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

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Committed to professional excellence

IIBF VISION

Volume No. : 4 Issue No. : 6 January 2012

Mid Quarter Review of Monetary Policy - 16th Dec. 2011

Monetary measures

- The policy repo rate under LAF unchanged at 8.5%.
- Reverse Repo Rate under the LAF unchanged at 7.5%.
- Marginal Standing Facility (MSF) rate at 9.5%.
- Cash Reserve Ratio (CRR) unchanged at 6% .

Growth / inflation projections

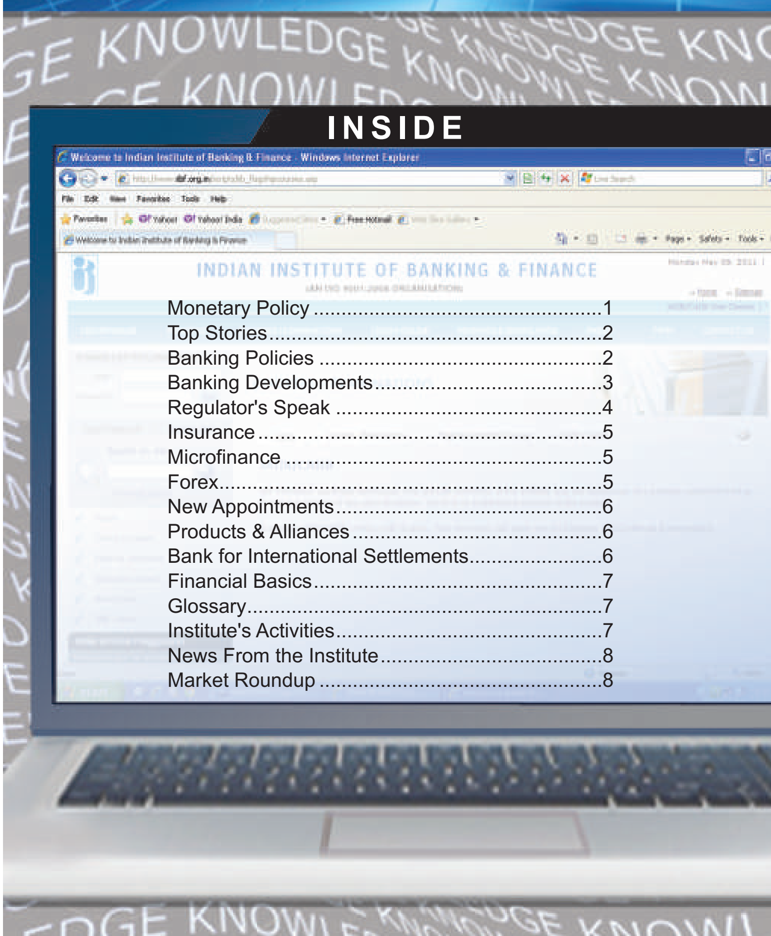
- GDP growth moderated to 6.9% in Q2 of 2011-12.
- On a y-o-y basis, headline WPI inflation moderated to 9.1% in November from 9.7% in October, largely due to decline in primary food articles inflation.
- Fuel group inflation went up marginally.
- Merchandise exports growth decelerated sharply to an average of 13.6% y-o-y in October-November from 40.6% in the first half of 2011-12. As on December 15, 2011, the rupee depreciated by about 17% against the US dollar over its level on August 5, 2011, when the US debt downgrade happened.

Money, Credit and Liquidity Conditions

- The y-o-y money supply (M3) growth moderated from 17.2% at the beginning of the financial year, to 16.3% on December 2, 2011, although still higher than the projected trajectory of 15.5% for the year. Y-o-y non-food credit growth at 17.5% on December 02, 2011, however, was below the indicative projection of 18%.
- Deficit in liquidity conditions increased significantly in the second week of November 2011. The average borrowings under the daily LAF increased to around ₹89,000 crore during November - December (up to December 15, 2011) from around ₹49,000 crore during April-October 2011. To ease liquidity conditions, Reserve Bank of India (RBI) conducted open market operations (OMOs) on three occasions in November - December 2011 for an amount aggregating about ₹24,000 crore.
- Currently, there are no major signs of stress in the money market. The overnight call money rate is stable around the policy repo rate and liquidity facilities such as MSF remain unutilised. However, since borrowings

Institute wishes all its readers a very happy and prosperous New Year - 2012

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

from the LAF are persistently above RBI's comfort zone, further OMOs will be conducted as and when felt appropriate.

Top Stories

Post-consolidation, RRBs' count will reduce to 46

The government has kicked off a major consolidation exercise among Regional Rural Banks (RRBs) - pertinent players in India's financial inclusion drive. An amalgamation of geographically contiguous RRBs within a state is in the offing to help optimize the use of resources. Around 63 RRBs will be amalgamated to create 27 larger and stronger banking entities to improve services for the poor and unbanked. To begin the mergers, the government will need a no-objection certificate from the large commercial banks that sponsor RRBs. Post-mergers; the number of banks will go to 46 from 82, while the number of sponsor banks will fall from 26 to 20. Rural banks have a total network of 16000 branches, 1/3rd of India's total commercial bank branches in the rural and semi-urban centres.

Mobile banking grows 300% in 2010-11

Mobile banking is fast catching up in the country. The total number of mobile banking transactions in 2010-11 was 9.60 million (worth ₹780.648 crore) compared to 2.32 million in 2009-10 (worth ₹191.578 crore) - more than 300% in terms of volume and value. RBI has given approvals to 52 banks for providing mobile-banking service. Inter-bank Mobile Payment Service (IMPS) - developed and operated by the National Payment Corporation of India (NPCI) - has also enabled real-time transfer of funds between accounts in different banks via the mobile phone. The launch of 3G has provided higher data transfer rates and is contributing to this growth.

RBI to issue ₹500 notes with rupee symbol

RBI will shortly issue ₹500 notes having the rupee symbol. The ₹500 notes will be of the Mahatma Gandhi-2005 Series bearing the signature of RBI Governor Dr. D. Subbarao and with the year of printing mentioned on the back of the banknote.

Banking Policies

Bank-branches in Tier-II cities now without RBI nod

RBI has relaxed its branch authorisation policy, allowing banks to open administrative offices or service branches in cities with population of over ₹50,000 but less than ₹1 lakh (as per Census 2001), i.e. Tier-II centres, without its approval. This will enable domestic scheduled commercials banks (other than RRBs) to open administrative offices and Central Processing Centres (CPCs) or service branches in Tier-II centres. The decision follows an observation that branch expansion in Tier-II centres has not happened at the desired pace.

RBI guidelines for banks' investments in non-finance companies

As per RBI's latest directives, equity investment by a bank in a non-financial service company would be subject to a limit of 10% of the company's paid-up capital or 10% of the bank's paid-up capital and reserves, whichever is less. Equity investments held under 'Held for Trading' category would also be reckoned for arriving at this 10% limit. Investments within the 10% limit - whether or not in the 'Held for Trading' category - would not require RBI's approval. RBI has issued these guidelines on the premise that it is possible for a bank, directly or indirectly through their holdings in other entities, to exercise control on financial services companies or have significant influence over them and thus, engage in activities directly or indirectly not permitted to banks.

RBI tells banks to follow KYC norms

RBI has asked banks to strictly follow the Know-Your-Customer (KYC) norms and Anti-Money Laundering (AML) guidelines. Any non-compliance or contravention thereof shall attract penalties under Banking Regulation Act, 1949. Banks are required to prepare a risk profile of each customer and apply enhanced due diligence measures on higher risk customers.

No cap on mobile banking transactions

RBI has removed the transaction limit of ₹50,000 per customer per day through mobile banking. Now, individual banks can place transaction limit based on their own risk perception and their board's approval. Banks are increasingly extending mobile banking facilities to their customers. The volume and value of mobile banking transactions are also showing an uptrend.

Banks can't charge for account closure

RBI has asked banks not to levy any charges on customers closing their accounts, in a bid to make modern banking accessible to all people, including pensioners and the poor.

Banking Developments

Value of card transactions up 33%

Credit card transactions carried out in October 2011 were worth ₹8,997.63 crore - up 33.1% from the same month last year - signifying that people are increasingly opting for electronic means of payment. The number of credit cards in circulation has, however, declined by 3.3% to ₹1.76 crore as on October 31, 2011. Debit card transactions upped by 50.5% in October 2011 to ₹5,591.06 crore. There were over 25.55 crore debit cards in use as on October 31, 2011; up 22.8% from the year-ago period

Credit growth slows; moves closer to 18%

The persistent rate hikes by RBI seem to be effectual. The non-food bank credit increased by 18.2% for October 2011; *vis-a-vis* 20.8% in the previous year. The RBI's projection for credit growth is 18% in the current fiscal. Credit to industry increased by 23.1% (24.8% in the previous year). Credit to services sector increased by 18.2% (21.5%) and credit to commercial real estate increased by 12.8%, (7.6%). Only credit growth to NBFCs increased on a y-o-y basis at 41.5% (26.1%) and credit to personal loans increased by 14.5%, (12%).

Customer contact week

In order to let the Public Sector Banks (PSBs) and their customers know that 'Customer is King', the Finance Ministry had asked PSBs to organize 'customer contact week' in mid-December. This endeavour was conducted to improve customer service, sensitize staff about attending to customers courteously, understand the grievances of staff, and motivate them. During the 'customer contact week', zonal managers, regional managers and other senior functionaries were required to visit various branches for atleast two days, to gauge the customers' (big and small) impression about the bank's service and get feedback on possible improvement.

Small borrowers to get loans as working capital

The Finance Ministry has asked PSBs to lend money as working capital to small borrowers, where the borrower pays interest only on the fund drawn from the bank instead of the entire loan amount. This is to provide more flexibility to small borrowers and reduce their cost of funds, as the borrower can deposit any surplus cash back in the bank and reduce one's debt. The ministry directed all PSBs to convert term-loans given to Self-Help Groups (SHG) to working capital loans by December 31. The move will boost loan books of banks, as, in working capital loan the principal amount is rolled over every year unless the loan is recalled. Also, monitoring working capital loans is easier for banks as they have access to borrowers' transactions. As per latest available data, as on March 31, 2010, outstanding bank loans stood at ₹28,308 crore to ₹48.51 lakh SHGs.

Asia to be fastest growing wholesale banking hub by 2015

According to a McKinsey report, Asia will become a major hub for corporate and investment banking by 2015. The Corporate and Investment Banking (CIB) revenues, which stood at $442 in 2010, would rise to $790 billion. Asia could account for a startling 45% of the global CIB market's growth with the banks' focus shifting from developed Asian nations such as Japan to the two Asian giants, India and China. The study involved a survey of 100 large and 200 mid-sized wholesale banking clients in Asia, along with 45 senior banking executives. McKinsey report says that revenues for banks from mid-corporates would double to almost $308 billion, primarily driven by expansion in India and China. By 2015, Capital markets investment and banking opportunities would double to $158 billion, owing to growth in these countries.

Asset quality of SCBs has declined

RBI has indicated that the asset quality of Scheduled Commercial Banks (SCBs) has deteriorated. Restructured and impaired assets in the power and telecom sectors have increased in recent months. In June 2011, restructured accounts in these sectors together amounted to 8.5% of total restructured accounts of the banking sector as against 5.0% in March 2011. The major sectors that contributed to the increase in NPAs are priority sector, retail, real estate and infrastructure. The gross NPA ratio of SCBs has increased from 2.3% at end March 2011 to 2.8% at end September 2011. Net NPA ratio has increased from 0.9% at end March 2011 to 1.2% at end Sep 2011, while slippage ratio increased from 1.6% to 1.9% between March to September 2011. The growth rate in the first half of 2011-12 at 25.5% is more than triple the average growth rate of 7.4% in the first half years during 2006-2011.

Financial Inclusion to fetch tax benefits

Banks and financial institutions may soon get tax benefits on profits made through activities leading to financial inclusion. Also, any losses these institutions incur as a result, may also be allowed to be carried over for a longer period. Presently, under Section 72 of the Income Tax Act, 1961, losses from any non-speculative business activity can be carried over for up to 8 subsequent assessment years. On this background, tax breaks or carrying over losses for a longer period would give a big boost for incurring new expenditure, especially in areas with low earnings.

Banks throng repo window for arbitrage gains in CPs and CDs

Banks are scrambling to borrow from the repo window to park funds in Commercial Paper (CPs) and Certificate of Deposits (CDs) of a short maturity of 7 to 10 days, to arbitrage, adding further pressure on liquidity. These CPs and CDs are now trading between 9% and 9.25%, while banks can borrow overnight funds from RBI under LAF, by pledging their bonds at a rate of 8.50%. Banks now hold almost 5% excess statutory requirement of 24%. What makes this arbitrage legitimate is that banks can use excess government bonds to borrow under LAF, whilst engaging in secondary market trading in CDs or CPs. However, Mr. Ramesh Krishnan, Head Treasury, Dhanlaxmi Bank, opines that "One has to look at what yields the instruments are being traded at, instead of just looking at the rate of issue."

More capital for investment in financial units outside CME norms

From 1st Jan, 2012, banks will have to set aside more capital for their investment in financial entities that are currently exempted from Capital Market Exposure (CME) norms; for e.g. NSDL, NSE, CCIL and MCX. RBI has ruled that the risk weight and capital requirement should be linked to risk characteristics of the investment; whether they are exempted from CME norms or not. The tightening of risk weight norms comes parallel to the volatility in equity, bond and commodity markets. According to RBI, bank's capital market investments in the banking book, including those exempted from CME norms, will attract risk weight of 125% (i.e. 11.25% of capital charge on gross equity position) or as per the risk weight warranted by external rating (or lack of it) of the counterparty, whichever is higher. Currently, the assigned risk-weight is 100%. However, if such investments are in the trading book, they will attract capital charge of 20.25% or as per the risk weight warranted by external rating (or lack of it) of the counter party, whichever is higher; apart from general market risk at 9% of gross equity position.

RBI flags deteriorating loan portfolios of banks

As per the RBI's Financial Stability Report (FSR), risks are rising for the banking sector even as credit growth slowed and slippages outpaced credit growth since June. The banking sector faced profitability pressures due to higher funding costs and asset quality pressures due to a slowing economy. Even though the Capital to Risk Weighted Assets Ratio (CRAR) and Non-Performing Assets Ratio (NPAR) of Indian banks compared favourably with the major advanced countries and peer emerging market economies, there has been a continuous decline in these parameters. The Systemic Risk Survey conducted by RBI has identified deterioration of asset quality as the highest risk, followed by high market volatility, high interest rates, global risks, etc.

Regulator's Speak...

RBI will ensure liquidity

Dr. D. Subbarao, Governor, RBI has asserted that RBI will take all possible steps to ensure adequate liquidity in the banking system. However, he gave no hints on the possibility of lowering CRR to ease tight cash conditions., The cash crunch, currently hovering around ₹1 lakh crore, is above RBI's comfort zone of 1% of total deposits in the banking system, which roughly translates to ₹60,000 crore at current levels. RBI has bought back ₹24,300 crore of bonds out of a targeted ₹30,000 crore. Meanwhile, RBI has voiced support for FDI in retail, on the premise that it would soften the impact on food prices and help contain inflation.

Adequate liquidity in banking system

Even as RBI conducts open market bond purchases to relieve stress on liquidity, Dr. K. C. Chakrabarty, Deputy Governor, RBI has said that there is sufficient availability of funds in the banking system. Typically, the apex bank undertakes the aforementioned purchases to manage liquidity deficit in the system. In recent times, the RBI infused ₹15,218 crore in the banking system through purchase of Government Securities (G-secs). Furthermore, banks have borrowed around ₹1.02 lakh crore from the RBI's repo auction.

Monetary tightening helped control inflation

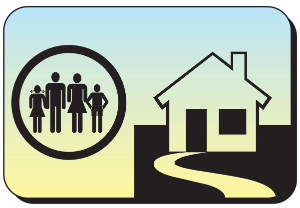
Dr. D. Subbarao, Governor, RBI, avers that maintaining the right balance between growth and curbing inflation within acceptable limits will be a challenging task for the apex bank. Defending the RBI's aggressive monetary tightening policy, which has drawn criticism for its impact on growth, he said, "It is a legitimate concern that inflation has not come down appreciably despite 13 hikes in interest rates since March 2010; but the rate of price rise would have been higher, had monetary tightening not been undertaken. Inflation rate could have been higher at 12-13%, unlike 9.7% at present."

RBI will use all tools if rupee fall escalates

Dr. Subir Gokarn, Deputy Governor, RBI has asserted that RBI will use all available tools to arrest the situation if the Rupee's downward spiral escalates. It will also take steps to ensure adequate liquidity, though cut in reserve ratios is not an option as of now. Smoothing interventions have been carried out and RBI's policy remains to curb volatility in the foreign exchange rate. The Indian currency has depreciated close to 17% since July 2011 on the back of global risk aversion. The currency has lost around 7% in November, when it fell to an all-time low of 52.70 against the green-back. In order to attract foreign currency flows, RBI has announced a slew of measures. It has increased the limit on foreign investment in government and corporate debt instruments; raised ceilings on interest rates on non-resident deposits; and has also enhanced the all-in-cost ceiling for External Commercial Borrowings (ECBs).

MFI's to be allowed ECB limit of up to $10million

According to Mr. H. R. Khan, Deputy Governor, RBI, Microfinance Institutions (MFI) will now be allowed to draw ECBs of up to $10 million; but provided, MFIs present a proper hedging strategy. The move is expected to address the issue of liquidity that the microfinance sector has been reeling under. The regulators also seek to correct an anomaly in the extant rules that allowed only NGO MFIs to leverage the ECB window. The maximum limit was fixed at $5 million, too. MFIs have long been requesting RBI for a review of the situation. On a further note, Mr. Khan has emphasized the need for MFI sector to be increasingly driven by its own CSR initiative - Credibility, Sustainability and Responsibility.



Insurance

Only registered bodies can act as agents training institutes

The Insurance Regulatory and Development Authority of India (IRDA) has issued guidelines for approval and renewal of Agents Training Institutes (ATIs) under which verification and granting licenses for such purpose will be done by a Standing Committee formed by it in 2010. Only those entities registered as company under the Companies Act; and society and trusts under Societies Registration Act shall be eligible to apply for accreditation as ATIs.

Fast-track grievance redress in insurance sector

Grievance redress in the insurance sector has now been fast-tracked with the IRDA setting up the Integrated Grievance Management System (IGMS). Now, a grievance is addressed in around 14 days. Complaints related to non-receipt of policy bonds / contracts documents top the list; followed by mis-selling of policies, especially in unit-linked segment in life insurance. While the customers are happy, the expedition has led to strict action on insurers in some cases. The number of on-site inspections and reported lapses has also gone up.

Microfinance

Merger of small MFIs will help ailing sector

According to Dr. K. C. Chakrabarty, Deputy Governor, RBI, the consolidation of small Micro Finance Institutions (MFIs) struggling to raise money in the face of high non-performing assets (NPAs), would help address the problems of the ailing sector by increasing its creditworthiness. It will help them secure funds with ease. The apex bank brought MFIs under its direct supervision by creating a separate category of MFIs - i.e non-banking financial company MFIs. The new guidelines prescribe stringent provision and lending norms. Nevertheless, Dr. Chakrabarty maintains that the MFIs with a good credit history will continue to receive funding from banks.

Micro-finance bodies unite under common code of conduct

For the first time ever, MFIs in the country grouped under Sa-Dhan and MFIN have united for the cause of common code of conduct, prepared under the joint auspices of Sa-Dhan, the Association of Community Development Finance Institution, and the Micro Finance Institutions Network (MFIN). MFIN mainly comprises of NBFC-MFIs while the membership of Sa-Dhan is more secular in nature and open to not-for- profit MFIs and NGOs as well. The new code insists that MFIs seek to avoid the over-indebtedness of clients. They must conduct due diligence in keeping with their internal credit policy to assess the need and repayment capacity of clients before sanctioning loans. Under no circumstances should MFIs breach the total debt limit for any client as prescribed by the RBI or Central and State Government(s). Copies of the relevant documents, in line with the standard KYC norms, must be obtained.

Forex

Forex reserves up $2.48 billion to $306.8 billion

The country's forex reserves rose for the first time in 4 weeks by $2.479 billion to $306.844, on the back of a sharp increase in the value of gold reserves and foreign currency assets. In the week ended November 26, the reserves had fallen by a whopping $4.259 billion to $304.365 billion. A break-up of the forex reserves shows that appreciation in the price of gold resulted in the value of gold reserves surging by $1.145 billion. The foreign currency assets rose by $1.315 billion. Foreign currency assets expressed in US dollars terms include the effect of appreciation / depreciation of non-US currencies such as Euro, Sterling and Yen held in reserves. The Euro appreciated from $1.332 to $1.3391 against dollar, during the week under review. It had touched a low of $1.324 during the week. SDRs rose by $12 million to $4.501 billion. The country's reserve position in the IMF fell by $7 million to $2.610 billion.

Benchmark Rates for FCNR(B) / NRE Deposits applicable for month of January 2012

LIBOR / SWAP For FCNR(B) Deposits

	LIBOR	SWAPS			
Currency	**1 Year**	**2 Years**	**3 Years**	**4 Years**	**5 Years**
USD	1.12805	0.752	0.858	1.048	1.262
GBP	1.87069	1.3435	1.3680	1.4551	1.5610
EUR	1.91343	1.324	1.388	1.552	1.750
JPY	0.55429	0.384	0.403	0.448	0.498
CAD	1.81200	1.135	1.216	1.325	1.456
AUD	4.88400	3.885	3.925	4.200	4.315
CHF	0.32500	0.125	0.218	0.405	0.603
DKK	1.58400	1.1150	1.2140	1.4000	1.6070
NZD	3.52000	2.725	2.860	3.050	3.300
SEK	2.90000	1.867	1.856	1.895	1.970

Source : FEDAI

Foreign Exchange Reserves

Item	As on Dec. 23, 2011	As on Dec. 23, 2011
	₹Crore	US $ Mn.
Total Reserves	15,84,605	300,863
a) Foreign Currency Assets	14,00,541	265,656
b) Gold	1,46,289	28,041
c) SDRs	23,448	4,448
d) Reserve Position in the IMF	14,327	2,718

Source : RBI

New Appointments

- Mr. B. A. Prabhakar has been appointed as new Chairman and Managing Director of Andhra Bank.
- Mr. B. Raj Kumar has been promoted as Executive Director of Indian Bank.
- Mr. M. S. Raghavan has taken over as Executive Director of Bank of India.
- Mr. K. K. Mishra has joined as Executive Director of Andhra Bank.

Products & Alliances

Organisation	Organisation tied up with	Purpose
Tamilnad Merchantile Bank	UAE Exchange & Financial Services	For offering Xpress Money Services in India. TMB will provide instant money transfer from NRIs to customers and the general public in India through all its branches.
Dhanlaxmi Bank	LIC	To facilitate policy holders to receive policy payments through electronic funds transfer.
MFIN	IFC	In a bid to bring in some responsible finance strategy for microfinance institutions.
RBI	Thinksoft	For testing the RBI's centralized core banking solution. Thinksoft will be responsible for the automation and integration of the banking operations in all regional offices of the bank.
Dena Bank	Tata Motors	To provide loan up to 85% (on road) to eligible borrowers on merits for purchase of commercial vehicles manufactured by Tata Motors for maximum tenure of 7 years.

Bank for International Settlements (Continued...)

Recently Bank for International Settlements released the consultative paper on the revision of core principles for Effective Banking Supervision and has invited comments on all aspects by 20th March 2012. The paper is of paramount importance especially to Central Bankers and in general to all bankers. It provides for the basic framework for supervision of banks by respective National Supervisors.

As the paper provides a glimpse of BIS thinking to Bank supervision after the 2008-09 financial crisis, it will be interesting for the Indian Bankers to understand the same. In our efforts to bring the latest from BIS to our readers, we propose to provide a summary of the document in ensuing "IIBF Vision" publications.

Summary

- The Core Principles for Effective Banking Supervision (Core Principles) are the *de facto* minimum standard for sound prudential regulation and supervision of banks and banking systems. Originally issued by the Basel Committee on Banking Supervision (the Committee) in 1997, they are used by countries as a benchmark for assessing the quality of their supervisory systems and for identifying future work to achieve a baseline level of sound supervisory practices. The Core Principles are also used by the International Monetary Fund (IMF) and the World Bank, in the context of the Financial Sector Assessment Programme (FSAP), to assess the effectiveness of countries' banking supervisory systems and practices.
- The Core Principles were last revised by the Committee in October 2006 in cooperation with supervisors around the world. In its October 2010 Report to the G20 on response to the financial crisis, the Committee announced its plan to review the Core Principles as part of its ongoing work to strengthen supervisory practices worldwide.
- In March 2011, the Core Principles Group was mandated by the Committee to review and update the Core Principles. The Committee's mandate was to conduct the review taking into account significant developments in the global financial markets and regulatory landscape since October 2006, including post-crisis lessons for promoting sound supervisory systems. The intent was to ensure the continued relevance of the Core Principles for promoting effective banking supervision in all countries over time and changing environments.
- In conducting the review, the Committee has sought to achieve the right balance in raising the bar for sound supervision while retaining the Core Principles as a flexible, globally applicable standard. By reinforcing the proportionality concept, the revised Core Principles and their assessment criteria accommodate a diverse range of banking systems. The proportionate approach also allows assessments of compliance with the Core Principles that are commensurate with the risk profile and systemic importance of a broad spectrum of banks (from large internationally active banks to small, non-complex deposit-taking institutions).
- Both the existing Core Principles and the associated Core Principles Methodology (assessment methodology) have served their purpose well in terms of helping countries to assess their supervisory systems and identify areas for improvement. While conscious efforts were made to maintain continuity and comparability as far as possible, the Committee has merged the Core Principles and the assessment methodology into a single comprehensive document. The revised set of twenty-nine Core Principles have also been reorganized to foster their implementation through a more logical structure starting with supervisory powers, responsibilities and functions, and followed by supervisory expectations of banks, emphasizing the importance of good corporate governance and risk management, as well as compliance with supervisory standards.

Financial Basics

'Rate-Improvement Mortgage'

A type of fixed-rate mortgage, which contains a clause that entitles the borrower to reduce the fixed-interest-rate charge on the mortgage once, and early in the mortgage. The option will be exercised when interest rates fall lower than the borrowers initial mortgage rate. There is typically a fee associated with exercising this option, and the initial mortgage might have a higher-than market-interest rate and / or high costs. However, the rate reduction option could save the borrower the costs of refinancing which might be more than the cost of using their rate improvement option.

Glossary

Held for Trading

Held-for-trading securities (or simply trading securities) are considered short-term assets, and their accounting is handled as such. Held for trading securities include debt and equity instruments that are held for short periods of time, purchased with the intention of profiting from short-term price changes.

Institute's Activities

Training Activities at Leadership Centre, IIBF, Kurla

Leadership Programme :

The Institute had organised a 3 day leadership programme on Powering Branch Managers, in collaboration with Personnel Decisions International (PDI) Ninth House from 15th December to 17th December 2011 and the same was attended by 20 participants.

Train the Trainer's Program :

The Institute has also announced a 6 day Train the Trainers Programme (TTP) for International as well as

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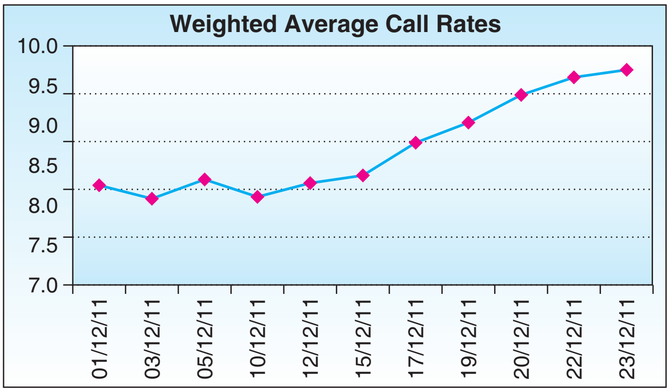
Indian participants on Training the Trainers (for Banking Institutes and Banks) from 23rd to 28th January 2012.

News From the Institute

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

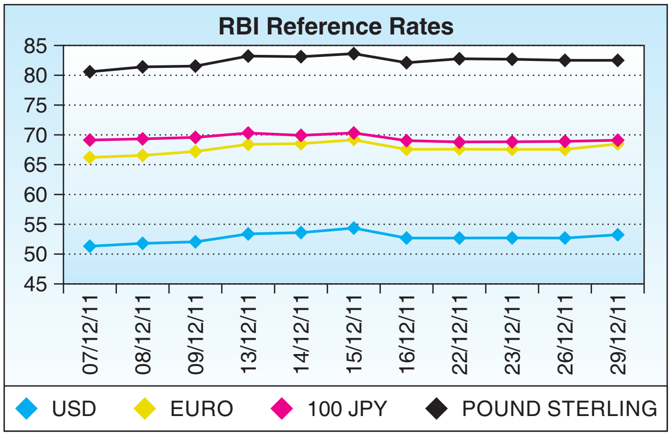
Institute had organised a meeting on 3rd December 2011 with General Managers (GMs) / Heads of HR to discuss the recent initiatives of IIBF. The meeting was attended by 31 senior bankers from the HR / Training departments of bank.

Market Roundup



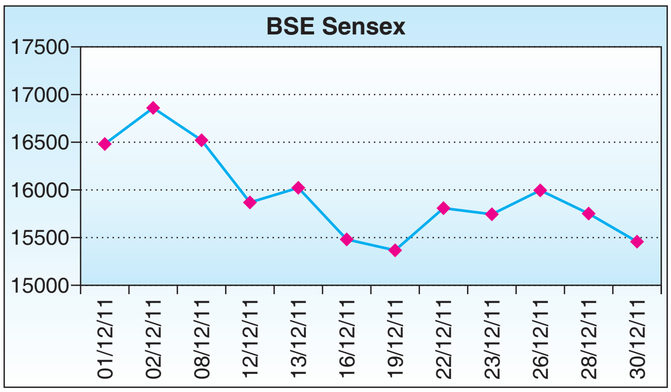
Source : CCIL Newsletters, December 2011

- Generally tight liquidity conditions prevailed in the market.
- Call money rates firmed up after 10 days into the month.
- Call money market provided arbitrage opportunities when it touched 9.76% on December 23rd.
- Call rates remained positive on the overnight call money market for want of funds in the system.



Source : Reserve Bank of India (RBI)

- The Rupee closed 1.4% higher at 51.46 to the dollar on Dec 1st. Expectations of FIIs bringing in around ₹50,000 crore by investing in Indian corporate and government debt cheered up the currency market.
- The outlook remains weak for Rupee. It may move to ₹53.50-54 per dollar, according to analysts.
- The Rupee, the worst performing Asian currency, ended 0.7% lower at 53.22 to the US dollar on 13th, after touching an intra-day low of 53.52.
- The Rupee ended at 53.66 to the dollar on 15th after plunging to a low of 54.20. RBI steps in to curb volatility in Rupee.
- RBI curbs pay off for now, Rupee surges 2% to 52.70. The Rupee ended at 52.70 to the dollar from its previous close of 53.65. It had touched a low of 54.20 on 15th.
- The Rupee ends steady on RBI intervention talk. The Rupee closed steady on 29th at its previous close of 53.06 / 07 to the dollar after touching a low of 53.51.
- Forex market generally remained choppy with rupee depreciating against USD, GBP, JPY and slightly appreciating against Euro during the month.



Source : Reserve Bank of India (RBI)

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INDIAN INSTITUTE OF BANKING & FINANCE
Kohinoor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.
Tel. : 91-22-2503 9604 / 9746 / 9907 ● Fax : 91-22-2503 7332
Telegram : INSTIEXAM ● E-mail : iibgen@bom5.vsnl.net.in
Website : www.iibf.org.in