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

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Committed to professional excellence

IIBF VISION

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Mid-Quarter Monetary Policy Review - 17th Sept., 2012

Policy Measures

- Cash Reserve Ratio (CRR) reduced to 4.50%.
- Repo Rate unchanged at 8%.
- Reverse Repo Rate unchanged at 7%.
- Marginal Standing Facility (MSF) rate and Bank Rate stays at 9.0 %.

Inflation

- Headline WPI inflation (y-o-y) has remained sticky at around 7.5% throughout the current financial year so far. Fuel price inflation picked up in August, largely reflecting the upward revision in electricity prices. International crude prices are prone to increase further due to global liquidity.
- In terms of the new CPI, inflation (y-o-y) remained broadly unchanged i.e. around 10% in July from June, held up by rising prices of food items. Notwithstanding some easing in July, core CPI inflation (CPI excluding food and fuel sub-group) remained elevated.

Growth

- Economic activity picked up modestly in Q1 of 2012-13 *vis-a-vis* the preceding quarter; but the sluggish momentum of value added in Q1 was evident across all sectors of the economy - particularly industry. Industrial production rose by just 0.1% in July. In August, the manufacturing PMI fell to its lowest level during 2012 so far, as a result of output disruptions due to power shortages and declining export orders. Lead indicators point to slack in Q2 as well.

Liquidity Conditions

- Money supply (M_3), bank credit and deposits have moderated in relation to their indicative trajectories - reflecting a slow economic activity. Contradictorily, liquidity conditions have remained comfortable since the first quarter review. However, the wedge between deposit growth and credit growth could widen on the back of the seasonal pick-up in credit demand in the second half of the year. This, combined with outflows due to advance tax payments and the onset of festival-

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."

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related currency demand, could accentuate pressures on liquidity. Thus, appropriate liquidity management assumes importance to ensure that withdrawals under the Liquidity Adjustment Facility (LAF) broadly remain within the indicative target of +/- 1 percent of Net Demand and Time Liabilities (NDTL), thereby facilitating monetary policy transmission and adequate flow of credit to the productive sectors of the economy.

Top Stories

No frills demat account introduced

In a bid to boost equity investing, capital market regulator Securities and Exchange Board of India (SEBI) has introduced no-frills or basic trading accounts for small shareholders. All Depository Participants (DPs) will have to provide 'Basic Services Demat Account' (BSDA) having substantial lower costs. BSDAs will have no annual maintenance charges if the value of securities held in the account is less than ₹50,000. If the value is between ₹50,000 and ₹2 lakh, the investor will have to pay annual charge of ₹100.

1/3rd of new ATMs to be visually challenged friendly

Taking serious note of difficulties faced by visually challenged persons in accessing banking services, RBI has asked banks to ensure that 1/3rd of new ATMs installed are talking machines with Braille keypads. Further, it has also asked banks to extend all banking facilities to persons with blindness, low-vision and other disabilities.

Finmin on e-transfer fund charges

To promote cashless transactions, the finance ministry has asked PSBs to reduce the fee to zero for electronic transfer of funds up to ₹1 lakh. Currently, most banks charge a maximum fee of ₹5 per transfer of funds up to ₹1 lakh through the National Electronic Funds Transfer (NEFT) system.

Banking Policies

RBI revises bank finance norms

RBI has revised the norms for bank finance to factoring companies. Now, banks can extend funds for factoring to the Non-Banking Finance Companies (NBFCs) which derive atleast 75% of its income from factoring activities. Furthermore, the assets / income relating to any bill discounting facility extended by the company would be excluded. The financial assistance extended by the companies will have to be secured by hypothecation or assignment of receivables in their favour.

RBI eases overseas borrowing norms for infra companies

Giving a boost to infrastructure sector funding, RBI has relaxed the External Commercial Borrowing (ECB) norms to help companies raise more funds from overseas markets. Companies engaged in the infrastructure sector can now raise bridge finance from overseas markets under the automatic route. They can also raise ECB up to a maximum period of five years for importing capital goods. The permissible limit of ECB has been increased from 50% to 75% of the average forex earnings realised during the past three financial years or 50% of the highest forex earning in a year. The limit of maximum ECB which can be taken by an individual or group company under the scheme has been pegged at $3 billion.

RBI set for a bank supervision overhaul

RBI is transforming the way it monitors and supervises banks, to make the process more forward-looking. The move follows the risks that emerged after the global financial crisis of 2008, with lenders shifting to offer complex products over the traditional ones. India's financial sector will now be evaluated under a dynamic risk-based mechanism - an aspect lacking in the present Capital adequacy, Asset quality, Management quality, Earnings, Liquidity and Sensitivity to market risk (CAMELS) rating system. RBI proposes to replace CAMELS with INROADS (Indian Risk-Oriented and Dynamic Rating System) from the next round of annual financial inspection, in 2013.

Panel to empower bank ombudsman offices

In the wake of increasing complaints to the banking ombudsman, RBI has formed a committee to bring in changes to empower the existing banking ombudsman offices across the country. Mr. M. Sebastian, Chief General Manager, Banking Ombudsman, Andhra Pradesh reveals "one of the key areas of discussion would be the compensation amount which is restricted to ₹10 lakh at present. Besides, every state has only one ombudsman. So we will also be mulling over to bring in regulations for making every bank have its own ombudsman. RBI ombudsman would become the appellate authority headed by the Deputy Governor of RBI."

Interest sop for home loans up to ₹15 lakh

RBI has asked banks to provide 1% interest subsidy for home loans up to ₹15 lakh. The interest subvention scheme has been liberalised w.e.f. 2011-12 by extending it to housing loans up to ₹15 lakh where the cost of the house does not exceed ₹25 lakh. The scheme has since been extended by government and will remain in force up to March 31, 2013. A budgetary provision of ₹400 crore has been made under the scheme for the year 2012-13 by the government. The limit of subsidy for an individual borrower would be ₹14,912 for a loan of ₹15 lakh, and ₹9,925 for a loan of ₹10 lakh. The extended scheme will benefit all housing loans availed in the current financial year.

Banking Developments

Prepaid payment instruments yet to pick up

Mr. G. Padmanabhan, Executive Director, RBI has stated that growth of Prepaid Payment Instruments (PPIs) continues to be sluggish, though non-bank entities also can issue them. PPIs allow purchase of goods and services against the value stored on such instruments. The value stored on such instruments represents the value paid for by the holder, by cash, by debit to a bank account or by credit card. The volume of transactions (2.3%) and value transacted (2.5%) with PPIs as a percentage of total card transactions is also very marginal.

Government will give cash directly to PSBs

The GOI's plan to set up a Financial Holding Company (FHC) for infusing capital into banks has been put on a back-burner. Reportedly, the finance ministry will instead, directly pump money into the PSBs. The government will provide pure equity to banks, and refrain from issuing any debt-linked instruments. The government has budgeted to provide for capital of ₹15,888 crore into PSBs and financial institutions in the current financial year.

Swipe for more than cash at White Label ATMs

Very soon, one can expect to get more than cash from Automated Teller Machines (ATMs). While the new White Label ATM (WLA) regime is yet to commence in India, WLA operators and banks are already drawing up plans to lure customers with loyalty rewards so that they visit their location for all ATM transactions. Under the WLA regime, the operator will have the freedom of setting up ATMs under its own identity. So banks, which were already competing with each other for better visibility and penetration through the ATM network, will need to compete with WLA operators as well.

CRR cut help improve profitability of banks

Indian banks may see their net interest margins improve by at least 2 bps with RBI slashing the CRR by 25 bps. A cut in CRR would help improve the margins and, resultantly, their profitability. A 25 bps cut in CRR will infuse ₹17,000 crore into the banking system. The cut will be more beneficial for banks with higher cost of funds mainly old private sector banks. However, smaller banks will benefit too, as they tend to deploy money in lending rather than SLR securities.

Banks must raise profitability before Basel-III commences

In May 2012, RBI released the final guidelines for Indian banks on Basel-III. Banks will have to comply with these norms between January 2013 and March 2018. Mr. Sunil Soni, Additional Secretary, Department of Financial Services says "in the preparatory phase, if banks can improve their profitability, perhaps the need for capital from government will go down to that extent. If the banks earn well, they can raise funds from the market."

Long term capital infusion plan needed

Dr. C. Rangarajan, Chairman, Economic Advisory Council has cautioned that the government should draw up a long-term programme for capital infusion in PSBs, lest their market share comes down. "Basel-III guidelines are aimed at improving banks' ability to absorb financial shocks and economic stress by raising both the quality and quantity of the regulatory capital base. While several innovative suggestions have been made for raising capital, it is evident that the capital infusion by the government (in PSBs) will remain large and has to be a continuous process."

Government taps banks to ease credit flow to SMEs

In order to boost the manufacturing sector, the finance ministry has decided to streamline and liberalise banks' lending norms for Small and Medium Enterprises (SME) sector. The Department of Financial Services (DFS) has asked PSBs to issue a uniform loan application form for SMEs for loans up to ₹25 lakh. They have been asked to adopt a liberal approach while sanctioning loans for new projects or new units coming up in the SME sector. The government has asked banks to set up an electronic loan tracking system, to enable prospective borrowers in the SME sector to check the status of their loan applications. Banks will be now required to respond to a loan application from an SME company within a stipulated time-frame of 30 days.

Banks credit to consumer durables down

As per RBI data, bank credit to the professional services segment came off steeply by ₹6,580 crore (lower by ₹2,980 crore in the year-ago period) to stand at ₹49,300 crore as on July 27, 2012. Bank credit to the consumer durables segment in the reporting period came down by

₹1,870 crore (lower by ₹350 crore from the year-ago period) to stand at ₹6,930 crore.

Bank deposits outpace credit growth

Deposit accretion in banks continues to outpace loan disbursements this financial year. The trend prompted lending rate and deposit rate cuts by several banks in the period. As per RBI data, bank deposits grew ₹91,853 crore between June 29 and September 7, 2012. Outstanding credit fell by ₹11,153 crore in the same period. In the first five months of the current financial year, deposits were up by ₹2 lakh crore, while credit was up ₹44,904 crore. Credit growth did not pick up due to less demand as people opted to park their savings in bank deposits rather than going for risky investments in an uncertain market. This led to a surge in deposits while disbursements lagged.

Issue cheques with uniform features by September 30

RBI has directed all banks to issue cheques with uniform features conforming to Cheque Truncation System (CTS) 2010 standard by the end of September 2012. The homogeneity in security features act as deterrent against frauds, and the fixed field placement specifications facilitate straight-through-processing at drawee banks' through the use of optical or image character recognition technology. To ensure the time-bound migration to CTS-2010 standard cheque formats, all banks are advised to arrange only “multi-city or payable at par CTS-2010 standard cheques” not later than September 30, 2012.

Regulator's Speak...

Importance of dynamic provisioning

RBI has yet again stressed the importance of dynamic or expected loan loss provisioning to maintain financial stability. Mr. B Mahapatra, Executive Director, RBI avers that “such provisioning can contribute to financial stability by recognising losses early in the cycle at the time of loan origination, by building up buffers in good times that can be used in bad times, thereby limiting the consequences during a downturn. Dynamic provisioning is a tool deserving attention from policy makers and regulators, since it distributes loan losses evenly over the credit cycle, applying the breaks on an important source of pro-cyclicality in banking.”

PSBs need ₹90,000 crore to meet Basel-III norms

RBI has estimated that the government will have to infuse ₹70,000 crore to ₹90,000 crore in capital into PSBs to meet the new global prudential capital requirements as stipulated by Basel-III norms. "If the government opts to maintain its shareholding at the current level, the burden of recapitalisation will be of the order of ₹90,000 crore" said Dr. D. Subbarao, Governor, RBI. "On the other hand, if it reduces its shareholding in every bank to a minimum of 51%, the burden reduces to under 70,000 crore."

Focus on improving investment climate

Mr. H. R. Khan, Deputy Governor, RBI has stated that maintaining and improving confidence in the India story remains a challenge. However, this challenge can be tackled through reduction in the twin deficits *viz.* current account deficit and fiscal deficit, resulting in a better investment climate for both domestic and foreign investors. Fiscal deficit is an economic condition when a government's total expenditure exceeds the revenue it generates. Current account deficit occurs when a country's total imports of goods, services and transfers are greater than its exports. Improving the investment climate in India has to be prioritized to retain the interest of Indian corporates in the country and attract Foreign Direct Investment (FDI) inflows.

Resort to debt restructuring prudently

Mr. Anand Sinha, Deputy Governor, RBI says that banks' loan quality has deteriorated in recent times due to the gloomy economic conditions. However, there is enough capital with the lenders to salvage the situation. Citing the rise in debt restructuring, an analysis of cases by RBI has found that banks have financed highly leveraged corporates, some of which have open positions in the forex market in spite of RBI's cautions and there has been diversion of loans. Mr. Sinha finds debt restructuring a very legitimate way of dealing with stress, but has advised banks to be prudent and do it only when needed.

No signs of stress; liquidity position comfortable

Dr. Subir Gokarn, Deputy Governor, RBI has stated that the current liquidity condition is comfortable, and the currency market has remained stable for the past several weeks. An announcement by the European Central Bank (ECB) to buy government bonds has provided comfort to investors across the globe, including in India. Besides ensuring liquidity in the markets, the ECB's decision to potentially buy unlimited amount of sovereign bonds, would provide assurance that the European bond markets would remain stable.

Do not differentiate between depositors

RBI has asked banks not to differentiate between high-value depositors and small depositors. Dr. K. C. Chakrabarty, Deputy Governor, RBI has stated “there can be reasonable difference (in the interest rates), but a wide chasm is unacceptable. While it is for the banks' boards to decide interest rates; if they don't act proactively, RBI will certainly step in. The charges that banks levy for their services must be transparent and the service charges should be reasonable."

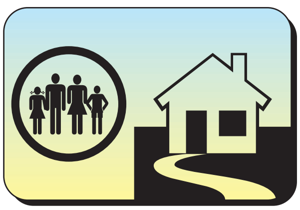
Mobile network operators can't offer cash out facility

Mr. H. R. Khan, Deputy Governor, RBI has stated that it will not allow mobile network operators to offer cash-out facility under their mobile banking services, unless if they work as Business Correspondents (BCs) for banks."There are issues in permitting cash-out in mobile wallet. It is an e-money product. So, in order to refrain Mobile Network Operators (MNOs) from indulging in "bypass banking", we have not permitted cash-outs; unless they act as BCs." Cash-out facility enables a customer to withdraw money using his mobile wallet and is currently not allowed in the country. As for using mobile banking for cross-border remittances, there are security issues due to concerns in the quality of flow, anti-money laundering rules, and 'Know Your Customer' (KYC) rules, among others.

Microfinance

MFIs seek time to margin cap

MFIN, the representative body of Micro Finance Institutions (MFIs), has requested RBI for two years' time to meet the newly-introduced norms on margin cap on loans. RBI wants the margin cap on loans to be revised to 10 % for large MFIs with loans portfolios exceeding ₹100 crore; and 12% for MFIs with portfolio less than ₹100 crore.



Insurance

IRDA chief favours FDI hike in insurance sector

Mr. J. Hari Narayan, Chairman, IRDA has welcomed the suggestion to hike Foreign Direct Investment (FDI) in the sector. "The total volume of money in the IPOs raised by insurance companies is limited. Thus, insurance will benefit by greater levels of investment and hence, we are keen on an increase in FDI in the industry." Talking about replicating the banking sector's "lead banking model," he proposed the idea of "lead insurance model" to focus on the social and rural areas on the basis of geographies.

Standard insurance for rural, social sectors

IRDA has issued a draft proposal on a composite standard insurance product for the rural and social sector. The draft proposes that the sum assured be available in a range from ₹40,000 to ₹2 lakh, with multiples of ₹10,000. Insurers shall be given one unit credit for each life cover and each non-life cover for the sale of one standard product. Insurers shall not be allowed to market any other product to meet social and rural sector obligations. These are products offering either lower benefits for the premiums charged in the standard product or a higher premium which offers lower benefits than the standard product for the premium charged. The bases for expenses, commission & profit margin shall not exceed 25% of the premium. Renewal expense bases shall not exceed 2% of the premium.

IRDA to make insurance policies more investor friendly

IRDA is looking to make insurance policies more investor-friendly by introducing tax exemptions on the same. Since life insurers have been seeking a separate income-tax exemption limit of ₹50,000 for premiums, the latest move will help promote insurance plans as tax-saving instruments. Presently, investments in instruments like insurance policies, pension plans, provident fund, and National Savings Certificates are eligible for combined deduction of ₹1 lakh. Though insurance policies offer low returns *vis-a-vis* other products, both IRDA and the finance ministry is trying to make it more investor-friendly by allowing tax exemptions.

International News

Banks may retreat from Asia swap market

Major Western banks may have to scale back or even withdraw from some of Asia's developing financial derivative markets due to regulatory hurdles and rising costs. Under new global regulations, banks need to put their trades in commonly traded, Over-The-Counter (OTC) derivatives such as interest rate swaps through central clearing houses. However, the rules at new clearing houses in India, China and South Korea, risk making it prohibitively expensive or even impossible for some foreign banks to trade derivatives in these countries.

Forex

Forex reserves rise by $1.26 billion

India's forex reserves rose by $1.26 billion to $290.18 billion on the back of a healthy improvement in currency assets in the week ended August 24. Foreign Currency Assets (FCA) were up by $1.22 billion to $257.87 billion for the week under review. FCAs, expressed in US dollar terms, include the effect of appreciation or depreciation of the non-US currencies i.e. Euro, Pound and Yen, held in the reserves. The gold reserves were unchanged at $25.71 billion. During the week, the Special Drawing Rights (SDRs) were up by $29.4 million to $4.386 billion, while the country's reserve position with IMF also went up by 14.8 million to $2.206 billion.

Benchmark Rates for FCNR(B) Deposits applicable for the month of October 2012					
LIBOR / SWAP For FCNR(B) Deposits					
	LIBOR	SWAPS			
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.97300	0.377	0.453	0.583	0.750
GBP	1.29563	0.7550	0.8104	0.8990	1.0260
EUR	0.64929	0.464	0.570	0.739	0.945
JPY	0.53514	0.288	0.298	0.305	0.358
CAD	2.01200	1.346	1.413	1.500	1.594
AUD	4.35800	2.920	2.978	3.169	3.268
CHF	0.35040	0.125	0.140	0.223	0.323
DKK	0.76500	0.6500	0.7580	0.9220	1.1150
NZD	3.48000	2.715	2.850	2.993	3.133
SEK	2.38000	1.426	1.466	1.539	1.656

Source : FEDAI

Foreign Exchange Reserves		
Item	As on September 21, 2012	
	₹Bn.	US$ Mn.
	1	2
Total Reserves	15,894.4	293,974.4
(a) Foreign Currency Assets	14,071.0	261,031.1
(b) Gold	1,462.1	26,239.4
(c) SDRs	240.4	4,460.4
(d) Reserve Position in the IMF	120.9	2,243.5

Source : Reserve Bank of India (RBI)

Products & Alliances

Organisation	tied up with	Purpose
Reliance Capital Asset Management & SBI Mutual Fund	Ratnakar Bank	Distribution of Reliance Mutual Fund schemes & SBI MF schemes through all the branches of the bank
UTI, Franklin MF	Syndicate Bank	Sale & distribution of its mutual fund schemes
Allahabad Bank & Indian Bank	National Small Industries Corporation	To serve Micro, Small and Medium Enterprises (MSME)
Asian Development Bank	India Infrastructure Finance Co. Ltd. (IIFCL)	To boost the country's infrastructure bond market
SBI	StarAgri Warehousing Ltd	For warehousing receipt financing and collateral management services
SBI	Japan Bank for International Co-operation	To extend financial services to small & mid-tier Japanese enterprises entering India
Tata Motors	J & K Bank	For financing passenger vehicle customers
SIDBI	Kreditanstalt fur Wiederaufbau (KfW)	Channelize funds sourced from KfW for providing innovation finance loans to MSMEs

New Appointments

- Mr. Y. C. Deveshwar has been appointed as Director on Central Board of RBI.
- Mr. K. R. Kamath has been appointed as the Chairman of Indian Banks' Association (IBA).
- Dr. Rakesh Mohan has been appointed as Executive Director of International Monetary Fund (IMF).
- Mr. Onno Ruhl has been appointed as Country Director for India by World Bank.

Bank for International Settlements (Continued...)

Scenario selection

Most bank stress tests were not designed to capture the extreme market events that were experienced. Most firms discovered that one or several aspects of their stress tests did not even broadly match actual developments. In particular, scenarios tended to reflect mild shocks, assume shorter durations and underestimate the correlations between different positions, risk types and markets due to system-wide interactions and feedback effects. Prior to the crisis, "severe" stress scenarios typically resulted in estimates of losses that were no more than a quarter's worth of earnings (and typically much less).

A range of techniques has been used to develop scenarios. Sensitivity tests, which are at the most basic level, generally shock individual parameters or inputs without relating those shocks to an underlying event or real-world outcomes. Given that these scenarios ignore multiple risk factors or feedback effects, their main benefit is that they can provide a fast initial assessment of portfolio sensitivity to a given risk factor and identify certain risk concentrations.

More sophisticated approaches apply shocks to many parameters simultaneously. Approaches are typically either historically based or hypothetical.

Historical scenarios were frequently implemented based on a significant market event experienced in the past. Such stress tests were not able to capture risks in new products that have been at the centre of the crisis. Furthermore, the severity levels and duration of stress indicated by previous episodes proved to be inadequate. The length of the stress period was viewed as unprecedented and so historically based stress tests underestimated the level of risk and interaction between risks.

Banks also implemented hypothetical stress tests, aiming to capture events that had not yet been experienced. Prior to the crisis, however, banks generally applied only moderate scenarios, either in terms of severity or the degree of interaction across portfolios or risk types. At many banks, it was difficult for risk managers to obtain senior management buy-in for more severe scenarios. Scenarios that were considered extreme or innovative were often regarded as implausible by the board and senior management.

Financial Basics

Absorbed Account

An account that has been combined or that has merged with another related account. Accounts are often absorbed into existing accounts as a way of simplifying the accounting process. Once an account has been absorbed the original account will cease to exist, although a paper trail will remain to show how funds have been moved.

Glossary

Prepaid Payment Instruments (PPIs)

Prepaid payment instruments are payment instruments that facilitate purchase of goods and services against the value stored on such instruments. The value stored on such instruments represents the value paid for by the holder, by cash, by debit to a bank account, or by credit card. The Prepaid instruments can be issued as smart cards, magnetic stripe cards, internet accounts, internet wallets, mobile accounts, mobile wallets, paper vouchers and any such instruments which can be used to access the prepaid amount (collectively called Payment Instruments).

Institute's Activities

Training Program Schedule for the months of October & November 2012

Sr. No.	Program	Date
1.	Credit Appraisal Programme	8th to 12th October
2.	Financing SMEs	15th to 19th October
3.	Leadership Development Programme	29th to 31st October
4.	TOPSIM Programme	5th to 6th November

Training activities completed during the month of September 2012

Sr. No.	Program	Date	No. of participants	Venue
1.	Trade Finance	3rd to 7th September	16	IIBF, Leadership Centre.
2.	Risk, Regulation & Compliance	27th to 29th September	30	ICSI-CCGRT, Navi Mumbai

Advanced Management Programme (AMP)

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

News From the Institute

IIBF Vision via mail

The Institute has started sending IIBF Vision from October 2012 onwards via e-mail to all the e-mail addresses registered with the Institute. Candidates who have not registered their e-mail ids are requested to register the same with the Institute at the earliest.

New Certificate examinations

The Institute has on 14th September 2012, at the hands of Shri K. R. Kamath, CMD, PNB and Vice President of the Institute and Shri G. Padmanabhan, ED, RBI launched 4 new Certificate examinations / Courses in IT Security, Rural Banking Operations for RRB staff, Prevention of Cyber Crimes and Fraud Management and Foreign Exchange facilities for individuals. In addition to this, a Certificate course in Microfinance has been introduced in place of Diploma course / examination for Microfinance Professionals. Candidates can take these examinations from December 2012 examination onwards. For more details, visit www.iibf.org.in.

Additional Reading Material for IIBF 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. For more details, visit www.iibf.org.in.

Contact classes for JAIIB / DB&F and CAIIB

The Institute has announced contact classes for JAIIB / DB&F and CAIIB candidates. The schedule for the contact classes are uploaded on the website. For more details, visit www.iibf.org.in.

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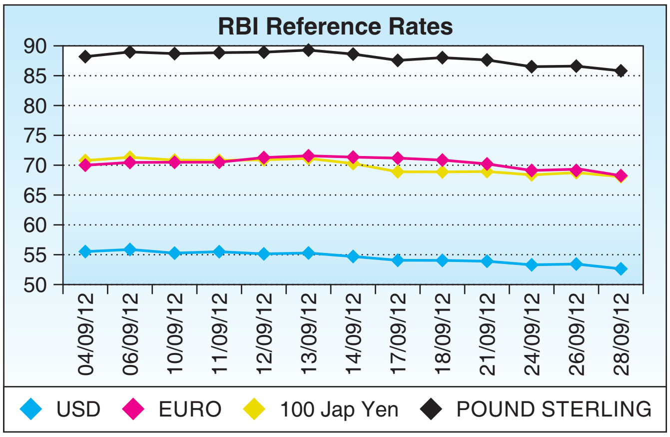
Web-classes & E-learning for JAIIB / DB&F & CAIIB

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

Diamond Jubliee and CH Bhabha Banking Overseas Research Fellowship

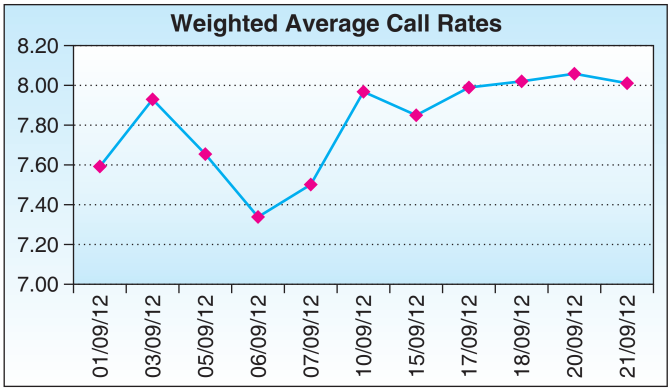
Institute invites proposal for Diamond Jubliee and CH Bhabha Banking Overseas Research Fellowship for the year 2012-13. For details visit www.iibf.org.in.

Market Roundup



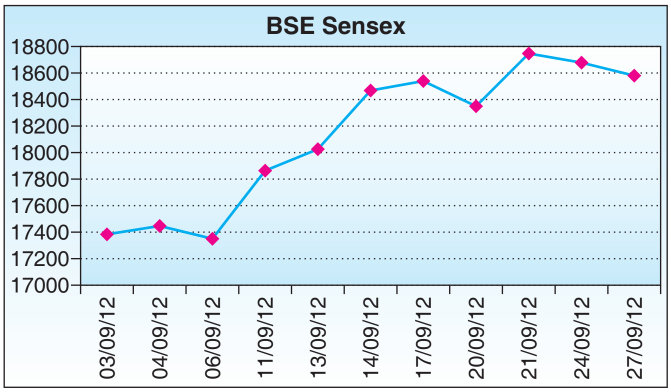
Source : Reserve Bank of India (RBI)

- The Rupee declined 0.2 per cent to 55.66 per dollar on 4th Sep. The Rupee fell easing earlier gains on speculation importers stepped up dollar purchases to benefit from the best exchange rate in more than a week.
- The Rupee advanced 0.5% to 55.65 per dollar on 6th, the biggest increase since August 23rd. The Rupee strengthened the most in two weeks, erasing earlier losses, on speculation that European Central Bank officials would confirm measures to contain their region's debt crisis.
- In sync with the stock market, the Rupee on 7th soared by 30 paise to close at two-week high levels of 55.36 against the dollar on the back of capital inflows after the European Central Bank's announcement to buy bonds.
- The rupee declined on 13th, 0.3 per cent to 55.38 per dollar, the biggest drop since September 5th.
- On 21st Rupee opened at 54.16 against the dollar, touching a high of ₹53.34 during the day and ending at 53.47 compared with close of 54.39 on 20th.
- During the month, Rupee appreciated across the board against all major currencies, 5.11% ($), 2.85%(£), 2.67%(€) and 4.02%(JPY).



Source : CCIL Newsletter for September 2012

- Call rates finished lower at 7.95 per cent on 4th due to lack of demand from borrowing banks.
- The call money rate finished lower on 11th, at 8.05 per cent from 8.10 per cent on 10th due to lack of demand.
- On 13th call rates ended lower at eight per cent. The rates moved in a range of 8.10 per cent and 7.90 per cent.
- Call money rates held steady as demand form borrowing banks matched supplies. It ended steady at 8.05 per cent on 25th.
- The weighted call rates touched a low of 7.34% on 6th and a high of 8.06% on 20th.



Source : Reserve Bank of India (RBI)

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