or postponing its borrowing programme if bond yields stay “unacceptably high”.

Apply due diligence while sanctioning new loans

Describing the sharp jump in NPAs as an 'area of concern', Finance Minister Mr. Pranab Mukherjee has asked PSBs to apply due diligence in sanctioning new loans. He has cautioned all PSB chiefs on the downward trend in asset quality. The gross NPA level in the banking system has gone up from ₹59,927 crore as on March 31, 2010 to ₹74,617 crore as on March 31, 2011. The FM has asked PSB-chiefs to ensure a mechanism through which NPA-growth is arrested.

Bankers request RBI to defer deregulation of savings rate

Troubled by the current volatile environment, bankers have not accepted RBI's proposal to deregulate the rate on savings account. The Indian Bank's Association (IBA) has explained the industry's stand to RBI and requested the status quo to be maintained for the time being. However, banks say that in case RBI prefers to decontrol the rate on savings rate, they should be allowed to charge adequately for the services that they are providing at no cost. Banks have argued that 'since the rate has now been revised upward to 4%, the depositors are getting compensated. Also since the rate is being calculated on a daily basis; till there is some stability on inflation and other key rates, savings rate should not be deregulated in the interest of the industry'.

Highest NPAs in smallest home loan bracket

High inflation and the sharp rise in interest rates by banks following RBI's monetary tightening have taken a toll on small borrowers' ability to repay loans. In a recent study on the performance of PSBs, instances of home loan defaults' contribution to gross NPAs was the highest in the category of loans up to ₹2 lakh. The figure stood at 6% in 2010-11 slightly lower than 6.4% in 2009-10. An SBI official says that “Since borrowers in this category primarily belong to the low-income group, the rise in rates has hurt their repayment ability.” The bank's average loan size is around ₹12 Lakh.

Recommendations on educational loans

Creation of a credit guarantee fund, extension of the tenor of repayment and extension of the moratorium period of educational loans are some of the key recommendations of the expert committee on education loan scheme constituted by IBA.

Bank advances increase 3.75%

Bank advances continued to grow, albeit at a lower rate of 3.75% in the April-June quarter, vis-a-vis 5% the same quarter last financial year (FY). Banks disbursed ₹1.5 lakh crore in the Q1 of 2011-12. The Q1 of the current FY saw an increase of 75 bps in policy rates in two tranches by RBI. Vaibhav Agrawal, VP (Research), Angel Broking remarks. RBI has projected credit growth of 19% for FY 2011-12. On the other hand, banks were able to garner funds by offering high interest rates on term deposits. Bank deposits grew by 5.5% (or ₹2.8 lakh crore) in the Q1 of the current FY. Deposits had shrunk by 3.2% in the same quarter a year ago. Last year, banks had sold off excess investments in liquid funds to support credit demand. On a yearly basis, bank deposits grew by 18.4% as on July 1, compared to 15.8% growth at the beginning of the April-June 2011 quarter. RBI has projected a growth of 17% in bank deposits for the entire financial year 2011-12.

Banks can raise infrastructure exposure

As per a recent CRISIL study, the increasing Asset-Liability Mismatch (ALM) faced by banks can be addressed via greater participation by them in capital markets. The report notes that Indian banks can increase their funding capacity to the infrastructure sector by nearly 20% (₹1lakh crore) over the next four years, without impacting their asset-liability profiles by refinancing of infrastructure project loans through debt capital markets. For this to happen, banks should adopt a model of originate & carry during the constructing stage and refinance the loans that have a longer term investment horizon, against the current model of originate & hold. Further, banks need to evolve their pricing strategy to make such loans more risk based. With increased appraisal and monitoring skills, banks will remain the most significant lenders to infrastructure projects. They'll also use their capital more judiciously, as the effective period of project loans will only be 3 to 4 years, instead of 12-15 years earlier.

Non-Banking funding on a rise in commercial sector

Dependence of Indian companies on non-bank funding sources is rising, even as banks continue to remain the dominant source of finance to the commercial sector. The share of non-bank sources to the total flow of financial resources increased to 49% in the first three months of this financial year from 36% in the year ago period. Funding from non-banking channels, both in India and abroad, rose during this period.

Cabinet okays merger of SBI Commercial with parent SBI

The Government has approved the merger of State Bank of India Commercial and International Bank (SBICI) with its parent bank SBI. SBICI, with two branches, is a wholly-owned subsidiary of SBI and functions as a private sector bank offering an array of financial products and services.

Rule may make PSB business target public

Ministry of Finance (MoF) is planning to effect drastic changes in the way the PSBs plan their performance from next financial year. The existing system of Statement of Intent (SoI) by which the PSBs prepare their plan of action i.e. projection of their targets on various business parameters after discussions with the MoF - will be replaced by a new mechanism called Result Framework Document (RFD). Under the RFD, the PSBs will have to provide an overall vision on their own without discussing with the MoF. However, after the MoF approves, it will be uploaded on the banks' website by April 15 every year. Similarly, RFD requires the final results of the banks to be uploaded by May 1. In SoI, the banks - in their projections - are only confining themselves to a particular year.

Banks seek extension of deadline to adopt system to identify NPAs

PSBs have requested the government to extend the deadline for moving towards the system of technology-based identification of NPAs. The deadline is scheduled to expire on September 30. Banks - especially those with a large number of small accounts - have asked an extension of six months. Once the core banking solution (CBS) is implemented, the system will throw up NPAs without manual intervention.

Regulators Speak...

RBI defends removing 'priority sector' tag on loans to NBFCs

Contrary to the claims of Non-Banking Finance Companies (NBFCs), the removal of the 'priority sector' tag on bank loans given to NBFCs will actually help the end borrower to access loans cheaper. In May, RBI had ruled that loans given by banks to NBFCs would no longer count towards meeting their priority sector obligation. The idea was to force banks to lend directly to those sectors, rather than indirectly through NBFCs. This made loans costlier to NBFCs, who bemoaned that their on-lending would consequently be at higher rates, and the end user would have to pay more - which goes against the grain of 'inclusive growth'.

Panel on customer services

RBI is set to unveil measures to revamp customer services in the banking industry. A committee, constituted by RBI under the former SEBI Chairman Mr. M. Damodaran to delve on the customer services, submitted its report to RBI on July 4.

Rupee convertibility

Dr. D. Subbarao, Governor, RBI observes that "India needs to have a calibrated approach for rupee convertibility. The country must maintain a sustainable current account gap; we need a market determined exchange rate." The governor also observed that the country must have enough foreign exchange buffers against uncertainties. India's current account deficit in the January-March period was 1.1% of

GDP - well below the 2.1% of GDP in the previous quarter. Deficit fell sharply to $ 45.4 billion from $10 billion in the previous quarter. India's foreign exchange reserves increased by $6.695 billion to $315.715 billion for the week ended July 1. According to the Economic Survey, forex reserves had reached $314.6 billion at the end of May 2008. Foreign currency assets, a major component of the forex pool, also increased to $283.458 billion, up $6.365 billion for the week ended July 1. Dr. Subbarao says "the nation cannot depend alone on services industry to drive growth; the farm sector should expand at 4% to drive economic growth. There also is a need to focus on manufacturing to add jobs."

Bank services must be made cheaper

Even as RBI brainstorms to revamp the customer services in banking industry; Dr. K. C. Chakrabarty, Deputy Governor, RBI wants the banks' charges for various services to be as friendly as mobile banking industry. Dr. Chakrabarty emphasises "Pricing for various banking services has to be based on how much the customer can pay. We need to emulate the telecom industry for its pricing based cost model, to make financial inclusion a reality. Banking can become a mass phenomenon only when it becomes affordable to the masses."

Microfinance

RBI to be the regulator for MFIs

The Government has proposed to bring all Micro Finance Institutions (MFIs) under the ambit of Reserve Bank of India (RBI). RBI will be empowered to formulate and regulate policies for the sector, as stipulated by the finance ministry in the draft of The Micro Finance Institutions (Developments and Regulation) Bill. The revised Bill proposes to empower RBI to guide MFIs on margin caps, tenure of loans, periodicity of repayment schedules, levy of processing fees, maximum annual percentage rate on financial assistance, etc.

Micro-lenders look beyond core business to shore up income

Working on new offerings in housing finance, gold loans, mobile financing; MFIs are now looking for a steady stream of income by going beyond the core business of micro-lending to the poor. With RBI permitting them to invest up to 15% of their portfolio in the non-priority sector, MFIs are working on the aforementioned new offerings.

Bank for women, cheaper loans for SHGs

Mr. Jairam Ramesh, Rural Development Minister has announced that the government is planning to bring the interest rate on bank lending to self-help groups (SHGs) at par with the rate for crop loans to farmers, besides setting up a dedicated national bank for women SHGs. He added that both the proposals would be taken up with finance minister Mr. Pranab Mukherjee. During the last budget speech, Mr. Mukherjee had announced the creation of 'women's SHGs development fund' with a corpus of ₹500 crore for the current financial year to empower women and promote their SHGs.

Forex

Benchmark Rates for FCNR (B) / NRE Deposits applicable for month of August 2011					
LIBOR / SWAP For NRE Deposits					
Currency	**LIBOR**	**SWAPS**			
	1 Year	**2 Years**	**3 Years**		
USD	0.76025	0.6380	0.9350		
LIBOR / SWAP For FCNR (B) Deposits					
Currency	**LIBOR**	**SWAPS**			
	1 Year	**2 Years**	**3 Years**	**4 Years**	**5 Years**
USD	0.76025	0.638	0.935	1.318	1.718
GBP	1.58781	1.3210	1.5650	1.8580	2.1410
EUR	2.16938	1.938	2.111	2.308	2.509
JPY	0.55938	0.371	0.395	0.440	0.509
CAD	1.85333	1.645	1.860	2.070	2.270
AUD	5.43750	4.795	4.840	5.065	5.188

Source : FEDAI

Foreign Exchange Reserves		
Item	**As on July 22, 2011**	**As on July 22, 2011**
	₹Crore	**US $ Mn.**
Total Reserves	14,06,805	316,801
a) Foreign Currency Assets	12,62,725	284,526
b) Gold	1,10,317	24,668
c) SDRs	20,528	4,625
d) Reserve Position in the IMF	13,235	2,982

Source : RBI

International News

EU leads pack on bank capital

The European Union (EU) has become the first jurisdiction to begin implementing the so-called Basel-III guidelines in to law, in an attempt to ward off any repetition of the 2008 financial crisis. The internationally agreed standards are designed to make banks hold bigger and better levels of capital. Under the proposals, known as the Capital Requirements Directive 4, the highest quality capital which banks must hold - labelled Common Equity Tier-I, or CET-1 - will increase from 2 to 4.5% of risk-weighted assets. There will be 14 strict criteria to determine what can be counted as CET-1. There will also be a "capital conservation buffer", amounting to 2.5% of risk-weighted assets, also made up of the highest quality capital - effectually making the ratio 7%. If banks breach this buffer, they face limits on the bonuses and dividends they can pay. There will be further requirements in terms of lower quality capital that they must hold. Furthermore, national supervisors can introduce special "counter cyclical buffers" comprising of top-quality buffers, if they fear that lending to any sector is getting out of hand. The plan is to apply the new rules to more than 8,000 banks in the EU, phasing them in from 2013 to 2018. In addition, from 2015, Brussels plans to introduce new liquidity requirements - i.e. cash assets to meet sudden demands from withdrawing depositors.

Economy

Rural household spend-rise catches up with urban

As per latest data released by the National Sample Survey Organization (NSSO), high economic growth in the five years to 2009-10 has pushed up monthly per capita household consumption in the country by 2/3rd of the previous five years. Between 2004-05 and 2009-10, when the economy grew an average of 8.7% a year, rural Indian households increased their spending by about 63%, only a tad lower than 68%, *viz.* the rate at which urban households' expenditure rose. The rise in rural and urban household expenditure was 16% and 29% respectively in the previous years, when average GDP growth was 6%. The fact that average household spending by rural Indians shot up much faster than their urban counterparts over the previous decade indicates that the economic growth was not only steeper but also more inclusive in the five years up to 2009-10.

Pushing growth beyond 9.5% will fuel inflation

"Any attempt to push growth beyond 9.5% in the 12th plan period that begins next year may lead to higher inflationary pressures and current account deficit woes" says Dr. C. Rangarajan, Chairman of the Economic Advisory Council to the Prime Minister. He added that ratios of savings and investments, which are at 36% and 38%, respectively, to the GDP, should help the economy grow at 9%. However, the government needs to heed the short term problems of controlling inflation, managing a reasonable level of current account deficit, besides achieving fiscal consolidation while meeting the growth targets. Apart from containing inflationary pressures, a 4% growth in agriculture and higher than the overall economic growth in power and infrastructure sectors are also pertinent for sustaining growth in the next Plan period.

RBI warns of continued 'near- term' inflation pressure

Hinting that it will press ahead with interest rate hikes, RBI says that the 'unfinished task' of taming inflation warrants continuation of its anti-inflationary monetary stance. The broad thrust on tight monetary policy will continue until there is credible evidence of inflation treading close to its comfort zone. RBI has warned that inflationary pressures are likely to stay, if not intensify, in the July-September 2011 period, before moderation.

Non-food credit growth remains high : RBI

In its 'Macroeconomic and Monetary Developments First Quarter Review 2011-12' RBI observes that despite the deceleration, non-food credit growth remains high in the financial year so far, in contrast to the seasonal slack generally seen during this period. The credit growth, which had witnessed sharp acceleration in 2010-11, moderated in the first quarter of 2011-12 on a y-o-y basis, partly reflecting transmission from higher lending rates and partly due to the base effect.

Products & Alliances

Organisation	Organisation tied up with	Purpose
IndusInd Bank	Indian Army	MOU for issuing salary accounts to personnel of all ranks of the Indian Army.
South Indian Bank Ltd.	Times of Money	To enable all NRIs across 22 countires to remit funds online to any bank in India under the NEFT / RTGS network.

New Appointments

- Mr. Harun Rashid Khan has been appointed as Deputy Governor of RBI
- Mr. Mohan Vasant Tansale has been appointed as CMD of Central Bank of India

- Mr. G. Padmanabhan has been promoted as Executive Director of RBI
- Kotak Investment Banking, a subsidiary of Kotak Mahindra Bank Limited has appointed Ms. Shefali Shah as Senior Executive Director.
- Mr. Arnab Roy has taken over as Executive Director of National Housing Bank
- Ms. Usha Ananthasubramanian has taken over as Executive Director of Punjab National Bank (PNB).

Bank for International Settlement (BIS)

In the previous issues of "Vision" we have provided inputs on BIS history, Basel Committee on Banking Supervision (BCBS), its constitution and organization and in the recent issue we had attempted to delineate the role of BIS in ensuring monetary and financial stability. It is our desire to introduce BIS to bankers with hitherto 'not very well-known' facts. We hope that the information being provided is of interest to our readers. We welcome valuable feedback on our efforts from our readers.

Continuing our coverage of BIS, in the current issue, we list BIS initiatives to vis a vis global financial crises during the last five years.

Basel Committee's response to the financial crisis	
30 Jun. 2006	Basel-II: International Convergence of Capital Measurement and Capital Standards : A Revised Framework - Comprehensive Version
12 Oct. 2007	Guidelines for Computing Capital for Incremental Default Risk in the Trading Book - consultative document
25 Sep. 2007	Global bank supervisors endorse strengthened sound practice standards for liquidity risk management and supervision
20 Nov. 2008	Comprehensive strategy to address the lessons of the banking crisis announced by the Basel Committee
12 Mar. 2009	Initiatives on capital announced by the Basel Committee
30 Mar. 2009	Initiatives in response to the crisis by the Basel Committee
April 2009	Supervisory guidance for assessing banks' financial instrument fair value practices - final paper
May 2009	Principles for sound stress testing practices and supervision - final paper
13 Jul. 2009	Basel-II capital framework enhancements announced by the Basel Committee
27 Aug. 2009	Guiding principles for the revision of accounting standards for financial instruments issued by the Basel Committee
7 Sep. 2009	Comprehensive response to the global banking crisis
15 Oct. 2009	Trading book quantitative impact study by the Basel Committee : results
17 Dec. 2009	Strengthening the resilience of the banking sector - consultative document
17 Dec. 2009	International framework for liquidity risk measurement, standards and monitoring - consultative document

Financial Basics

Match-Rate Funds

When the interest rate on a loan matches (or is extremely close to) the interest rate on the source of the funds loaned out. An example of this would be if a bank accepted a $100,000 deposit and agreed to pay 5% interest on it for five years, then loaned the $100,000 out at 5.25%. A securitization lender would be a typical user of match-rate funds. Match-rate funds typically come with very high penalty fees for early prepayment because the intermediary has agreed to pay a specific interest rate to the depositor. If prepayment was not discouraged, the intermediary could end up paying interest after it had stopped receiving interest payments.

Glossary

Result Framework Document (RFD)

A RFD is essentially a record of understanding between a Minister representing the people's mandate, and the Secretary of a Department responsible for implementing this mandate. This document contains not only the agreed objectives, policies, programs and projects but also success indicators and targets to measure progress in implementing them. To ensure the successful implementation of agreed actions, RFD may also include necessary operational autonomy.

Institute's Activities

Training Activities at Leadership Centre, IIBF, Kurla

- A five day training programme (on Financing of SME sector for a team of bankers from Egypt from 25th July to 29th July 2011) was organized by the Institute at its Leadership Centre, Kohinoor city, Kurla. The programme was attended by 12 delegates from Egypt. This is the second such training organised at this centre.
- The Institute has announced two back to back Leadership Development Programme of 3 days each in collaboration with Australian Institute of Management, Western Australia from 29th August 2011. For detail visit www.iibf.org.in.

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News From the Institute

Project Finance

Institute is organising the 15th Certificate Course in Project Finance in collaboration with IFMR, Chennai. The campus training for the batch is scheduled from 21st August to 27th August 2011. For details visit www.iibf.org.in.

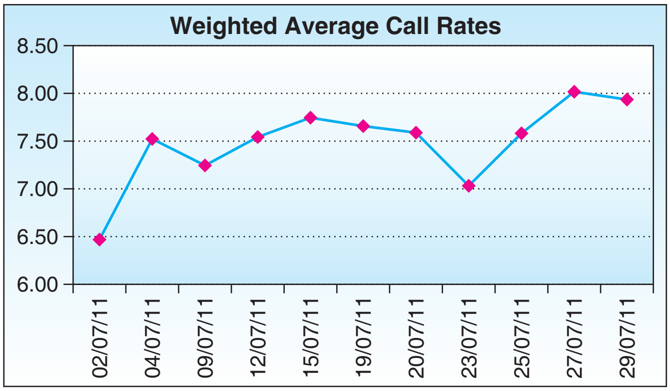
Micro / Macro Research

Micro / Macro Research proposals for the year 2011-12 are invited by the Institute. For details visit www.iibf.org.in.

5th R. K. Talwar Memorial Lecture

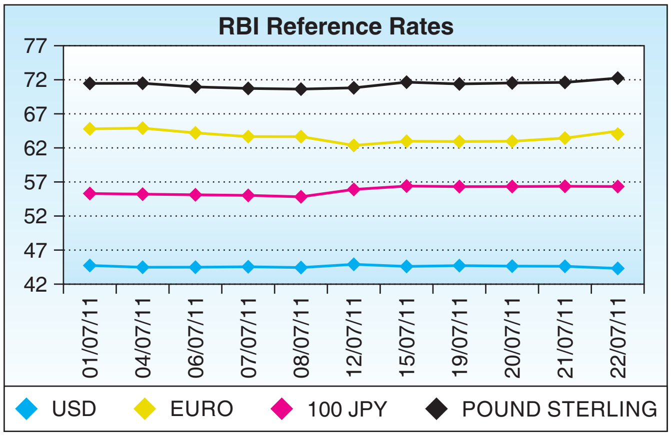
The 5th R. K. Talwar Memorial lecture will be delivered by Mr. N. Vaghul, Former Chairman, ICICI Bank on 07/09/2011 at 5.30 pm at SBI Auditorium, Nariman Point, Mumbai.

Market Roundup



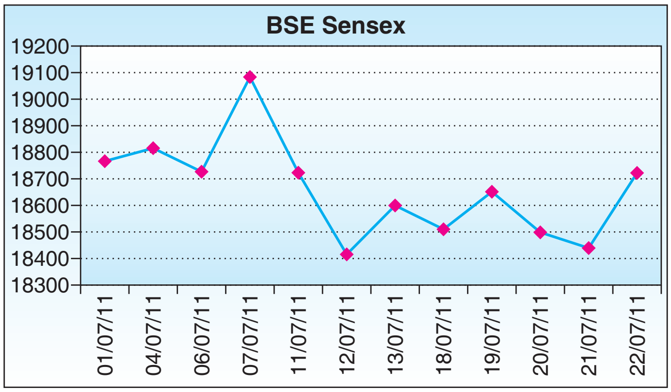
Source : CCIL Newsletters, July 2011

- In the beginning of the month liquidity remained stretched as Banks borrowed ₹1,02,090 crores from RBI's overnight repo window through LAF. Call rates also fell to 4% after opening at 7.75%.
- Beginning of the month there is easing of liquidity whereas in the last week there is hardening of call rates with a sudden increase to 8.02 on 27th July.
- The rates moved between 6.47 and 8.02.



Source : Reserve Bank of India (RBI)

- The Rupee weakened in the June quarter ending a three straight quarterly rise as local shares dragged.
- According to analysts, despite the recent positive factors, the end of QE2 by the US, imported inflation, astronomically high deficits and external debts, overall fall in FDI and Foreign Institutional Investor flows will make any further appreciation in Rupee extremely difficult and 44.50 may the support level for Rupee.
- The rupee treaded water on Monday 25th, weighed by choppy Euro and dollar demand from local oil importers, with most traders preferring to stay on the sidelines a day prior to RBI's policy review.
- The Rupee rose to almost three year high against the US dollar on 28th expecting a rise in fund flows due to higher interest rates compared with the US where the FED is holding policy rates near zero.
- The Rupee fell on 29th dragged by Euro's slide as worries over Euro zone debt resurfaced but Rupee managed to post a second consecutive month of gains as inflows stayed robust.
- Rupee showed signs of slight depreciation during the month against JPY and Sterling.



Source : Reserve Bank of India (RBI)

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