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Committed to professional excellence

IIBF VISION

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Mid Quarter Monetary Policy Review - 17th June 2013

Monetary and Liquidity Measures

- Cash Reserve Ratio (CRR) of scheduled banks remains unchanged at 4.0% of their Net Demand and Time Liabilities (NDTL).
- Policy repo rate under the Liquidity Adjustment Facility (LAF) remains unchanged at 7.25%.
- The reverse repo rate under the LAF also remains unchanged at 6.25%, and the Marginal Standing Facility (MSF) rate and the Bank Rate at 8.25%.

Inflation

Headline WPI inflation eased for three months in succession with the May reading at 4.7%, down from an average of 7.4% in 2012-13. All constituent categories, barring food, have moderated. In the fuel category, coal and mineral oil prices declined, partly offsetting the upward revision in administered prices of electricity. Non-food manufactured products inflation too ebbed, driven by metal prices which fell for the eight successive month in response to softening of global prices.

Liquidity Conditions

Net average daily borrowings under the LAF have declined gradually, from ₹1.2 trillion in March 2013 to ₹0.7 trillion in June 2013 so far (up to June 14) reflecting the sizable injection of primary liquidity through the reduction in the Cash Reserve Ratio (CRR) in January, Open Market Operations (OMO) purchases during Q4 of 2012-13, a significant reduction in the government's cash balances with Reserve Bank as well as two OMOs of ₹0.2 trillion in the current financial year so far.

External Sector

The most significant development in the external sector has been the movement in the exchange rate. The rupee depreciated by 5.8% against the US dollar during the current financial year up to June 14. It fell by 6.6% during May 22 - June 11 due to sell-off by foreign institutional investors, reflecting risk-off sentiment triggered by apprehensions of possible tapering off of quantitative easing by the US Fed.

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

Banking Policies

BIS issues alert on easy money policy

Bank of International Settlement (BIS) has warned of prolonging easy money policies in major nations as it might lead to financial and price instability later. Flagging concerns over bank balance sheets, BIS has pressed for implementation of Basel-III norms by member nations to strengthen banks, so that they can earn stable profits without relying on government support. Some of the central banks have restrained from further easing in recent times.

Audit over ₹5-crore credit periodically

RBI has asked banks to subject the title deeds and other documents in respect of all credit exposures of ₹5 crore and above to periodic legal audit and re-verification, with relevant authorities as part of regular audit exercise till the loan stands fully repaid.

Disclose details of capital issuance

RBI has directed banks to disclose details of all capital instruments issued on their balance sheets. The new rule, issued to conform to Basel-III banking capital reforms, will be applicable from July 1 and lenders will have to report details on their September-end balance sheets. This is expected to improve transparency of regulatory capital and enhance market discipline.

Hike fresh credit provision to 5%

Clamping down on restructuring of loans by banks, RBI has increased the provisioning requirement for fresh standard restructured advances from June 1 to 5% from the earlier 2.75%. For the existing stock of restructured assets, provisioning will be raised to 5% in phases over three years. According to RBI's new guidelines, banks will have to set aside ₹5 for every ₹100 restructured from the month of June. RBI move may provide more cushion to the banking system if the restructured accounts turn sour.

RBI gives banks more time to allot UCIC

RBI has given banks 10 more months to allot Unique Customer Identification Code (UCIC) for existing customers after some lenders sought more time. The time for completing the allotment process has been extended up to March 31, 2014, from May 2013. RBI had asked banks to allot UCIC to all customers because the increasing complexity and volume of financial transactions necessitate that customers do not have multiple identities within a bank.

RBI bans gold imports with bank credit

RBI has banned import of gold by domestic consumers through bank credit and has made overseas purchase of the precious metal a cash & carry business. The move will nearly cripple retail jewellery trade and probably lead to higher smuggling in to the country, compared to two decades back when socialistic governments restricted gold imports. Gold importers have been barred from using Letters of Credit (LCs) from banks for gold imports. All LCs to be opened by nominated banks, agencies for import of gold under all categories will be only on 100% cash margin basis. Further, all imports of gold will necessarily have to be on documents against payment basis. Gold imports on documents against acceptance basis will not be permitted.

Banking Developments

RBI sold ₹1,000-crore Inflation Indexed Bonds (IIBs), coupon rate 1.5-2.5%

RBI recently sold ₹1,000 crore worth of IIBs wherein retail investors could bid to buy upto 20% of the notified amount. Both the principal and the interest payment was adjusted against the Whole-sale Price Index (WPI) and provided a hedge against price rise. IIBs typically find strong buying interest in a rising inflation scenario as investors seek to protect their return.

Bank lending to NBFCs declines on retail gloom

Bank's lending to NBFC sector has dipped with the economic slowdown crimping the demand for vehicles and consumer durables in smaller cities and towns. As on end-March 2013, total loans extended by commercial banks to NBFCs stood at ₹2.6 lakh crore. RBI data shows bringing the annual lending growth rate down to 14.7% from 25.3% a year ago. Lending in April has been flat. In India, NBFCs lend mainly to retail customers for purchase of vehicles, consumer durables and homes. They also lend to small businesses and the self-employed for financing purchase of automobiles like trucks.

Banks strong enough for stress test

According to the Financial Stability and Development Council (FSDC), despite concerns over deterioration in asset quality, mainly due to global and domestic economic conditions, the strong capital adequacy of banks would enable the banking system to withstand stress. The panel reviewed the position of asset quality and capital adequacy of the country's banking system. Apart from reviewing the position of asset quality and capital adequacy of India's banking system, the council also noted the recommendations of the Financial Sector Legislative Reforms Commission (FSLRC), which submitted its report to the government in March.

Contactless payment technology

No more having to swipe credit or debit card or inserting them in a point-of-sale device. This is made possible by the wireless antenna embedded in the card. This contactless payment technology feature -VISA pay Wave - is now being considered by banks for the Indian market, as revealed by Mr. Uttam Nayak, Group Country Manager India & South Asia, Visa. Besides ensuring faster payment, this will also reduce the risk of skimming of, or counterfeiting the cards.

SEZ units to repatriate export revenue within a year

With a view to improving dollar flows into the country, RBI has asked units located in Special Economic Zones (SEZs) to repatriate export proceeds within one year from the date of exports. The change will be applicable with immediate effect and will be valid for one year. RBI's move comes at a time when the Indian rupee has come under intense pressure, recording new lows against the dollar. The extent of inflow due to this step is estimated to be $5-6 billion over the next few months, which would help arrest the sharp fall of the rupee.

South leads in financial inclusion

A CRISIL report based on a new index of financial inclusion, has revealed that one out of every two Indians has a savings account, but only one in seven has access to bank loan. The Western region stands second (after the South) with a score of 38.2 followed by the Northern region (37.1), Eastern region (28.6) and North-Eastern region (28.5). Though the overall index is quite low at 40.1, it has improved from 35.4 in 2009. The report also found that the number of savings accounts (624 million) is almost four times the number of loan account (160 million). 618 out of 632 districts have reported an improvement in terms of financial inclusion. The top three States in terms of financial inclusion are Puducherry, Chandigarh and Kerala.

Credit growth slows in major sectors

RBI's sectoral credit data shows that bank credit to all major sectors (barring personal loans) continued to grow at a slower pace than last year, reflecting the continuing slow-down in the economy. Personal loans rose by 16.3% in May 2013 *vis-a-vis* 13% in May 2012. In the personal loans segment, credit to consumer durables grew 22% *vis-a-vis* 13.5% last year, while housing loans grew 17.1% *vis-a-vis* 10.2% last year. As demand for credit slowed down, fund raising by them from all sources (including bonds) has scaled down compared to last year.

RBI brings 3 more sectors under infra ambit

RBI has brought three more sectors *viz.,* telecom & telecommunications services, slurry pipelines and capital dredging under the ambit of infrastructure lending. This will make loans cheaper to companies in these sectors. With this, about 31 sub-sectors from five classified categories have become eligible for infrastructure sector lending.

RBI forms panel to examine LIBOR-type scam

In the aftermath of the international scale linked to fixing of the London Interbank Offered Rate (LIBOR), RBI has formed a committee to re-look at equivalent financial benchmarks in the domestic market. The Committee will study the relevance and use of existing benchmarks and suggest improvements or inclusion of new benchmarks. It will also look into the governance mechanisms within the organizations computing the benchmarks and will propose a supervisory oversight on these institutions. The committee will be chaired by Mr. Vijay Bhaskar, Executive Director and will have representatives from CCIL, academicians and senior officials from RBI.

Regulator's Speak...

Rural banking can trigger economic revolution

Dr. K. C. Chakrabarty, Deputy Governor, RBI has stated that "the launch of a rural bank branch often marks the start of an economic revolution in a village. New technological initiatives such as Adhaar (UID), RuPay and Kisan Credit Cards will help to bring about an economic revolution. Banking is a business where money has to keep rotating. Thus, urging customers to use these facilities and it can provide a multiplier effect."

RBI to focus on containing high CAD

Belying hopes of further rate cuts, RBI has stated that containing the high Current Account Deficit (CAD) would be its priority in the face of upside risks to inflation. "Growth is significantly moderated, inflation is somewhat off its peak but the balance of payments is under stress and investments have to pick up," said Dr. D. Subbarao, Governor, RBI, adding "the retail inflation is still high. Inflation is not decelerating with the dwindling growth. Global prices, especially commodity prices, may have softened a bit but we cannot take these for granted."

High government balances lead to liquidity tightness

RBI has stated that the Government's high cash balances were resulting in liquidity tightness. Mr. H. R. Khan, Deputy Governor, RBI says that "government balance is substantial and we are trying to assess whether the liquidity deficit was temporary or structural." Borrowings by banks under RBI's daily Liquidity Adjustment Facility (LAF) window stood at ₹95,075 crore; much higher than RBI's comfort zone of +/-1% of Net Demand and Time Liabilities (NDTL). So far this financial year, RBI has conducted just one Open Market Operations (OMO) - it purchased ₹9,658 crore government securities (G-secs) against the notified amount of ₹10,000 crore.

Internet Banking & Cyber Crime

With internet banking on the rise, frauds are just a click away

Internet banking still does not account for a significant portion of total transactions in India. In FY13, ₹31.8 lakh crore was settled via ₹69.4 crore transactions through various retail electronic banking channels while ₹18.6 lakh crore was settled through ₹64 crore card-related transactions, according to Reserve Bank of India's data. In addition, ₹1,026 lakh crore through ₹6.85 crore transactions were settled through the real time gross settlement system, or RTGS, involving both retail and interbank transactions. The young generation is increasingly opting for net transactions to settle bills and all kinds of bank-related work from cash transfer and seeking cheque books to passwords for debit cards. Banks urging customers to opt for net banking, the ability to shield customers from cyber threats will be crucial to gain their confidence.

Top cyber security threats explained

MALWARE : A kind of malicious software includes viruses, worms, spyware and Trojan horses, among others. While it is not a new threat concept, many banks still do not have adequate controls to reduce the risk to a manageable level, and new types of malware are introduced daily.

SOCIAL ENGINEERING : refers to the infringement of organisational security by influencing employees into exposing confidential information. The main tool here is the use of psychological tricks to attain an employee's trust. Here frauds include obtaining passwords by acting as an employee or leveraging social media platforms to identify new employees and trap them into providing customer critical information.

PHISHING : essentially involves drafting emails that attract recipients to visit a counterfeit website. Websites are usually designed using well-known and trusted brands to convince the individual to provide financial and / or personal information. Such fake websites send malicious program or codes that get installed on the unsuspecting user's computer and collect sensitive information such as card details allowing cyber thieves to gather the details for future frauds.

DENIAL OF SERVICE (Dos) : DoS attack or Distributed Denial-of-Service attack (DDoS attack) is an attempt to make a machine or network resource unavailable to its intended users and interrupt or suspend services.

Economy

Hindu rate of growth

The recently released GDP growth of 4.8 % in the Q1 of 2012 has all but shut the door on double digit growth dreams. It has also opened the window to the deprecating term *viz.,* Hindu rate of growth. Professor Rajkrishna, an Indian economist, coined the term "Hindu rate of growth' in 1978 to characterize the slow growth and to explain it against the backdrop of socialistic economic policies. In addition to growth being low and extending over a long period of time, the term also captures a low per capita GDP, by factoring in the population growth. India's annual population growth rate was over 2% in the 1980s and the per-capita GDP growth, was a meagre 1%. Annual population growth has presently declined to around 1.4%, helping higher per capita income growth.

Insurance

Product approvals in one week

Products sent for re-filing may now be approved in less than 10 days. Till now, IRDA has cleared 50 products under the new regulatory regime for traditional products. In February this year, the regulator had notified changes in the traditional product guidelines viz. changes in the surrender charges, product structures and commissions paid to the agents. According to these norms, products that do not conform to these norms will have to be re-filed. The deadline for re-filing group insurance products is July 1 and for individual products is October 1.

IRDA's new category for minimum death benefit

IRDA has introduced a new category for the payment of minimum death benefit, under non-linked product regulations. Now, for non-single premium products with terms of 5 to 10 years, there would be a minimum death benefit, different from other plans. For non-participating products, it would either be five times the annualized premium of 105% of all premiums paid on the date of death or the least guaranteed sum assured on maturity or any absolute amount assured to be paid on death - whichever was the highest. For participating products, it would either be five times the annualized premium or any absolute amount assured to be paid on death or the least guaranteed sum assured on maturity - whichever was the highest.

Microfinance

Large NBFCs can lend at 12% margin this fiscal

RBI has notified that a large NBFC that predominantly operates as a microfinance institution (MFI) can extend credit at 12% over its cost of borrowing during this fiscal. In its August 2012 directive to NBFC-MFIs, the RBI had capped the margins i.e. the mark-up charged to borrowers over the institution's cost of borrowing, at 10% for large MFIs (loans portfolios exceeding ₹100 crore) and 12% for the others.

SIDBI launches microfinance platform

Small Industries Development Bank of India (SIDBI) has launched an 'India Microfinance Platform' - a portal on microfinance activities in the country. Mr. Sushil Muhnot, Chairman & Managing Director, SIDBI says "This portal is another major step towards SIDBI's responsible financing agenda and would help establish more transparency in the microfinance sector". Launched with the assistance of World Bank, the platform would provide data on every microfinance firm up to district level. It will provide annual financial and operational performance data of Indian microfinance institutions, market growth and portfolio quality data on a quarterly basis. The microfinance sector had to adapt itself to the expectations of the public, especially *vis-a-vis* the prescribed code of conduct and spread of microfinance in under-served areas like the North-East."

Co-operative Banking

Curb on co-op banks for gold coin loans

RBI has extended the restriction on advance against gold to co-operative banks as well. RBI has said that, while granting advance against the security of specially minted gold coins sold by banks, state / central co-operative banks should ensure that the weight of the coin(s) does not exceed 50 gram per customer.

Forex

Benchmark Rates for FCNR(B) Deposits applicable for the month of July 2013

LIBOR / SWAP For FCNR (B) Deposits

	LIBOR	SWAPS			
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.68565	0.495	0.784	1.177	1.510
GBP	0.89750	0.8050	0.9957	1.2690	1.5261
EUR	0.46929	0.601	0.782	0.998	1.220
JPY	0.42071	0.281	0.343	0.415	0.510
CAD	1.50000	1.557	1.777	2.017	2.228
AUD	2.64740	2.815	3.075	3.368	3.585
CHF	0.24640	0.230	0.403	0.600	0.793
DKK	0.64170	0.8140	1.0070	1.2335	1.4475
NZD	2.86250	3.210	3.503	3.735	3.925
SEK	1.31700	1.520	1.752	1.997	2.183
SGD	0.50500	0.640	0.985	1.355	1.690
HKD	0.50000	0.680	0.960	1.320	1.650
MYR	3.26000	3.320	3.390	3.490	3.650

Source : FEDAI

Foreign Exchange Reserves

Item	As on 21st June 2013	
	₹Bn.	US$ Mn.
	1	2
Total Reserves	17018.4	287845.7
(a) Foreign Currency Assets	15338.1	258432.7
(b) Gold	1290.0	22836.0
(c) SDRs	259.5	4372.6
(d) Reserve Position in the IMF	130.8	2204.4

Source : Reserve Bank of India (RBI)

Weak rupee strengthens NRI deposit flows into Indian banks

NRIs have consistently taken advantage of the fall in the currency, to ensure that their dollar funds yield more in rupee terms. This has led to a strong inflow of deposits at times when the rupee is weak. In the last two financial years, when the rupee had lost value, NRI deposits went up by 21.2% and 12.2% in FY13 and FY12 respectively. A steeper increase was seen last fiscal partly due to the deregulation of interest rates on Non-Resident (External) rupee (NRE) and Non-Resident Ordinary (NRO) accounts announced in December 2011. After deregulation, domestic banks were offering rates as high as 9%-10% on these accounts and that helped push NRI deposits to $72 billion as on April 2013 vis-a-vis $59 billion at the end of April 2012. Funds in NRE accounts which stood at only $25.5 billion as on December 2011, now stand at over $47 billion.

Products & Alliances

Organisation	Organisation tied up with	Purpose
State Bank of India	Spanish bank Banco Bilbao Vizcaya Argentaria, SA (BBVA)	To develop business operations in Latin America and Spain.
Central Bank of India	NTPC	For a loan of ₹490 crore for door-to-door tenure of 15 years and will be utilized to part finance the capital expenditure of the company.
Allahabad Bank	Life Insurance Corporation of India	For selling micro-insurance products.

New Appointments

Name	Designation / Organisation
Mr. K. R. Kamath	Chairman, Indian Bank's Association (IBA)
Mr. T. M. Bhasin	Deputy Chairman, Indian Banks' Association (IBA)
Mr. S. K. Roy	Chairman, Life Insurance Corporation of India

Bank for International Settlements (Continued...)

Continuing the discussion on 'Stress Testing', in this issue we look at principle 8 which highlights various scenarios which the Risk Manager should use to get the 'n' dimensions of the risk he is dealing with.

8. Stress testing programmes should cover a range of scenarios, including forward - looking scenarios and aim to take into account system-wide interactions and feedback effects.

An effective stress testing programme should comprise scenarios along a spectrum of events and severity levels. Doing so will help deepen management's understanding of vulnerabilities and the effect of non-linear loss profiles. Stress testing should be conducted flexibly and imaginatively, in order to better identify hidden vulnerabilities. A "failure of imagination" could lead to an underestimation of the likelihood and severity of extreme events and to a false sense of security about a bank's resilience.

The stress testing programme should cover forward-looking scenarios to incorporate changes in portfolio composition, new information and emerging risk possibilities which are not covered by relying on historical risk management or replicating previous stress episodes. The compilation of forward-looking scenarios requires combining the knowledge and judgment of experts across the organization. The scenarios should be based on senior management dialogue and judgments. The challenge is to stimulate discussion and to use the information at different levels of the bank in a productive way.

An appropriate stress testing framework should comprise a broad range of scenarios covering risks at different levels of granularity, including firm-wide stress tests, as well as product-, business- and entity-specific stress tests. Some stress scenarios should provide insight into the firm-wide impact of severe stress events on a bank's financial strength and allow for an assessment of the bank's ability to react to events. In general, stress scenarios should reflect the materiality of particular business areas and their vulnerability to changes in economic and financial conditions.

The financial crisis has shown that estimating ex ante the probabilities of stress events is problematic. The statistical relationships used to derive the probability tend to break down in stressed conditions. In this respect, the crisis has underscored the importance of giving appropriate weight to expert judgment in defining relevant scenarios with a forward looking perspective.

Stress testing should include various time horizons depending on the risk characteristics of the analyzed exposures and whether the particular test is intended for tactical or strategic use. A natural starting point for stress tests conducted for risk management purposes is the relevant risk management horizon of the target portfolio and the liquidity of the underlying exposures. However, there is need to cover substantially longer periods than this as liquidity conditions can change rapidly in stressed conditions. The bank should also assess the impact of recession-type scenarios, including its ability to react over a medium to long time horizon. The bank should note the increased importance of assumptions as the time horizon of a stress test is lengthened. A bank should also consider incorporating feed-back effects and firm-specific and market-wide reactions into such stress tests.

When analyzing the potential impact of a set of macroeconomic and financial shocks, a bank should aim to take into account system-wide interactions and feedback effects. Recent events have demonstrated that these effects have the capacity to transform isolated stress events into global crisis threatening even large, well capitalized banks, as well as systemic stability. As they occur rarely, they are generally not contained in historical data series used for daily risk management. A stress test supplemented with expert judgment can help to address these deficiencies in an iterative process and thereby improve risk identification.

Financial Basics

Yield to Maturity (YTM)

The term 'yield' essentially refers to the return from a security. The return from a bond is also referred to as its yield. Yield to Maturity (YTM) is the Internal Rate Of Return (IRR) of the bond. The IRR of a project is the discount rate that equates the present value of future cash flows to the initial investment. In capital budgeting parlance, it is a discount rate that makes the Net Present Value (NPV) equal to zero. A bond holder receives income from three sources. First, he gets periodic interest or coupon payments. Second, he can earn interest by reinvesting these coupons themselves representing interest (this may be perceived as interest on interest). Finally, at the time of maturity he will earn income in terms of face value. A proper yield calculation ought to factor in all three sources of income.

Glossary

Marginal Standing Facility (MSF)

Marginal Standing Facility (MSF) is a rate at which SCBs can borrow overnight up to one per cent of their respective NDTL. The rate of interest on amount accessed from this facility will be 100 basis points above the repo rate. This facility is expected to contain volatility in the overnight inter-bank market. RBI announced the introduction of MSF on May 3, 2011 and came into effect from May 9, 2011.

Institute's Activities

Training Program Schedule for the month of July 2013

Sr. No.	Programme	Date
1.	3rd Programme on Housing Finance	8th to 10th July 2013
2.	6th Programme on Credit Appraisal (Industrial & Commercial Advances)	22nd to 26th July 2013
3.	3rd Programme on KYC / AML / CFT	22nd to 24th July 2013
4.	2nd Programme on Retail Banking	29th July to 2nd August 2013

Training activities completed during the month of June 2013

Sr. No.	Programme	Date
1.	3rd Programme on Marketing and Customer Care	3rd to 7th June 2013
2.	2nd Programme on Trade Finance	10th to 14th June 2013
3.	TOPSIM- Balance Sheet Simulation	17th to 18th June 2013
4.	8th Leadership Programme - PDI 9th house	17th to 19th June 2013

News From the Institute

MOU with Institute of Company Secretaries of India

A Memorandum of Understanding has been signed between The Institute of Company Secretaries of India (ICSI) and Indian Institute of Banking & Finance on June 16th 2013 at ICSI Centre for Corporate Governance Research and Training, Navi Mumbai. The objective of this MOU is to jointly design, develop, deliver and offer a certification course namely 'Banking Compliance Professional' for the members of ICSI and CAIIB passed officers working in banks.

Seminar on Customer Service and Banking codes and Standards

The Institute had organized the 9th seminar on "Customer Service and Banking Codes and Standards" in association with BCSBI on 21st June 2013 at Bengaluru. The key note address was delivered by Mr. R. K. Dubey, Chairman & Managing Director, Canara Bank and valedictory address was given by Mr. M. Palanisamy, Banking Ombudsman, Karnataka, RBI. The seminar was attended by 121 participants.

Additional Reading Material for Institute's examination

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

IIBF Vision via mail

The Institute has started sending IIBF Vision via e-mail to all its members whose e-mail ids are 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. IIBF Vision is also available for download from the IIBF's portal.

Launch of new courses : The Institute has launched 2 new courses *viz;* Certified Banking Compliance Professional and Certified Bank Trainer on 12th July 2013. For details visit IIBF's web site.

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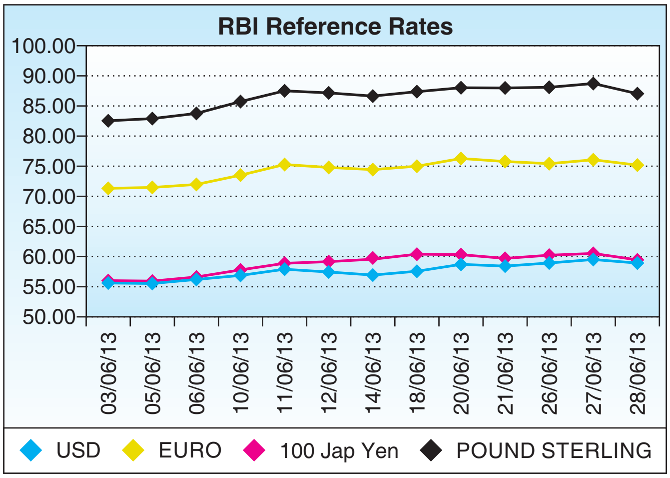
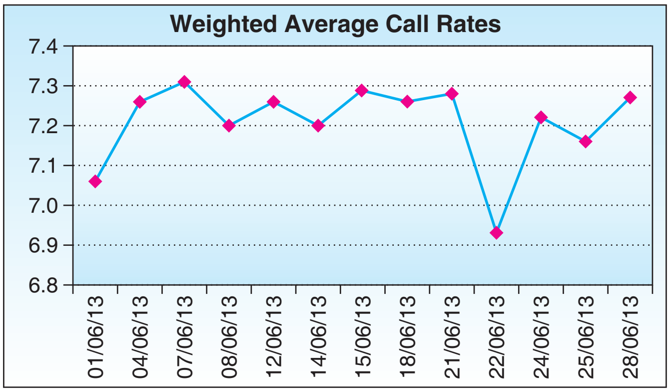
Market Roundup



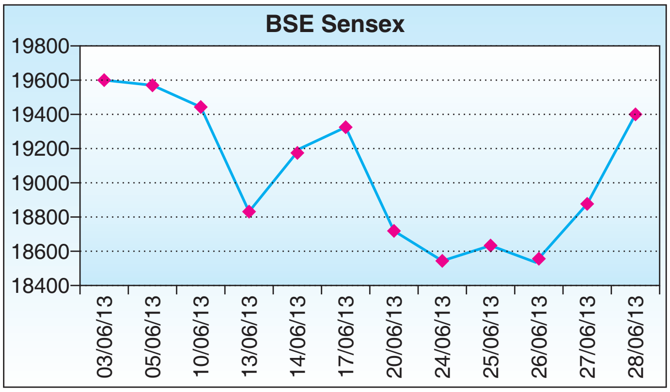
Source : Reserve Bank of India (RBI)

- Continuing its free fall for fifth straight session, the rupee on 3rd slumped by 26 paise to hit a new 11-month low of 56.76 on fag end dollar buying and capital outflows from local equities.
- The rupee on 5th closed at 56.7250 / 7350 per dollar compared with 56.44 / 45 on 4th. The rupee posted its biggest single day fall in a week on 5th, hurt by heavy dollar buying by importers, particularly in the oil sector, and weakness in the euro.
- The Indian rupee closed at record low of 58.15 against the dollar on Monday, 10th - a drop of 110 paise - and looked on course to breach the 60 to a dollar mark amid strong signs of recovery in the US economy that is prompting global investors to withdraw money from emerging economies.
- The rupee hit a record low of 59.99 against dollar on 20th after the US Federal Reserve signaled a timeline to wind down its monetary stimulus program by mid 2014 and closed at 59.57 to a dollar.
- The rupee slumped on 26th to 60.76 against dollar surpassing its previous record low of 59.98 hit on June 20th. Traders blamed end of month dollar demand from domestic importers and decline in most emerging Asian currencies for the slump.



Source : CCIL Newsletter for June 2013

- Call rates on 4th ended lower due to lack of demand from borrowing banks. The rate finished lower at 7.25% while moving in a range of 7.35 and 7.15 per cent.
- Call rates recovered at the overnight money market on 5th on fresh demand from borrowing banks. The rate finished higher at 7.30%from closing level of 7.25% on 4th. It moved in a range of 7.35% and 7.20%.
- Rates remained generally range bound between 6.9 and 7.3.



Source : Reserve Bank of India (RBI)

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