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Committed to professional excellence

IIBF VISION

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Top Stories

RBI to reduce validity of cheques

Beginning next financial year, RBI reduced the validity of cheques and bank drafts from the present six months to three months. W.e.f. 1st April 2012, banks should not make payments against cheques, drafts, pay-orders or banker's cheques if these are presented after the period of 3 months from the date of issue.

Banks waive off prepayment penalty

RBI had questioned the necessity of levying penalties on borrowers repaying their loans before the maturity period. When long term loans were offered; lenders raised long-term deposits to match their assets and liabilities. So, when the loans are prepaid, banks continue to have long term deposits on their books leading to mismatch. Prepayment penalties were levied to even out this mismatch, but only on the big-ticket loans. These too are being waived off now. The waiver may especially benefit Public Sector Banks (PSBs) since its pricing is competitive, transparent and contains no hidden charges.

Value of cheque transactions down

The total value of transactions carried out using cheques across the country amounted to ₹7.64 lakh crore in September 2011 - down by 1.4% vis-à-vis ₹7.75 lakh crore in September 2010. The number of cheques cleared by banks in September 2011, however, went up by 2.6% vis-à-vis September 2010. A total of 11.12 crore cheques were cleared during September 2011, as compared to 10.84 crore in September 2010. During the April-September period, the total value of transactions carried out using cheques stood at ₹48.88 lakh crore as against ₹49.15 lakh crore in the same period a year ago - a marginal dip of 0.1%. Cheque transactions have been on the decline during the past few years with the growth of the electronic transfer medium. The value of cheque transactions in the country declined by 2.6% y-o-y to ₹101.33 lakh crore in 2010-11.

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

RBI approves new rules for structured derivative offers by banks

RBI has approved for banks to offer structured derivative products (without an underlying derivative) to customers for hedging risk. Banks must seek a resolution of the company board on the limit set for dealing in derivatives. While monitoring this limit, a bank would take into account the absolute notional amount of all derivative contracts entered into by the company. Banks will also need RBI's approval prior to offering these products. Structured derivative products include instruments that are a combination of either cash and one or more generic derivative products; or of two or more generic derivatives.

Foreign investors can invest in IDFs

RBI has allowed foreign investors to invest in debt instruments floated by Infrastructure Debt Funds (IDFs) set up as Non-Banking Financial Companies (NBFCs) or Mutual Funds (MFs). The debt instrument would include foreign currency and rupee bonds. While both individuals and Foreign Institutional Investors (FIIs) are allowed to invest, the regulator has specified the instruments they are eligible to invest in. Eligible foreign investors include High Net worth Individuals (HNIs) registered with SEBI; HNIs registered with SEBI as sub-accounts of SEBI - registered FIIs; and non-residents who fall under Foreign Exchange Management Regulations, 2000. The eligible FIIs include sovereign wealth funds, multilateral agencies, pension funds, insurance and endowment funds and FIIs registered with SEBI. Investment by non-residents in foreign currency and rupee bonds issued by IDFs would be capped at $10billion (within the $25-billion cap for investment by FIIs in the infrastructure sector). No cap is set for NRIs investing in rupee bonds by IDFs.

Interest rate pertinent in decision making

In its Q2 review of monetary policy, RBI has announced that each bank will have to offer a uniform interest rateon SB deposits up to ₹1 lakh. Above that, banks can provide differential interest rates. For a customer, besides product feature and availability, interest rate plays a key role in their decision making matrix. Smaller private sector banks that have moved in response to the freeing up of interest rate on SB deposit have observed that customers do get attracted to higher returns. However, the bigger banks aver that their customers won't go shopping for interest rates as their SB accounts are meant more for day-to-day banking transactions than earning interest.

Scope of RBI's e-trading platform extended to UCBs

RBI has extended the scope of its electronic trading platform - Negotiated Dealing System (NDS) - to the secondary market. In order to widen the secondary market in government securities (GSecs) to involve more participants, RBI has extended direct access to NDS-Order Matching (NDS-OM) to licensed Urban Co-Operative Banks (UCBs) and Systematically Important Non-Deposit taking Non-Banking Finance Companies (NBFC-NDSIs). NBFC-ND-SIs can now acquire shares, stocks, bonds, debentures or GSecs or other marketable securities. However, the extension of direct membership of NDS-OM is subject to the comfort of the RBI's respective regulatory department. Those who are eligible are advised to furnish a no-objection certificate from their respective regulatory departments while applying for an NDS-OM membership. Some of the criteria for direct access to NDS-OM include a Subsidiary General Ledger (SGL) account with RBI membership of NDS, Indian Financial Network (INFINET) connectivity and membership of the Clearing Corporation of India (CCIL).

Banking Developments

LAF borrowings hit the roof

The money markets remained tight with banks accessing a whopping ₹1,31,540 crore from RBI's Liquidity Adjustment Facility (LAF), even as RBI is buying back bonds worth ₹10,000 crore. Mr. Ananth Narayan G., Regional Head, Fixed Income Currencies, Standard Chartered Bank predicts "The money markets will remain tight in December due to the outflow on account of advance tax payments. RBI has not indicated a slash in the Cash Reserve Ratio (CRR), despite liquidity being in short supply; but in the long run, a combination of Open Market Operations (OMOs) and a cut in the CRR may be the best way to manage liquidity". Banks have been extracting around ₹90,000 crore from the RBI's window - much higher than the RBI's comfort level of ₹55,000-60,000 crore. Tight liquidity has pushed up the benchmark yield as well as short-term call rates despite RBI announcing OMO worth ₹10,000 crore to ease pressure on the liquidity.

Loan growth falls below RBI projection

Banks' loan growth fell below 18% on a y-o-y basis for the first time in this financial year, with demand for credit still slack, despite the commencement of the busy season. In October, the loan book of banks shrank nearly ₹60,000 crore (down from the 21.4% at the beginning of the financial year). So far, loan growth has been 5.5%. Banks also reduced their assets in October, with outstanding deposit in the system declining nearly ₹70,000 crore; thus causing the y-o-y deposit growth to fall to 13.5%. With growth of retail deposits remaining healthy, banks have been shedding high cost bulk deposits to reduce their cost of funds. Loan growth has been tepid so far, as interest rates remain high.

RRBs observe healthy growth in SB deposits

People in the rural areas invest more money in Savings Bank (SB) deposits rather than Term Deposits (TDs). In 2010-11, 82 RRBs have observed a rise of nearly ₹15,000 crore in SB deposits; ₹4,800 crore term deposits; and ₹1,100 crore current account deposits. CASA (Current Account Savings Account) deposits constituted almost 60% of the total deposits, due to the vast rural presence and small-ticket deposits. The RRBs have recorded a net profit of ₹1,988 crore - a growth of 5.5% from the previous ₹1,884 crore. This growth was mainly due to a 30% decline in provisions and contingencies during the period. The interest income stood at ₹15,225 crore recording a growth of 17.6 %.

Banks must monitor asset quality closely

RBI has emphasised that banks need to scale up efforts to resolve their existing non-performing assets (NPAs) and tighten their credit management systems. Recoveries have not kept pace with slippages since 2007-2008. Rising interest rates and substantial restructuring done during the crisis period might put further pressure on banks' asset quality which needs to be closely monitored in the changing interest rate environment as the sticky loan portfolio of SMEs might rise. The restructuring of the advances undertaken by the banking sector, has helped the gross NPA to gross advances ratio decline to 2.25% in 2010-11 from 2.39% in the previous year. At a system level, the restructured standard advances as a percentage of gross advances increased to 2.66% at March 2011 from 2.16%.

Financial Inclusion - an emerging opportunity in urban centres

Even as the banking sector reaches out to the financially excluded in rural and semi-urban areas, there is an equally large need and scope emerging in urban India. Over the next two decades, 2/3rds of India's consumption growth will come from urban centres. By 2015, almost 45 million urban households are expected to be in the less-than- ₹2 lakh income category for whom financial inclusion will be relevant. About 60% of these households are concentrated in 67 Tier-I, Tier-II and Tier-III cities, while the rest would be from over 5,000 small towns. Banks would get an overall credit opportunity - viz. housing loans, personal loans and micro-enterprise loans - of about ₹1 lakh crore from this segment alone. There would also be opportunities in insurance, deposits and remittances. If the cost of acquiring new customers is kept low, financial service providers have a potential revenue opportunity of almost ₹15,000 crore. Banks can then use the savings to offset delinquencies.

Banks are hiring engineering graduates

In a bid to attract and retain young customers, banks are now likely to hire engineering and technology graduates. The Institute of Development and Research in Banking Technology (IDRBT) estimates that banks would need atleast 10-20% of technology professionals in their current work force. There are over 3,000 engineering colleges in India and around 15 lakh engineers are graduating every year. Banks will need experts in technology, statistics, maths and business analytics, especially due to the increase in technology-based products. Resultantly, the manpower requirements for banks would diversify further. Technology professionals are increasingly considering careers in PSBs due to expanding nature of the sector and concerns about prevailing economic environment.

2008 credit crisis bailouts may spook banks

RBI has raised the spectre of loans restructured during the 2008 credit crisis becoming a drag on banks amid noise for the next round of bailouts for airlines and power companies. Bad loans for banks as a percentage of total assets would more than double if all the loans that were given special dispensation during the crisis slide back to the non-performing category. With regard to the restructured standard accounts, there was always a concern that the recoveries have not kept pace with slippages. Rising interest rates and substantial amount of restructuring done during the crisis, if not done with due care, might put further pressure on asset quality of banks. If all the loans restructured during the crisis were to turn bad, total NPAs in the system would balloon to 5.01% from 2.35%. There are doubts about the strength of the Indian banking system with thousands of crores of loans for utilities, state-owned power distributors and aviation companies poised to turn bad. Whenever a sector faces tough times, as did real estate in 2008 and now power, there is a call for special dispensation. While it helps to hide the bad loan ratio in the short term, these toxic assets remain in the system, pulling down banks' performance for years.

Indian banks need ₹8 lakh crore by 2019

As per CRISIL's survey, Indian banks would require additional ₹8 lakh crore to meet the minimum capital adequacy under Basel-III norms. The amount is over and above their earnings in the transition period between 2013 and 2019. According to the Basel-III guidelines released in 2010, banks across the globe would need a minimum Capital Adequacy Ratio (CAR) of 10.5% which includes 7% of core equity, 1.5% of non-equity Tier-I capital and 2% of Tier-II capital. The countercyclical buffer of up to 2.5% would increase the total capital adequacy requirement to 13%. The overall CAR of Indian banks was 14.1% as on 31st March 2011.

Commercial Banks can sponsor IDFs

Commercial banks will be allowed to act as sponsors to Infrastructure Debt Funds (IDFs) - both through the MF and NBFC routes - with prior approval from RBI. A sponsor bank shall contribute a minimum equity of 30% and a maximum equity of 49% of the IDF-NBFC. Investment by a bank in the equity of a single IDF MF and NBFC should not exceed 10% of the bank's paid-up share capital and reserves. The investment in the equity of a bank in subsidiary companies, financial services companies, financial institutions, stock and other exchanges, put together should not exceed 20% of the bank's paid-up share capital and reserves. This limit will also cover the bank's investment in IDFs as sponsors. This will form part of their capital market exposure and should be within the specified regulatory limits.

Banks to assist debt recovery tribunals

Following the Finance Ministry's orders, PSBs are busy deputing manpower to the understaffed Debt Recovery Tribunals (DRT). ₹2 lakh crore of loans are stuck in DRTs, which were once established to provide banks with speedy resolution and recovery of disputed loans. Of these, the recovery certificates are yet to be issued for loans worth ₹1.29 lakh crore. There are 33 DRTs and 5 debt recovery appellate tribunals in India. Banks approach DRTs for disputed loans above ₹10lakh for which agricultural land was the underlying security. DRTs are expected to resolve the cases within 6 months. Lenders are banking heavily on recoveries since the need for higher provisioning against rising NPAs is eating into their profits. Most PSBs have reported lower net profits in the Q2 of the current financial year.

Currency swap hedging limits for companies liberalized

RBI revised the guidelines on foreign exchange derivative contracts, removing the cap of $100 million on swap transactions. The move will help companies increase net supply of the foreign currency and is intended to allow banks to sell more currency swaps to companies with overseas debt, at a time when the currency market is highly volatile. As per the guidelines issued in 2010, swap transactions by banks acting as intermediaries were allowed by matching the requirement of corporate counter-parties. While no limit was placed for undertaking swaps to help customers hedge their foreign exchange exposures, a limit of $100 million was placed for net supply of foreign exchange in the market on account of swaps which facilitate customers to assume foreign currency liability.

Spurt in ATMs to shore up fee-based income

The approval given by RBI in 2009 to use 'other bank' ATMs, has encouraged banks to establish more ATMs across the country to garner fee-based income, acquire new customers and service the existing ones. There has been a 24% growth in the number of ATMs set up by banks, to 74,505 ATMs as on March 2011. The number is likely to increase to over 92,000 ATMs in 2011-12, as per a survey conducted by Atos Wordline. Initially, the RBI had completely waived off transaction charges (levied on customer) for using 'other bank' ATMs. However, later this was restricted to 5 transactions (financial and non-financial) a month. ATMs are an integral part of banks' branding, service delivery and expansion strategy. They also help banks become more efficient by diverting customers away from branches to alternative channels. Therefore, most banks are enriching their ATM service offerings and increasing their ATM base. PSBs are leaders in this expansion process; with more than 65% of the total 74,505 ATMs belonging to PSBs. Vis-a-vis banking penetration, off-site ATMs have more relevance than on-site ones. Out of the total net increase in ATMs last year, only 44% were off-site ATMs.

Regulator's Speak...

Use KYC to grow with your customers

Dr. Subir Gokarn, Deputy Governor, RBI has stated that “If you really know your customer, you will be able to grow with your customer. Knowledge capital will enable banks to move from “KYC” to “GYC” (Grow with Your Customer). KYC norms will help banks understand the demographics, income etc which banks could use favourably in serving and thus growing with their customers.” Along with rural financial inclusion, urban financial inclusion also throws open lot of opportunities for banks. Banks should analyze the basic motivating factors for savings and borrowings, which will help them meet the customers' needs better. For all emergencies, the primary source of credit for the financially excluded is the informal sector. Banks need to explore this opportunity and meet these needs, which mean lower cost of borrowings for these people. Encashing the demographic dividend properly is not possible without knowing the customers better. Understanding the motivators for savings and borrowings is the key to making financial inclusion a profitable venture.

Banks should go for fixed-rate products

Exhorting banks to adopt the best corporate governance practices, Mr. Anand Sinha, Deputy Governor, RBI has asked the lenders to go for fixed-rate products rather than pursuing the floating rate regime. By adopting fixed rates, especially for long-term products, banks can not only hedge some credit risks, but also make it more beneficial for customers. In the present scenario, most products, like retail loans, have floating rates. This leaves customers clueless about the interest rates they would face in the future.

Focus on exports necessary

With the widening current account deficit posing a major concern, Mr. H. R. Khan, Deputy Governor, RBI has asked to focus on driving up exports. India is among the countries having a current account deficit (CAD). With its Balance of Payments (BoP) under stress, India has to promote exports to let it not go out of hand. India's CAD hit 3.1% of gross domestic production (GDP) at the end of Q1 (ended June). The Prime Ministers' Economic Advisory Council has pegged CAD at 2.7% for this financial year. Last year, it was 2.6% of the GDP and rose to $14.5 billion from $12 billion in the same quarter of 2010-11, due to an increase in trade deficit and continued net outflow on investment income. The country's external situation was expected to remain manageable; but overall, the BoP outlook for 2011-12 although stable, warrants close monitoring. Improving exports would also allow a greater flexibility to imports - thus giving access to the best of goods and services. Units have flexibility to import quality material, machinery and things which would unclog the bottlenecks in the system.

Inflation won't affect RBI projections : Subir Gokarn

Dr. Subir Gokarn, RBI Deputy Governor has said that "The decline in industrial output in September 2011 and the marginal rise in inflation in October would not affect the RBI's projections for the year." The guidance still stands, based on both the growth number and the inflation number. The Index of Industrial Production (IIP) growth was at the lower end of the possible range. It doesn't have an impact on the projection for the year as a whole. The inflationary trajectory was in line with expectations and the October policy guidance by RBI still held. In its October 25 mid-quarter review of monetary policy, RBI had hinted at a pause, provided inflation started easing from December. Wholesale price index-based inflation in October stood at 9.73%, marginally up from 9.72% in September as prices of food items rose. In September, IIP growth fell to a two-year low of 1.9%, primarily due to poor manufacturing sector output.

Financial inclusion onus on private sector : RBI

Dr. K. C. Chakrabarty, Deputy Governor, RBI avers that "technological support and mainstream banks will play a critical role in achieving financial inclusion in the country. Due to their technological prowess, private sector banks will play a bigger role in achieving financial inclusion, than PSBs. RBI's move to ask banks to open 25% of the new branches in the rural unbanked areas is a pragmatic policy. Financial inclusion is a challenge not just in India, but also globally. Of the 4.7 billion adult population, 2.5 billion has no access to formal banking." He further urges "Society must know the difference between money and credit. If you give credit it has to come back; for everyone needs money. Banks cannot give the money, banks give credit. If there is no obligation on the borrower to (re)pay, the system is bound to fail."

Forex

Forex reserves drop by $5.72 billion

India's forex reserves fell sharply by $5.725 billion in November 2011 after going up by $858 million in October2011. The fall was mainly on account of the foreign currency assets sliding by $3.868 billion and the gold reserves going down by $1.771 billion. RBI doesn't provide a reason for the changes in foreign currency assets but the assets expressed in dollars capture fluctuations in the value of non-US currencies such as the euro, sterling and yen, held in reserves. India's forex reserves stood at $314.665 billion on 4th November 2011. Since December 2010, the reserves have gone up by $17.331 billion.

RBI to banks : 'Keep watch over online forex trading payments'

RBI has asked banks dealing in Foreign Exchange (forex) to exercise due caution and be extra vigilant in transactions that require residents to make margin payments for online forex trading transactions. Card issuing companies have also been asked to remain alert against permitting payments for such unauthorized transactions. RBI has come across cases where overseas forex trading has been introduced on a number of internet / electronic trading portals luring the residents with offers of guaranteed high returns from such trading. Most of the forex trading through the portals is done on a margining basis with huge leverage or on an investment basis, where the returns are based on the trading.

Insurance

IRDA tightens rules for insurance-vending web portals

The Insurance Regulation and Development Authority (IRDA) has tightened rules for Websites (also known as Web aggregators) and portals vending insurance products. Web aggregators are dedicated sites or portals that offer information on insurance products, including premiums and key features across companies. As per IRDA guidelines, companies will now need to have a minimum net worth of ₹10 lakh. They will have to register themselves with IRDA to become eligible for providing insurance-related information on their websites. They will also be required to provide features listed by IRDA of insurance products across all insurers and all insurance genres, apart from updating premium amounts regularly. The websites cannot display ratings, rankings, endorsements or bestsellers of insurance products.

Pension plans must assure returns : IRDA

While scrapping its earlier norm to provide guarantee of 4.5% on the pension products, IRDA has mandated that all the life insurers 'have to' offer some defined assured benefit and disclose it at the time of the sale. Also, all the life insurers selling pension policies must sell annuity products (at the maturity of pension policy) to their customers. The assured benefit will be utilized on the vesting date or on the date of surrender or on date of death. Also the pension products offered by the insurers should have an insurance cover throughout the tenure of the pension policy. Mr. Rituraj Bhattacharjee, Marketing Management Head, Bajaj Allianz Life Insurance, says "The new guidelines have lot of customer friendly features viz. assured benefit like minimum guarantee on premium payable assures downside protection. The option to buy another pension policy obliterates immediate compulsion to convert the proceeds to annuity. The extension of vesting date beyond the originally opted vested date gives flexibility in pension products."

Products & Alliances

Organisation	Organisation tied up with	Purpose
Allahabad Bank	Life Insurance Corporation of India	For maintenance of current account to manage their management expenses and policy payments via NEFT
SBI	Money Gram	Chennai and Mumbai residents can now receive money from abroad in any of SBI's 100 branches. NRIs can deposit money either through Money Gram's locations or online.
Bengal Gramin Bank / Paschim Banga Gramin Bank	Bajaj Allianz	For distribution of their group life insurance products for the bank's loan borrowers and account holders.
ING Vysya Bank	Oriental Insurance Corporation	For offering payment services through branches of the bank across the country.

New Appointments

- Mr. Devinder Pal Singh is appointed as the Chairman and Managing Director of Punjab and Sind Bank.
- Ms. Nupur Mitra took over as Chairperson and Managing Director of Dena Bank.

Bank for International Settlements (Continued...)

Having covered in earlier issues, the various committees including Basel committee on Banking Supervision (BCBS), we furnish some more organs of BIS.

Irving Fisher Committee on Central Bank Statistics

The Irving Fisher Committee on Central Bank Statistics (IFC) is a forum of central bank economists and statisticians, as well as others who want to participate in discussing statistical issues of interest to central banks. The IFC is established and governed by the international central banking community and operates under the auspices of the Bank for International Settlements (BIS). It is associated with the International Statistical Institute (ISI).

The IFC has adopted the name of Irving Fisher, an internationally renowned economist and statistician, for his work on economic measurement and many other topics related to monetary and financial stability of interest to central banks. His wide-ranging contributions to economics and statistics and his multi-disciplinary approach serve as an example for the IFC's objectives and activities.

The Financial Stability Institute (FSI)

The Bank for International Settlements and the Basel Committee on Banking Supervision jointly created the Financial Stability Institute (FSI) in 1999 to assist financial sector supervisors around the world in improving and strengthening their financial systems.

Objectives

The FSI's objectives are to :

- promote sound supervisory standards and practices globally and to support full implementation of these standards in all countries.
- provide supervisors with the latest information on market products, practices and techniques to help them adapt to rapid innovations in the financial sector.
- help supervisors develop solutions to their multiple challenges by sharing experiences in seminars, discussion forums and conferences.
- assist supervisors in employing the practices and tools that will allow them to meet everyday demands and tackle more ambitious goals.

Main activities

The FSI achieves its objectives through the following main activities :

- Events for financial sector supervisors such as conferences, high level meetings, and seminars held in Switzerland and globally
- FSI Connect, an online learning tool and information resource for financial sector supervisors
- Publications such as occasional papers and a quarterly newsletter

Other BIS-hosted organizations

The BIS hosts the secretariats of a number of independent organizations without direct reporting links to the BIS and its member central banks. These are the Financial Stability Board (FSB), the International Association of Insurance Supervisors (IAIS) and the International Association of Deposit Insurers (IADI).

The IAIS and IADI focus on the domains of insurance and deposit insurance, respectively, while the FSB's mission is broader.

The FSB promotes international financial stability through enhanced information exchange and international cooperation in financial supervision and surveillance. It brings together on a regular basis national authorities responsible for financial stability in significant international financial centres, international financial institutions, international regulatory or supervisory bodies, and committees of central bank experts.

Financial Basics

Quanto Swap

A swap with varying combinations of interest rate, currency and equity swap features, where payments are based on the movement of two different countries' interest rates. This is also referred to as a differential or "diff" swap. For example, a typical quanto swap would involve a U.S. investor paying six-month LIBOR in U.S. dollars (for a US$1 million loan), and receive payments in U.S. dollars at the six-month EURIBOR + 75 basis points.

Glossary

Open Market Operations (OMO)

The buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system. Purchases inject money into the banking system and stimulate growth while sales of securities do the opposite. Open market operations are the principal tools of monetary policy.

Institute's Activities

Training Activities at Leadership Centre, IIBF, Kurla

Leadership Programme :

- The Institute had organised 3½ day programme on Leadership Assessment and Development in collaboration with Development Dimensions International(DDI), USA from 20th to 23rd November 2011 and the same was attended by 14 participants.
- The Institute has announced 3 day programme on Powering Branch Managers, in collaboration with Personnel Decisions International (PDI) Ninth House from 15th December to 17th December 2011. For details visit www.iibf.org.in.

Train the Trainers Program :

- The Institute had organised 3 days Train the Trainers Programme (TTP) on "Financial Inclusion" from 28th to 30th November 2011. The program was attended by 40 participants
- The Institute has announced a 6 day International Programme on Training the Trainers (for Banking Institutes and Banks) from 23rd to 28th January 2012.

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News From the Institute

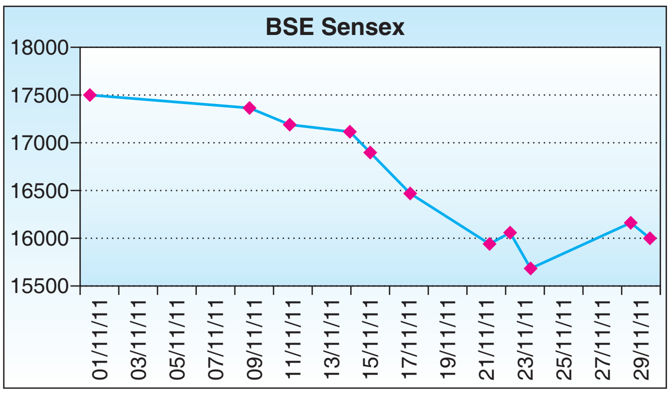
Additional Reading Material for IIBF examinations : The Institute has put in its portal additional reading material for candidates taking various examinations culled out from the Master Circulars of RBI (For details visit site : www.iibf.org.in)

Institute had organised a meeting of the Chief's of HR / Training on 3rd December 2011 to discuss the recent initiatives of IIBF. The meeting was attended by 31 senior HR professionals from Banks.

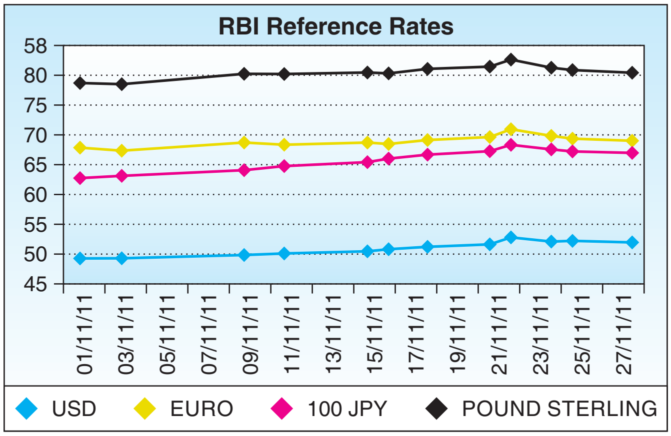
Revised criteria for Fellowship / Associate Members : Institute has revised the criteria for Fellow / Associate members. (For details visit site : www.iibf.org.in)

Diamond Jubliee and CH Bhabha Banking Overseas Research Fellowship : The last date for receiving applications for the Diamond Jubliee and CH Bhabha Banking Overseas Research Fellowship for the year 2011- 12 has been extended to 31st December 2011.

Market Roundup

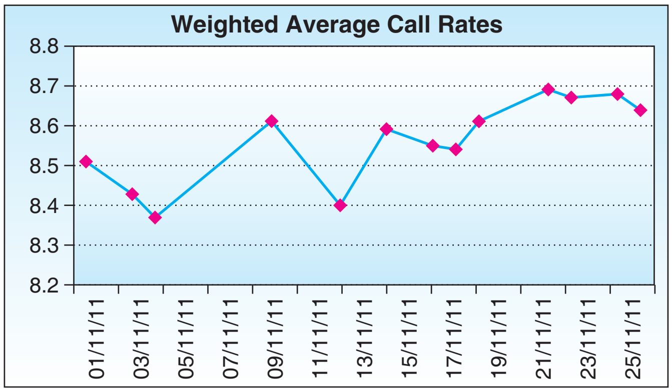


Source : Reserve Bank of India (RBI)



Source : Reserve Bank of India (RBI)

- While Euro fell 3% between August 8 and November 11, the Rupee fell 10% against dollar mid-month
- The Rupee touched 50.74, down 38 paise from 14th close. The Rupee is Asia's worst performing major currency this year having tumbled around 13.4%. Market expects Re to test 51 level.
- Rupee likely to trade in a band of 50.80-51.80, say experts
- On 21st Rupee closed at 52.15 to the US dollar, just above its all-time intraday low of 52.18 in April 2009.
- On the last day of November, the Rupee closed 52.20/21 35% weaker than the close on 29th. Rupee sheds 7% in November. Worst fall in 16 years.
- Clear bias of rupee towards depreciation against major currencies
- During November, Rupee depreciated 2.38% against Euro, 2.33% against Sterling and 5.93% against JPY



Source : CCIL Newsletters, November 2011

- Amidst tight liquidity conditions, call rates remained above 8.5% most of the month.
- Touched high of 8.69%.
- Call money rates may be steady around 8.5% till January 2012 and to 8% thereafter.
- Market expects 25 bps cut in CRR to inject ₹15,000 crore liquidity.

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