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Committed to professional excellence

IIBF VISION

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top stories

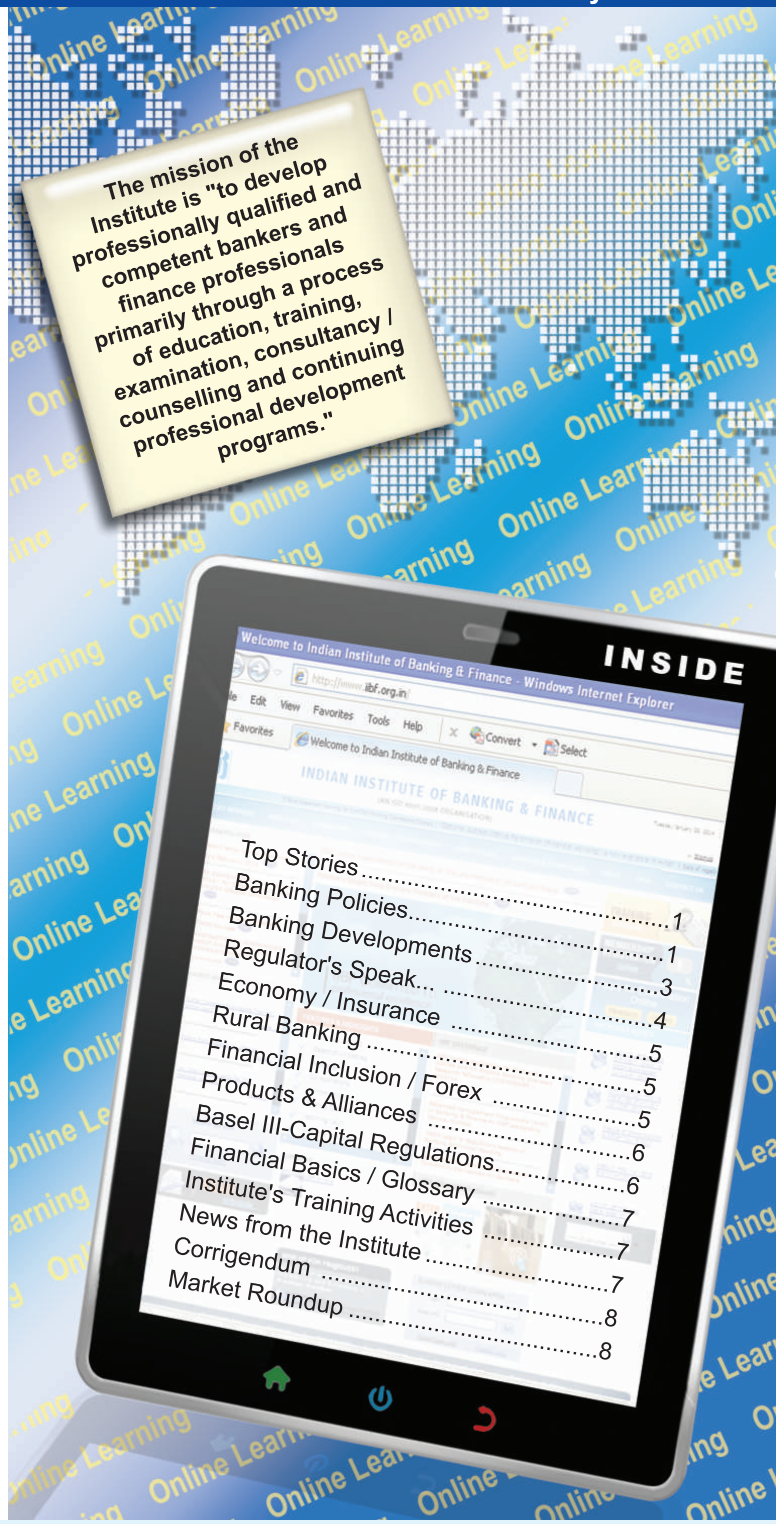
RBI eases KYC norms for opening bank accounts

RBI has eased the customer verification norms for opening bank accounts for migrant workers or transferrable employees, who have to change locations quite often. Henceforth, customers may submit only one documentary proof of address (either current or permanent) while opening an account or undergoing periodic updation. In case the address mentioned as per the proof of the address undergoes a change, fresh proof of address may be submitted to the branch within the next six months. In case the proof of address furnished by the customer is not the local address or the current residential address of the customer, the bank may take a declaration of the local address on which all correspondence will be made by the bank with the customer. No proof needs to be submitted for the correspondence / local address. The address may be verified by the bank through positive confirmation such as receipt of (i) letter, cheque books, ATM cards; (ii) telephone conversation; (iii) visits etc. In the event of change in this address due to relocation or any other reason, customers may intimate the new address for correspondence to the bank within two weeks of such a change.

Banking Policies

Banks must increase liquidity ratio to 100% by 2019

RBI has told banks to maintain 60% liquidity coverage ratio from January 2015 and raise the level to 100% over the next four years. 'Liquidity coverage ratio' is a concept aimed at ensuring availability of short-term liquidity with banks and financial institutions. According to this, financial institutions should have 100% back-up of assets to ride out short-term liquidity disruptions. Banks are, therefore,



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required to hold an amount of highly liquid assets such as cash or treasury bills, equal to or greater than their net cash over a 30-day period. RBI is a member of the BASEL Committee and has asked banks to maintain 60% liquidity ratio for the entire 2015, raise it to 70% from January 2016 and then to 80% from January 2017, before raising it to 90% from January 2018 and to 100% from January 2019.

RBI allows FPIs to hedge currency risks

In a significant move to attract dollar inflows into the country, RBI has allowed Foreign Portfolio Investors (FPIs) to hedge onshore currency risks arising out of their exposure to the Indian debt and equity markets. For this purpose, they can access the currency futures or exchange traded currency options market. FPIs include Foreign Institutional Investors (FIIs) and qualified foreign investors. Further, two more liberalization measures have been announced. Firstly, RBI aligned some of the rules pertaining to residents' (including exporters and importers) participation in Exchange Traded Currency Derivatives (ETCDs) with that for FPIs. Secondly, the banks that are authorized to deal in foreign exchange have now been allowed to undertake proprietary trading in ETCDs. FPIs and residents (domestic participants) can take a long (bought) as well as short (sold) position up to $10 million (or equivalent) per exchange without establishing the existence of any underlying exposure. Local players in the currency futures and exchange traded options markets are not required to take underlying exposure. However, requirement of underlying is mandatory for taking a position in the Over-The-Counter (OTC) derivatives markets.

BCSBI rating of Banks on Code Implementation

Banking Codes and Standards Board of India (BCSBI) has developed a rating model in consultation with CRISIL on implementation of codes related to the bank's commitment to customers and micro & small enterprises. According to the BCSBI, the overall score of PSBs in the level of compliance with the implementation of Codes was at 69.6 against that of all banks at 74.2. The overall scoring was based on five parameters - information dissemination, transparency, customer centricity, grievance redressal and customer feedback. BCSBI monitors the implementation of the Codes by obtaining Annual Statement of Compliance from member banks and branch-visits to ascertain the status of ground-level implementation.

Mid-sized banks have to increase liquidity to meet LCR

Mid-sized banks will now be rushing to mobilize more retail deposits and increase liquidity to meet the Liquidity Coverage Ratio (LCR) requirement prescribed by RBI. The main objective of LCR is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 days. Obviously, the implementation will be a challenge. All banks will have to structurally increase their liquidity base, both on the asset and liability side. In the short term, banks will maximize their SLR (Statutory Liquidity Ratio) in the held-to-maturity portfolio as it is a price protection against higher interest rates.

RBI fixes timelines for regulatory approvals

Private entities aspiring to set up banks can expect to hear about the status of their applications from RBI in 90 days. The period would commence from the day the report of an independent external advisory committee is received. To improve the response time, RBI has fixed schedules for various regulatory approvals, including grant of private bank licences. It has also released a citizens' charter for services such as clearing of transactions. The steps are part of implementing the non-legislative recommendations of the Financial Sector Legislative Reforms Commission (FSLRC). According to these recommendations, all regulators have to shift to a time-defined approval process, subject to applicable laws, for all permissions, including licences for business and launch of products and services.

RBI allows foreign investors to invest on repatriation basis

RBI has allowed a host of foreign investors to invest in non-convertible / redeemable preference shares or debentures issued by an Indian company and listed on recognized stock exchanges in India. This investment will be on a repatriation basis, within the overall limit of $51 billion earmarked for corporate debt. The investors who can invest in non-convertible / redeemable preference shares or debentures include FIIs; qualified foreign investors deemed as registered Foreign Portfolio Investors; long-term investors registered with SEBI-Sovereign Wealth Funds; Multilateral Agencies; Pension / Insurance / Endowment Funds and Foreign Central Banks.

RBI reduces limit for export credit re-finance

RBI has reduced availability of funds under the Export Credit Finance (ECR) window to 32% from 50% of export credit outstanding with immediate effect. This move could affect credit flow to exporters. However, RBI in its second bi-monthly monetary policy, proposes to “fully compensate” for the reduction in liquidity under the scheme through a special term repo (borrowing) facility of 0.25% of Net Demand And Time Liabilities

(NDTL). Some exporters are apprehensive that the limited access to Export Credit Refinance (ECR) could raise the cost of credit. RBI opines that the reduction of funds under ECR and introduction of the special term repo facility should improve access to liquidity for the system as a whole, by cutting down on procedural formalities relating to documentary evidence, authorization and verification associated with the ECR facility.

RBI notifies Governments FDI policy on Insurance

RBI has notified the government's Foreign Direct Investment (FDI) policy on insurance, formalizing the decision to consider investment from portfolio investors such as foreign institutions and non-resident Indians also under the rule, capping FDI in the sector at 26% under the automatic route. In February 2014, the Department of Industrial Policy and Promotion had announced the Government Policy, which also said that the 26% limit on foreign investments in insurance would apply to intermediaries such as brokers, third-party administrators and surveyors.

Banking Developments

Breather for banks' un-hedged foreign currency exposures

RBI has given banks a breather for additional provisioning of the un-hedged foreign currency exposure of their clients in the quarter ending June 2014. However, no such leeway would be available for capital requirements related to un-hedged foreign currency exposures. RBI norms assess the risks of un-hedged exposures as per the volatility in rupee-dollar exchange rates. Inter-bank exposures have been excluded from the ambit of un-hedged foreign currency exposure guidelines. RBI wants the incremental provisioning for such exposures to be based on the exposure amount used for computing standard asset provisioning. Also, incremental capital requirements for these exposures should be based on the exposure amount used to calculate credit risk-capital requirements.

NPA norms stressed, RBI may revamp soon

RBI may soon change the guidelines for dealing with Special Mention Accounts (SMA), making it mandatory for banks to set up Joint Lenders' Forums (JLFs) as soon as a borrower delays payments beyond 30 days. Once interest payments are delayed beyond 90 days, the account turns into a NPA. RBI wants lenders to spot trouble early on, in order to contain NPAs. As a part of RBI's guidelines for managing stressed assets, banks are required to devise a CAP within 30 days of the first JLF meeting and decide on whether they want to restructure the account or move to recover their loans. A restructuring would be preceded by a Techno-Economic Viability (TEV) report to be given to the Corporate Debt Restructuring (CDR) cell.

More services at non-home ATMs

At present, one can withdraw money, check account balance and get a mini-statement from non home-bank ATMs, but no other transaction is allowed. The National Payments Corporation of India (NPCI), along with some private banks and PSBs, has embarked on a pilot project to check if other services such as deposit of cash, ordering a cheque book etc could be offered by non-home bank ATMs.

Non-food credit growth still subdued

As per RBI data, non-food credit growth continues to be slow, increasing 13.17% y-o-y to ₹59,52,515 crore,for the fortnight ended May 30, 2014. Bankers are re-balancing loan books as they veer away from corporate credit. Meanwhile, deposits continued to outpace credit, growing 14.09% y-o-y to ₹79,28,851 crore. Demand deposits rose 15.66% from a year ago to ₹7,57,624 crore; while, time deposits stood at ₹71,71,238 crore, up 14.4% from the previous year.

FIU wants banks to sniff out more suspicious transactions

Frequent operation of locker facility and re-payments of loans in cash will soon be reported by banks to the financial intelligence agency. This is to keep a tab on suspicious transactions. Apart from this, Indian Banks' Association (IBA), in consultation with the Financial Intelligence Unit - India (FIU-IND), has drawn up a list of suspicious transactions that banks need to monitor and alert the agency. For instance, banks will be generating alerts when the value of transactions is not compatible with the customer's profile; when there is a sudden spurt in transactions (credit / debit); and when high-value cash transactions occur in the accounts of non-profit organizations. In terms of the Prevention of Money Laundering Rules, banks are required to report information related to cash and suspicious transactions and all transactions involving receipts by non-profit organizations of value more than ₹10 lakh or its equivalent in foreign currency to the FIU.

Banks seek stringent norms for defaulters

At the behest of the Finance Ministry, banks have initiated a series of stringent measures against defaulters. Bankers have stated that, top 50 defaulters as identified by them cannot open a current account in any other bank. Also, if an account was non-performing for any bank, all the consortium members should classify it as NPA. Following a sharp rise in NPAs over the past two years, RBI and the Government have taken several steps to tackle the issue. RBI has unveiled fresh norms to identify stress in the system at an early stage, including incentives to banks for doing so.

Payment banks cannot launch other financial operations

RBI has accepted the Nachiket Mor Committee's recommendations on introducing payment banks - specialized banks to provide services to small businesses - after making some significant changes to the proposed characteristics of these entities. To begin with, RBI will set the initial capital requirement at ₹100 crore, instead of the ₹50 crore suggested by the Mor panel. For computing the Capital Adequacy Ratio (CAR), payment banks will only factor in operational risk; not market risk and credit risk. This is unlike the full-service banks. However, while the existing banks might be allowed to create subsidiaries for payment banks, such banks would not be allowed to undertake any other activity apart from accepting deposits and offering payment services. The payment banks would not even be allowed to undertake lending activities. Payment banks will cater to migrant workers in metros or Tier-I cities who need to send back money home. They will also offer services like utility bill payments.

Free non-home branch ATM transactions may be cut to two

The number of free transactions at non-home branch Automated Teller Machines (ATMs) will be reduced to two from five, if RBI accepts the demand of bankers. Non-home branch ATM refers to ATMs of banks in which the customer does not have an account. Banks, in association with the National Payments Corporation of India, have requested RBI to reduce the number of free transactions at these ATMs. They have also requested that the interchange fee - the amount one bank charges the other bank if its consumer uses the ATM of its non-home bank - be revised from the present ₹15 per financial transaction to ₹16.50 plus service tax.

Regulator's Speak...

RBI forming better regulations for NBFCs

Mr. R. Gandhi, Deputy Governor, has revealed that RBI is improving the regulatory framework for Non-Banking Finance Companies (NBFCs) as the existing law is inadequate to deal with several issues. "Suitable amendments to the statutory provisions are needed. Besides, as enforcement of the law is also challenging, RBI will beef up its State-level Committees. A national-level co-ordination committee is also being considered." According to Mr. R. Gandhi, RBI has been reviewing the regulatory framework for NBFCs in the context of recent developments, including the Nachiket Mor Committee report. "We are working with the Government for making certain statutory amendments to tighten the regulation. We especially want to tighten the definition of regulation to better explain what is a deposit; who can and who cannot accept it. That is the level of clarity we wish to bring in."

Banks to show sector-wise advances from FY15

RBI has directed banks to disclose sector-wise advances in the Notes to Accounts section in their financial statements from FY2014-15 onwards. To enhance transparency, RBI has already asked banks to disclose sector-wise NPAs, movement of NPAs, overseas assets & revenue and other Special Purpose Vehicles (SPVs) sponsored by banks. During the bi-monthly policy announcement on April 1, 2014. Dr. Raghuram Rajan, Governor, RBI had proposed that banks prescribe certain additional disclosure requirements in the financial statements by end-June 2014 as per the recommendations of the Nachiket Mor Committee to actively manage their exposures to various sectors including priority sector.

Stressed Assets crosses 10%

According to Mr. R. Gandhi, Deputy Governor, RBI "The GNPA ratio had declined sharply from 12.0 per cent as at end March 2001 to 3.5 per cent as at end March 2006 and thereafter this ratio was flat till March 2011. However, since then, the NPA of the banks has been increasing; as at the end of Dec 2013, the Gross NPAs of the domestic banking system was 4.40 per cent of Gross Advances. …the total stressed assets in the banking system (which includes NPAs and restructured standard assets) as at Dec 2013 was 10.13 per cent of the gross advances of the banks, which is a cause of concern for the Reserve Bank."

Focus on retaining and managing talent

According to Mr. H. R. Khan, Deputy Governor, RBI "Many of the present day ills in Indian banks, e.g., weak appraisal standards, not being able to pick up the early warning signals in problem accounts which leads to fraudulent transactions or accounts becoming NPA, recurring customer grievances, etc. can be ascribed to skill gaps in the manpower of the banks. Near vacuum in the senior management over the next few years, lack of expertise in critical areas like IT, risk management, credit appraisal and treasury operations, absence of succession planning for middle and senior management positions, attracting, retaining and nurturing fresh talent, ad hoc responses to capacity building and poor performance management system are some of the major HR challenges staring the PSBs…"

Economy

World Bank pares India's growth to 5.5% for FY15

The World Bank has lowered India's GDP growth forecast to 5.5% for 2014-15 from 5.7% projected in April. It anticipates a slower-than-expected global growth coupled with below-normal rainfall to impact the economy adversely. “The recovery process in India would remain gradual with GDP growth forecast at 6.3% for 2015-16 and 6.6% for 2016-17. We would advocate continuing fiscal consolidation.” In its report titled 'Global Economic Prospects', the World Bank slashed global growth to 2.8% from 3.2% projected in January, following poor weather conditions in the United States, financial market turbulence and the conflict in Ukraine.

Insurance

Motor, health insurance are key growth drivers

According to the latest data released by Insurance Regulatory and Development Authority (IRDA), motor and health insurance drove growth in the gross premium underwritten by non-life insurers in 2013-14. It increased by 12.2% at ₹77,541 crore in the year ended March 31, 2014, compared to the year-ago period. Of this, the highest share came from motor insurance at ₹33,887 crore - a 14.3% growth over the same period previous year. This was followed by the health insurance segment with over 13.5% growth at ₹17,624 crore of premium. There has been a noticeable increase in the mandatory third-party motor premium at 26% growth at ₹15,683 crore.

Rural Banking

NABARD reduces rate of refinance to promote investment in farm sector

National Bank for Agriculture and Rural Development (NABARD) has reduced the rate of interest by 0.2% on its long-term refinance facility to banks to help promote farm sector investments. Rates of refinance will now be 9.5% for five years & above; and 9.7% for three to five years period. Banks availing more than ₹500 crore in a single drawal will further be incentivized by 10 bps, stated Dr. Harsh Kumar Bhanwala, Chairman, NABARD. A 50 bps rebate will be extended for supporting single purpose under area development schemes, mainly to benefit small and marginal farmers.

Financial Inclusion

RBI allows banks to appoint NBFCs as BCs

To hasten financial inclusion, RBI has allowed commercial banks to appoint NBFC-NDs (Non-deposit taking NBFCs) to act as banks' Business Correspondents (BCs). Now it is also not compulsory for banks to attach each outlet and sub-agent of a BC to a specific branch. Earlier, to enable adequate supervision of BCs, banks had to assign BC outlets to a branch within 30 km of semi-urban & rural areas and 5 km for metropolitan regions. RBI removed this stipulation to provide operational flexibility to banks, as technological developments had made oversight easy. The review of norms to appoint BCs follows recommendations of the Nachiket Mor committee. The committee has given suggestions to accelerate flow of credit to those at the bottom of the pyramid and enlarge catchment areas of BCs. RBI wants the board-approved policy for engaging with BCs to factor in the objectives of adequate oversight and services to customers. Also, banks will have to ensure that bank funds don't intermingle with the BC-NBFCs' funds. Banks and NBFCs (acting as BCs) should have a specific contractual arrangement to ensure that all possible conflicts of interest are adequately redressed.

Forex

Benchmark Rates for FCNR(B) Deposits applicable for the month of July 2014

LIBOR / SWAP For FCNR(B) Deposits

	LIBOR	SWAPS			
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.54510	0.577	1.005	1.385	1.684
GBP	1.04200	1.3428	1.7070	1.9802	2.1777
EUR	0.44029	0.330	0.397	0.514	0.670
JPY	0.32714	0.181	0.194	0.224	0.276
CAD	1.50000	1.452	1.636	1.813	1.985
AUD	2.66100	2.783	2.928	3.148	3.310
CHF	0.18940	0.100	0.135	0.215	0.329
DKK	0.56550	0.5972	0.6880	0.8130	0.9690
NZD	3.94000	4.230	4.390	4.510	4.610
SEK	0.73500	0.780	0.963	1.160	1.335
SGD	0.32800	0.620	1.008	1.363	1.658
HKD	0.47000	0.780	1.180	1.540	1.830
MYR	3.67000	3.750	3.850	3.950	4.050

Source : FEDAI

Foreign Exchange Reserves		
Item	**As on 20th June 2014**	
	₹Bn.	**US$ Mn.**
	1	**2**
Total Reserves	18,957.1	314,922.1
(a) Foreign Currency Assets	17,357.9	287,961.7
(b) Gold	1,227.3	20,790.4
(c) SDRs	268.6	4,455.8
(d) Reserve Position in the IMF	103.3	1,714.2

Source : Reserve Bank of India (RBI)

Products & Alliances

Organisation	Organisation tied up with	Purpose
Reserve Bank of India	Financial regulators in South Korea	Signed a MoU for supervisory co-operation and exchange of information with the Financial Supervisory Commission (FSC) and the Financial Supervisory Services (FSS).
IDBI Bank	FICCI-CMSME	MoU to make organized finance facility available for Micro, Small and Medium Enterprises (MSME) across the country at competitive interest rates.

Basel III - Capital Regulations (Continued...)

In continuation of the discussion on Specific Market Risk, we enumerate the following :

a) Specific Market Risk

The capital charge for specific risk is designed to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer both short (short position is not allowed in India except in derivatives) and long positions. The specific risk charges and Alternative Total Capital Charge for various kinds of exposures are detailed in Tabular Form in the RBI Circular.

b) General Market Risk

It relates to charge towards interest rate risk in the portfolio, where long and short position (which is not allowed in India except in derivatives & Central Govt. securities) in different securities or instruments can be offset. The capital requirements for general market risk are designed to capture the risk of loss arising from changes in market interest rates.

General Market Risk is the sum of the following four components :

a) The net short (short position is not allowed in India except in derivatives) or long position in the whole trading book;

b) a small proportion of the matched positions in each time-band (the "vertical disallowance");

c) a larger proportion of the matched positions across different time-bands (the "horizontal disallowance"), and

d) a net charge for positions in options, where appropriate.

The Basel Committee has suggested two broad methodologies for computation of capital charge for market risks *viz.* Standardised Method and Internal Risk Management models Method of which banks have been advised to adopt Standardised Method as banks have not yet developed their Internal Risk Management system.

Under the standardised method there are two principal methods of measuring market risk *viz.* a "maturity" method and a "duration" method. It has been decided to adopt standardised "duration" method as the same is more accurate method to arrive at the capital charge. Accordingly, banks are required to measure the general market risk charge by calculating the price sensitivity (modified duration) of each position separately. The mechanics under the method - Time band and assumed changes in yield are detailed in the RBI Master Circular.

Measurement for capital charge for Equity Risk

The capital charge for equities would apply on their current market value in bank's trading book. The Minimum capital requirement, to cover the risk of holding or taking positions in equities in the trading book is detailed in the Circular. The instruments covered include equity shares, whether voting or non-voting, convertible securities that behave like equities, for example: units of mutual funds, and commitments to buy or sell equity.

Capital charge for specific risk (akin to credit risk) will be 11.25% or capital charge in accordance with the risk warranted by external rating of the counterparty, whichever is higher and specific risk is computed on banks' gross equity positions (i.e. the sum of all long and all short equity positions - short equity position is, however, not allowed for banks in India). In addition, the general market risk charge will also be 9% on the gross equity positions. These capital charges will also be applicable to all trading book exposures, which are exempted from capital market exposure ceilings for direct investments.

Specific Risk Capital Charge for banks' investment in Security Receipts will be 13.5% (equivalent to 150% risk weight). Since the Security Receipts are by and large illiquid and not traded in the secondary market, there will be no General Market Risk Capital Charge on them.

(Source : Reserve Bank of India)

Financial Basics

Off Balance Sheet Exposure

Off-Balance Sheet exposures refer to the business activities of a bank that generally do not involve booking assets (loans) and taking deposits. Off-balance sheet activities normally generate fees, but produce liabilities or assets that are deferred or contingent and thus, do not appear on the bank's balance sheet until and unless they become actual assets or liabilities.

Glossary

Liquidity Coverage Ratio (LCR)

The LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calender day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

Institute's Training Activities

Training Programme Schedule for the month of July 2014

No.	Programme	Date
1.	Trainer's Training Programme for Abhyudaya Co-operative Bank Ltd.	7th to 11th July, 2014
2.	DROs' training for Bharatiya Mahila Bank	14th to 16th July, 2014
3.	10th Programme on Credit Appraisal	21st to 25th July, 2014
4.	6th Programme on Housing Finance	30th July to 1st Aug. 2014
5.	5th Programme on KYC / AML / CFT	30th July to 1st Aug. 2014

Training activities completed during the month of June 2014

No.	Programme	Date
1.	7th Programme on SME Financing	9th to 13th June, 2014
2.	Trainer's Training Programme for IDBI Bank Ltd.	26th to 27th June, 2014 30th June to 1st July, 2014

News From the Institute

APABI Conference 2014

The Institute will be hosting The Asia Pacific Association of Banking Institutes (APABI) International Conference and the Executive Meeting of APABI on 25th & 26th September, 2014. The main theme for the Asia Pacific Association of Banking Institutes (APABI) Conference-2014 is "Talent Management in Banks" For details visit http://www.iibf.org.in/conference/index.html

Advanced Management Programme

The Institute has announced the 3rd AMP at the Leadership Centre, Kurla, Mumbai visit www.iibf.org.in for details.

Video lectures & E-learning

The Institute has started providing (i) video lectures for JAIIB and 2 compulsory subjects of CAIIB and (ii) E-learning for elective subjects of CAIIB also. For details, visit www.iibf.org.in. Candidates from May / June examination onwards are requested to update their correct / valid email id with the Institute.

Cut-off Date of Guidelines

Candidates may note that in respect of the exams to be conducted by the Institute during November / December and May / June of a particular year, instructions / guidelines issued by the regulator(s) and important developments in banking and finance up to 31st July and 31st January respectively of that year will only be considered for the purpose of inclusion in the question papers.

Additional Reading Material for Institute's examination

The Institute has put on its web site additional reading material, for various examinations, culled out from the Master Circulars of RBI and other sources. These are important from examination view point. For details visit website.

IIBF Vision via e-mail

The Institute is emailing IIBF Vision to 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 Institute's web site.

Green Initiative

Members are requested to update their email address with the Institute and send their consent to receive the Annual Report via e-mail in future.

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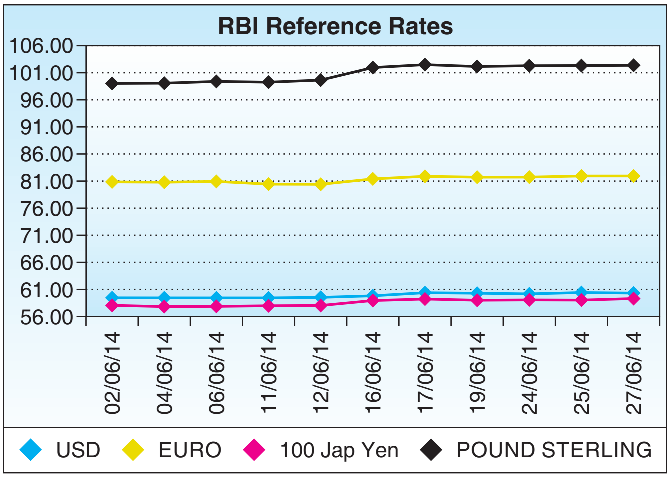
Corrigendum

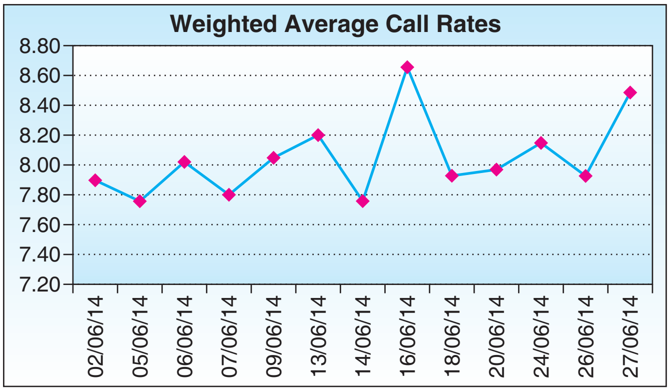
GIRO is generally referred to as General Interbank Recurring Order. However, this was carried as "Government Internal Revenue Order" in the IIBF Vision June 2014 issue based on a news item. The error is regretted.

Market Roundup



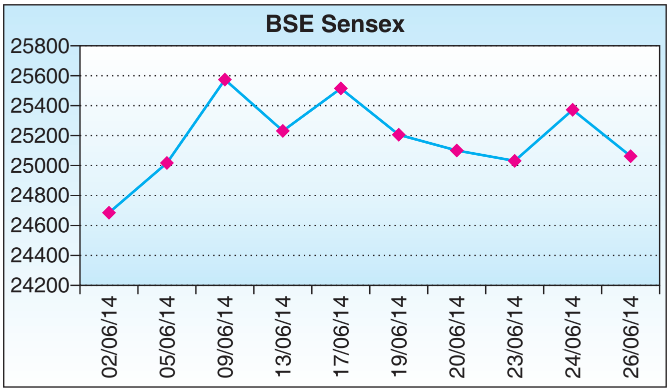
Source : Reserve Bank of India (RBI)

- Rupee hovers around 59.33 to a dollar during the first five days of the month.
- The Rupee on 6th appreciated 16 paise logging its biggest daily rise in a fortnight to end at 59.17 against US Dollar on the back of a surge in local equities and hefty capital inflows.
- Bucking the trend in stocks, the Rupee on 9th washed out initial gains and logged its first drop in four sessions to end at 59.20 against the dollar on late demand for the US currency from importers.
- The Indian Rupee closed at a one-month low on 16th after jittery oil importers rushed to buy US dollars expecting a spike in crude oil prices because of the insurgency in Iraq and as inflation accelerated to the highest in 2014. The Indian Rupee plunged 40 paise to close at 60.17 to the dollar.
- The Rupee snapped two sessions of fall and recovered from a near two-month low on 17th after Central Bank was spotted selling dollars via state run banks and closed at 60.10.
- Rupee closes at 60.40 to dollar on 18th showing some weakness. Rupee slips again on crude woes.
- Thereafter Rupee remained hooked to 60.10 level.
- During the month, across the board Rupee depreciated,1.61% against Dollar, 3.41% against sterling, 1.55% against EUR and 2.17% against JPY.



Source : CCIL Newsletter, June 2014

- The call rates moved between a low of 7.76 and a high of 8.65.
- Rates reached a peak of 8.65% on 16th because of tight liquidity on compliance rush by banks.



Source : Bombay Stock Exchange (BSE)

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