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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2^{nd} Quarter Review of Monetary Policy-24^{th} Oct. 2011

Monetary Measures

- **Repo Rate** - Increased the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 8.25% to 8.5% with immediate effect
- **Reverse Repo Rate** - The reverse repo rate under the LAF, determined with a spread of 100 basis points below the repo rate, automatically adjusts to 7.5% with immediate effect.
- **Marginal Standing Facility (MSF) Rate** - The Marginal Standing Facility (MSF) rate, determined with a spread of 100 basis points above the repo rate, stands recalibrated at 9.5% with immediate effect
- **Bank Rate** - The Bank Rate has been retained at 6.0%.
- **Cash Reserve Ratio** - The Cash Reserve Ratio (CRR) of scheduled banks has been retained at 6.0 % of their Net Demand and Time Liabilities (NDTL).

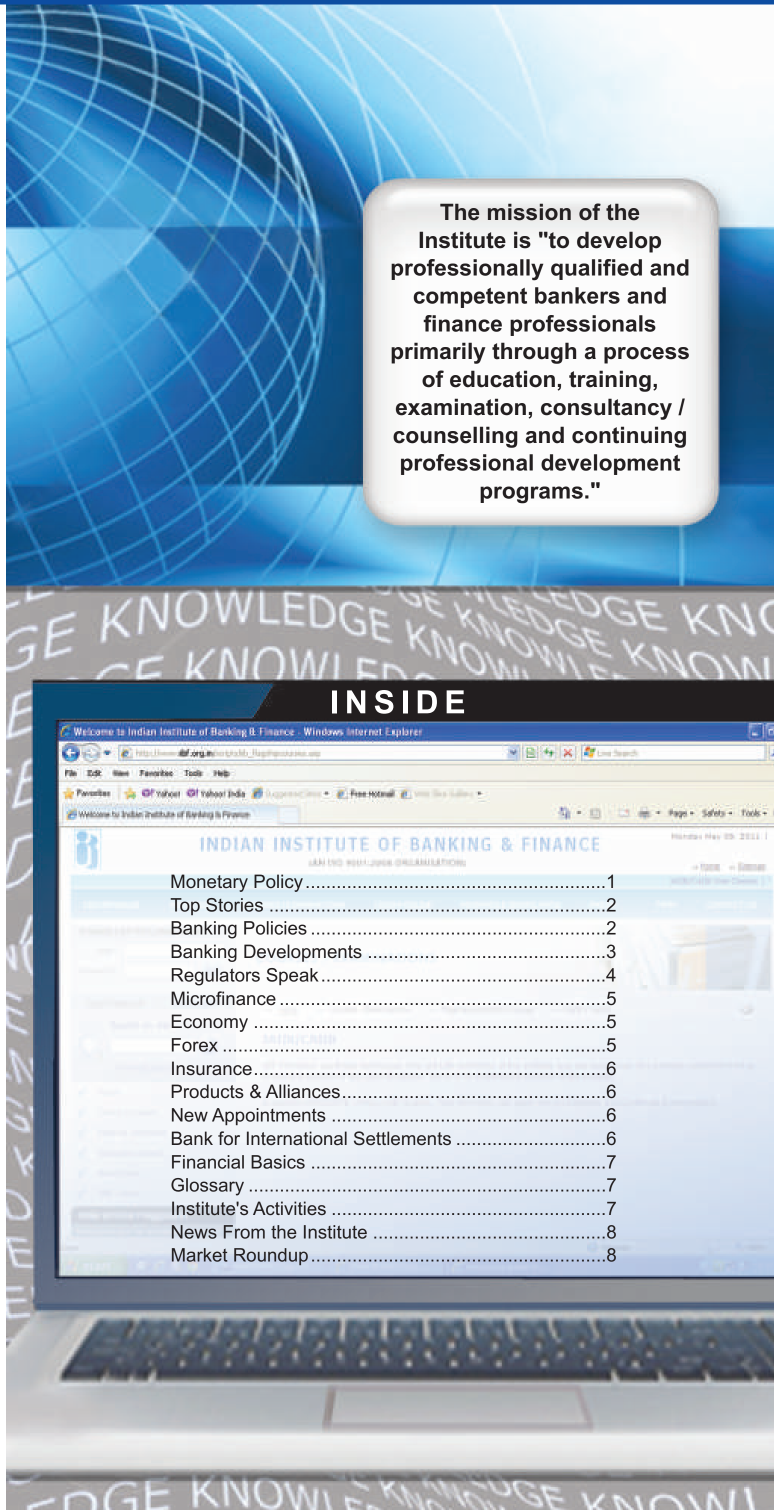
Monetary Aggregates

The current trends in money supply (M_3) and credit growth remain above the indicative trajectories of Reserve Bank. Deposit growth has been much higher this year than that in the last year due to increase in interest rates, especially of term deposits. Credit growth showed some moderation for a time, but thereafter it accelerated again. It is expected that monetary aggregates will evolve along the projected trajectory indicated in the First Quarter Review of Monetary Policy. Accordingly, M_3 growth projection for 2011-12 has been retained at 15.5% and growth of non-food credit at 18%

Deregulation of Savings Bank Deposit Interest Rate.

Reserve Bank of India announced deregulation of the interest rate on savings bank deposits with immediate effect. Accordingly, banks are free to determine their savings bank deposit interest rate, subject to the following two conditions

- Each bank will have to offer a uniform interest rate on savings bank deposits up to ₹1 lakh, irrespective of the amount in the account within this limit.



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

- For savings bank deposits over ₹1 lakh, a bank may provide differential rates of interest, if it so chooses. However, there should not be any discrimination from customer to customer on interest rates for similar amount of deposit.

Top Stories

3-year rural posting "must" for new bank clerks

The A. K. Khandelwal committee has recommended that new clerk recruits in PSBs will have to serve three years mandatorily in rural and semi-urban areas. Banks will decide on where to give these postings which are to be completed within the first 10 years of service. Also, only graduates will now be eligible to take clerical examinations for banks, as opposed to intermediate passed candidates at present. Each bank will have to carry out detailed and structured man power planning exercise every year for five years, linking it with strategic and business plans. The Government has accepted these recommendations and has asked banks to prepare (and get approved from their boards of directors) a human resource plan incorporating the recommendations by December 31, 2011

Jail for default in fund transfer via ECS

RBI has communicated that the rules against dis-honour of cheques, according to section 138 of the Negotiable Instruments Act, 1881, would apply for dis-honour of electronic fund transfer instruction. Section 25 of the Payment and Settlement Systems Act, 2007 accords the same rights and remedies to the payee (beneficiary) against the dis-honour of electronic funds transfer instruction as are available to the payee under the Negotiable Instruments Act.

No 'demand' for 'drafts'

Banks are seeing a significant dip in the requests for issue of Demand Drafts (DDs), thanks to technologies like NEFT and RTGS. Until 3-4 years back, DDs used to be irreplaceable for payment of fees for recruitment tests, academic exams and government transactions. However now, almost all major recruiters such as Public Service Commissions, banks and academic institutions have switched to online payments; thus making DDs almost redundant. Most businessmen too prefer using the electronic mode as its fast service ensures no blocking of funds; vis-a-vis DDs that take a couple of days to clear.

5000 'brown label' ATMs on anvil

The banking industry is rapidly moving towards the Brown-Label ATM model. Hughes Communications India, a broadband satellite service provider will set up 5000 brown label ATMs in the country. In a 'brown label' ATM the hardware as well as lease is under the ownership of the service provider, while connectivity and cash handling & management is the responsibility of the sponsor bank. The model has two primary benefits viz. banks will not have to lock their funds in a fast depreciating asset since the capital investment would be undertaken by the ATM vendor. Also, since the vendor gets a fee for every transaction from the bank whose ATM card is being used, there is an incentive to ensure efficiency in terms of usage.

Banking Policies

Norms relaxed for small ticket remittances

RBI has relaxed norms for smooth remittance of small-ticket funds by the migrant population. Cash pay-out arrangement for amounts being transferred out of bank accounts to beneficiaries not having a bank account has been liberalized. RBI has enhanced the transactions cap from the existing limit of ₹5000 to ₹10000, subject to an overall monthly cap of ₹25000 per beneficiary. The new rules will enable walk-in customers not having bank account to transfer funds to bank accounts.

NRI accounts in any freely convertible currency

Indians having non-resident accounts in India can now hold them in any currency which is fully convertible, says RBI. The move is likely to help NRIs get more options in the holding of accounts, and lessen the risk from fluctuations in major currencies. Earlier, FCNR (B) account holders were allowed to hold accounts only in Pound Sterling, US Dollar, Japanese Yen, Euro, Canadian Dollar and Australian Dollar

Growth back on RBI agenda

RBI has chosen to observe that while inflation risk persists, the monetary policy trajectory will have to be guided by the emerging growth inflation dynamics, even as transmission of the past actions is still unfolding. Nevertheless, RBI maintains that food price inflation remains high due to structural mismatches in non cereal primary food articles and large MSP revisions. Moreover, real wage inflation has been significant in 2010-11; and the wedge between wage inflation and CPI inflation has increased further in Q1 of 2011-12.

ECB norms eased for infrastructure

RBI has liberalized the External Commercial Borrowings (ECB) policy for the infrastructure sector. Direct foreign equity holders with a minimum 25% of paid-up capital in an Indian company engaged exclusively in the development of infrastructure, would be permitted to provide credit enhancement for the domestic debt raised by the Indian firm through the issue of capital market instruments. For indirect foreign equity holders, the minimum share of the paid-up capital has been set at 51%. No prior approval will be required from RBI for providing these enhancements. Indian companies in the infrastructure sector to utilize 25% of the fresh ECB raised by the corporate towards refinancing of the rupee loans availed by them from the domestic banking system under certain conditions. Atleast 75% of the fresh ECB proposed to be raised should be utilized for capital expenditure towards "new infrastructure projects". For the remaining 25%, refinance shall only be utilized for repayment of rupee loans availed for capital expenditure of an infrastructure project completed and for those which are outstanding in the books of the financing bank concerned.

Automated data reporting norms to RBI for IT Firms

RBI's decision to automate the process of filing regulatory reports has opened a flood of opportunities for technology firms. The move is aimed at minimizing errors and manipulation in reports that are submitted periodically by banks to RBI. Industry players expect banks to invest over ₹500 crore over the next one year to migrate to the 'automated data flow solution'

RBI approves banks and NBFCs to set up IDFs

RBI has confirmed that banks, non-banking finance companies (NBFCs) and NBFC-Infrastructure Finance Company (NBFC-IFCs) can now sponsor infrastructure debt funds (IDF) via either the mutual fund route or the NBFC route. Banks sponsoring an IDF via the MF route would need to comply with the existing prudential limits, including those on investments in financial services companies, and limits capital market exposure. A NBFC sponsoring an IDF through a MF would need to have minimum net owned funds (NOF) of ₹300 crore and a CAR of 15%. Moreover, their NPAs need to be less than 3% of the net advances. The NBFC should have been in existence for at least five years; have earned profits for atleast 3 years. To sponsor via the NBFC route, the bank or NBFC would need to contribute a minimum equity of 30% and a maximum of 49% of the IDF. NBFC-IFCs sponsoring IDFs should have same NOF as NBFCs sponsoring IDFs and should be rated atleast "A" by an accredited agency.

Independent Audit Panel needed for foreign banks

RBI has made it mandatory for foreign banks to form an independent audit committee of its board members to strengthen corporate governance practices. The committee should monitor the work done by concurrent audit, statutory audit, internal audit and compliance of RBI inspection very closely and should take an active role in the appointment of statutory auditors. RBI had noticed that the Indian arms of foreign banks in India generally do not have a separate audit committee vested with the responsibility of examining and reviewing inspection/ audit reports for their compliance.

Banking Developments

PSBs should open more branches in North East

The Government of India (GOI) has directed PSBs to open branches in every un-banked block in the North East by September 2012. The seven sister states are home to 70 unbanked blocks and 55 underbanked districts, as banks have generally shied away from this economically backward terrain mired by insurgency. The GOI wants at least one branch for every village with a population of 5000. Severe communication bottlenecks have stifled economic and banking development in the North East so far. To surmount these hurdles, the Usha Thorat committee had advocated IT adoption levels and usage of intermediaries like Business Correspondents (BCs) to serve these areas.

One holding company for PSU banks likely

The finance ministry is planning to alter its way of controlling PSBs, so as to raise lots of additional capital. It believes that one common holding company to unite the 21 PSBs could eliminate ad hoc last minute infusion of resources practiced so far and will allow the parent firm to raise debt at home and abroad. The company may even be allowed to list later, which will enable it to raise equity as well as debt for the banks. However, as banks raise new capital, the government's share is bound to go down. To maintain control, the government is considering innovations such as differential voting rights, golden shares or shares with zero voting rights to preserve the public sector nature of these banks.

RRBs asked to open 1600 branches in FY-12

The government has directed Regional Rural Banks (RRBs) to collectively open a whopping 1600 branches this fiscal - 60% more than commercial banks opened in rural areas in FY-11. The move aims at accelerating banking penetration in rural and semi urban centres. As on March 2011, 82 RRBs had 16004 branches, constituting 1/3rd of the total commercial bank branches in rural and semi urban centres. The ministry wants RRBs to increase the tally by 10% to 17600 by March 2012 and then open another 1760 branches next fiscal to cater to the yet-unbanked huge populace.

Credit growth strong, but likely to moderate

In its Q2 review for macroeconomic and monetary developments, RBI states that credit growth has remained strong, notwithstanding the successive interest rate hikes. Thus, in spite of a moderate injection of primary liquidity through LAF transactions, broad money growth has stayed above the indicative trajectory, fuelled by endogenous factors like strong credit growth and high deposit growth, and bolstered by substitution from currency to deposits. Later, however, credit growth could moderate as growth decelerates and inflation moderates.

Fund scarcity in overseas markets hits Indian banks

The financial crisis in the US and Europe has hit the overseas borrowing plans of several Indian banks due to a severe scarcity of funds in these markets. Though the LIBOR rates are low overseas, banks are shying away from lending and are not participating in the syndication exercise. Downgrading of Greece banks by rating agencies has further aggravated the woes of financial markets.

Government seeks details of funds needed by PSBs ahead of Basel-III

The Government has asked PSBs to submit a detailed plan on their capital requirements for a decade, in a run-up to the implementation of new global banking rules aka Basel-III from January 2013. Being a dominant shareholder in these banks, the government is bound to provide them capital support to ensure that loan requirements of Indian firms and households are met. The efforts to work out a comprehensive plan could well be because the capital needs could be substantial and may pose a challenge, given the government's finances at the moment. Basel-III aims to prevent a repeat of 2008 when the government had to bail out banks following the financial meltdown. This time, the effort will be to ensure that shareholders take the knock instead of tax payers. This will call for banks bolstering their capital. The government hopes to control at least 58% in PSBs and ensure that banks maintain a minimum 8% Tier-I Capital Adequacy Ratio (CAR) - more than RBI's prescribed 6%. According to RBI's annual report, local banks are well capitalized and Basel-III norms are unlikely to put undue pressure on the system, although a few individual banks may need to raise additional capital to comply with these standards. Banks' collective capital risk-weighted assets ratio under Basel-II stood at 13.8% at the end of June 2011 - well above RBI's stipulated 9%.

Debit cards get an upper hand

Marking a subtle change in electronic payment transactions, this year, for the first time, people have used debit cards more often than credit cards. According to RBI, credit card transactions touched ₹256 lakh, while ₹266 lakh transactions were done using debit cards. This is due to easy availability of PoS terminals and sops offered by banks on debit card spends.

Banks notice profit on RBI arbitrage window

Banks are noticing an arbitraging opportunity by borrowing from RBI and investing in higher yielding short-term instruments like one-month Certificate of Deposits (CDs) and one-month Commercial Papers (CPs). One month CDs are now traded at 9.20% while one-month CPs are being traded at 9.50%. The traded volumes in the CD market also jumped to ₹12434 crore on 23rd Sep'2011 from ₹6,480 crore on 13th Sep'2011. Banks can borrow from RBI's repo window at 8.25% on an overnight basis against G-secs. On an average, banks have borrowed ₹67,000 crore from RBI's repo window. This is despite the fact that the banking system is flush with incremental deposits worth ₹3,14,000 crore (6%) so far this year, compared with a fresh loan disbursal of ₹1,32,000 crore (3.4%). The repo borrowing has risen steadily inspite of robust deposit mobilization. Banks holding excess G-secs are using funds borrowed from RBI to invest in high-yield CDs and CPs. The excess SLR in the system is about 7%. The entire banking sector has invested about 31% of its deposits in bonds; against the stipulated 24%.

White-label ATMs to be introduced

Hoping to cut transactions costs for banks, the Finance Ministry has asked RBI to allow common ATMs that will be owned and managed by non-banking entities. Called white-label ATMs, these money dispensers are proposed to be located in non-traditional areas and would levy some usage-fee on the customers. Globally, such ATMs are operated by Euronext, Clear Card and Ezee ATM. Currently, banks allow customers of other banks five free transactions of cash withdrawal at their ATMs per month but end up paying around ₹3,000 crore a year to settle inter-bank transaction costs. Setting up a white label ATM may also increase the quantum of withdrawal from an ATM. As of now, banks fix a cash limit at ATM based on the usage.

Regulator's Speak...

No rate hike pause for now

Dr. D. Subbarao, Governor, RBI reiterated his commitment to tame prices even at the cost of hurting growth as he exclaimed "Had we not raised the rates, can you imagine how high would have been the inflation? Despite so much tightening, inflation ran as high as 9.8% as of August. We have to weigh growth, inflation and external factors influencing the economy." Many have been lobbying for a pause in interest rate hikes since higher cost of funds is hurting economic expansion. However, RBI believes that in the absence of sufficient action from the government to improve supplies, demand should be curbed by making money more expensive.

Another rate hike possible

Dr Subir Gokarn, Deputy Governor, RBI has stated that RBI might hike interest rates further if high inflation persists. "We raise rates not because it is not an end in itself; but only if we see the problem persisting. Once we see the problem easing off, then that would provide basis for a change."

Supervision of MFIs cannot be outsourced

Dr. K.C. Chakraborty, Deputy Governor, RBI has stated that "RBI has no plans to outsource its existing regulatory and supervisory framework for MFIs. We're not opposed to decentralizing the monitoring of MFIs but it has to be done through opening of RBI's own branches in remote locations where MFIs are operating, since the monitoring needs to be kept under RBI's jurisdiction." The proposed MFI bill envisages a greater role for RBI in regulating the MFI sector. It is meant to enable the orderly growth of MFIs, provide universal access to such finance for the poor, and regulate the sector.

Microfinance

Microfin industry shrunk by ₹10,000 crore in 11months

The size of Indian microfinance sector is shrinking fast, following the crisis in Andhra Pradesh, the largest market for micro lenders in the country. The crisis has affected the access that poor people had to formal funding. So far, banks have not been able to fill the credit gap in rural centres. Micro-lenders have proposed to restructure their loans to small borrowers in AP.

Economy

IMF backs RBI's tightening policy

The International Monetary Fund (IMF) has endorsed the current monetary tightening in India, ahead of the policy review by RBI, providing a counter to the rising demand for a pause in interest rate hikes. In China, India and Korea, where inflation remains above target and inflation expectations have continued to rise, the current pace of monetary tightening remains appropriate. Core inflation has increased in Hong Kong, India, Indonesia, Korea, Malaysia and Thailand, because the second-round effect of previous commodity price rises have resulted in generalized inflationary pressures. The multilateral lender has pared Asia's growth forecast by half a percentage point to 6.25% in 2011 from April 2011 forecast, blaming it on the deteriorating exports outlook in advanced economies due to the euro zone debt crisis and a slowdown in the US. It has suggested that Asia needs to focus more on domestic growth. The impact will be less for domestic demand-led economies such as India. It has upheld its September growth forecast of 7.8% for 2011 and 7.5% in 2012 for India, but has warned that corporate funding in India could be hit if the European crisis worsens.

Forex

Forex reserves rise $527 million

Forex reserves stood at $317.5 billion as on October 14 - up $526.9 million over previous week. The rise was largely contributed by sharp rise in foreign currency assets which increased $519 million to touch $281.65 billion.

Benchmark Rates for FCNR(B) / NRE Deposits applicable for month of November 2011

LIBOR / SWAP For NRE Deposits					
Currency	LIBOR		SWAPS		
	1 Year	2 Years	3 Years		
USD	0.93561	0.6100	0.7660		

LIBOR / SWAP For FCNR(B) Deposits					
Currency	LIBOR		SWAPS		
	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.93561	0.610	0.766	1.048	1.366
GBP	1.76031	1.3673	1.4970	1.6918	1.8850
EUR	2.08188	1.553	1.680	1.845	2.043
JPY	0.55250	0.361	0.384	0.425	0.491
CAD	1.70500	1.178	1.354	1.534	1.719
AUD	5.01875	4.280	4.370	4.620	4.750
CHF	0.30783	0.188	0.363	0.583	0.828
HKD	0.46000	0.6100	0.8000	1.0900	1.3600
DKK	1.8100	1.573	1.702	1.942	2.143
SGD	0.34500	0.500	0.760	1.000	1.230
SEK	2.84500	2.224	2.226	2.332	2.443
MYR	3.22000	3.220	3.300	3.400	3.540

Source : FEDAI

Foreign Exchange Reserves		
Item	As on Oct. 21, 2011	As on Oct. 21, 2011
	₹Crore	US $ Mn.
Total Reserves	15,90,751	318,358
a) Foreign Currency Assets	14,14,549	282,514
b) Gold	1,40,266	28,667
c) SDRs	22,743	4,542
d) Reserve Position in the IMF	13,193	2,635

Source : RBI

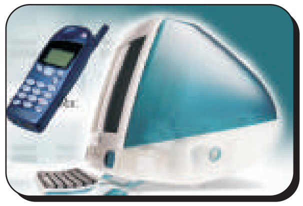
Insurance

Annuity must accompany all pension plans: IRDA

The Insurance Regulatory and Development Authority (IRDA) is insistent that all pension products should provide pension to policyholders. Mr J. Hari Narayan, Chairman, IRDA explains, "Many traditional pension plans are not accompanied by annuity. This defeats the entire purpose of a pension plan. Till now, if the annuity is not mandated, the policy holder is given a lumpsum at the end of the policy tenure. It works like a retirement fund, where the accumulation happens but the policyholder is not bound to buy an annuity from it. However, we now want to make annuity compulsory for all traditional pension products".

Insurers get profitability clause waiver for IPOs

SEBI has withdrawn a major roadblock for life insurance companies wanting to hit the capital market with IPOs. It has removed the 3-year profitability clause applicable to all companies as a precondition for tapping the capital markets. The move is expected to bring relief to the majority of life insurance companies as most of them are yet to underwrite any profits. However, they will still have to go for additional disclosures as required by IRDA over & above the disclosure norms set by SEBI. Furthermore, considering the upcoming IPO guidelines, over the past one year, most of the private life insurance payers have stopped expanding their network and even brought down their force. According to the draft guidelines, insurance companies which have completed 10 years of operations will be allowed to tap the capital market and the valuation would be based on the embedded value calculated by a method designed by the Institute of Actuaries of India. Insurers have to seek formal approval from IRDA and final approval from SEBI. They have to disclose their balance sheet, premiums, commission expenses and operating expenses quarterly.



Products & Alliances

Organisation	Organisation tied up with	Purpose
OBC	Oriental Insurance	For selling medi-claim policies to its customers & employees which includes cashless family floater providing cover between ₹1 lakh to ₹5 lakh
Canara Bank	HSBC and OBC Life nsurance.	The joint venture has launched "Smart Sanchay Plan" that provides life cover and accident protection along with fixed returns. It is a limited pay product with premium payment of 5 years and policy term of 10 years.
Allahabad Money	Aditya Birla Bank	The bank's customers will be able to invest in equities, derivatives, commodities & IPOs online from ABM's single window.

New Appointments

- Mr. Ajai Kumar has been appointed as Chairman and Managing Director of Corporation Bank.
- Mr. Jitesh Khosla has been appointed as Chairman of UTI Asset Management.
- Mr. N. Shankar has been appointed as Chairman and Managing Director of Export Credit Guarantee Corporation of India Ltd.
- Mr. S.Chandrasekharan has been appointed as Executive Director of UCO Bank

Bank for International Settlements (Continued...)

Pillar II-Risk Management and Supervision

Supplemental Pillar 2 requirements.

Address firm-wide governance and risk management; capturing the risk of off-balance sheet exposures and securitisation activities; managing risk concentrations; providing incentives for banks to better manage risk and returns over the long term; sound compensation practices; valuation practices; stress testing; accounting standards for financial instruments; corporate governance; and supervisory colleges.

Pillar III-Market Discipline

Revised Pillar 3 disclosures requirements

The requirements introduced relate to securitisation exposures and sponsorship of off balance sheet vehicles.

Enhanced disclosures on the detail of the components of regulatory capital and their reconciliation to the reported accounts will be required, including a comprehensive explanation of how a bank calculates its regulatory capital ratios.

Liquidity-Global liquidity standard and supervisory monitoring

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) will require banks to have sufficient high-quality liquid assets to withstand a 30-day stressed funding scenario that is specified by supervisors.

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is a longer-term structural ratio designed to address liquidity mismatches. It covers the entire balance sheet and provides incentives for banks to use stable sources of funding.

Principles for Sound Liquidity Risk Management and Supervision

The Committee's 2008 guidance entitled Principles takes account of lessons learned during the crisis and are based on a fundamental review of sound practices for managing liquidity risk in banking organizations.

Supervisory monitoring

The liquidity framework includes a common set of monitoring metrics to assist supervisors in identifying and analyzing liquidity risk trends at both the bank and system-wide level.

SIFIs

In addition to meeting the Basel III requirements, global Systemically Important Financial Institutions (SIFIs) must have higher loss absorbency capacity to reflect the greater risks that they pose to the financial system. The Committee has developed a methodology that includes both quantitative indicators and qualitative elements to identify global SIFIs. The additional loss absorbency requirements are to be met with a progressive Common Equity Tier 1 (CET1) capital requirement ranging from 1% to 2.5%, depending on a bank's systemic importance. A consultative document was submitted to the Financial Stability Board (FSB), which is coordinating the overall set of measures to reduce the moral hazard posed by global systemically important financial institutions.

Financial Basics

Purchase Mortgage Market:

A mortgage market for home financing transactions. The primary mortgage market is broken into two types of transactions: purchases and refinances. Both fall under the overall category of mortgage originations. The purchase market is driven by broad economic factors such as employment and income growth and the rate of home price appreciation. The purchase market also has a seasonal factor as most people move during the spring and summer months. The purchase mortgage market has a sub-category of mortgages known as relocation mortgages. While purchase mortgages and refinance mortgages are different in purpose, the level of activity in each is highly correlated to the other. For example, if home prices rise, creating equity in existing homes, some people might be motivated to "step-up" in housing by purchasing a bigger home with their newly available larger down payment, while others might extract that equity through a cash-out refinance.

Glossary

LIBOR RATE

LIBOR is the interest rate that international banks charge each other for loans (usually in euro/dollars). This rate is applicable to the short-term international inter-bank market and also applies to very large loans borrowed for anywhere for one day to five years.

Institute's Activities

Training Activities at Leadership Centre, IIBF, Kurla

Train the Trainers Program

- The Institute has announced a 3 day Train the Trainers Programme (TTP) on "Financial Inclusion" from 28th to 30th November 2011.
- The Institute has also announced a 6 day International Programme on Training the Trainers (for Banking Institutes and Banks) from 5th to 10th December 2011.
- The Institute has announced 3½ day programme on Leadership Assessment and Development in collaboration with Development Dimensions International (DDI), USA from 20th to 23rd November 2011. For details visit www.iibf.org.in.

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.

The Institute had organized TOPSIM - Universal Banking Program in collaboration with TATA Interactive Systems on 20th and 21st October 2011 and the same was attended by 23 participants.

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News From the Institute

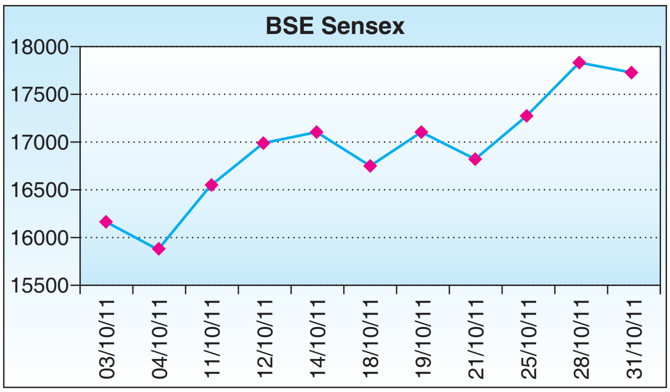
Additional Reading Material for IIBF examinations : The Institute has put in its portal additional reading material for candidates taking various examinations culled out from the Master Circulars of RBI (For details visit site : www.iibf.org.in)

Webex classes : Institute is organising web classes for JAIIB / DB&F and CAIIB candidates. The access to the sessions will be provided to all the candidates who register for November / December 2011 examinations. The candidates can access these lessons at their convenience and from their place of choice.

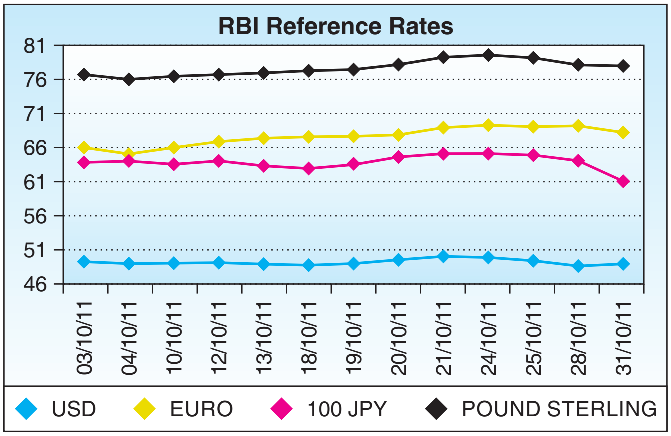
Mock Test: The Institute will be offering Mock Test facility to DBF / JAIIB/CAIIB candidates with effect from 1st October 2011. For details visit www.iibf.org.in.

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

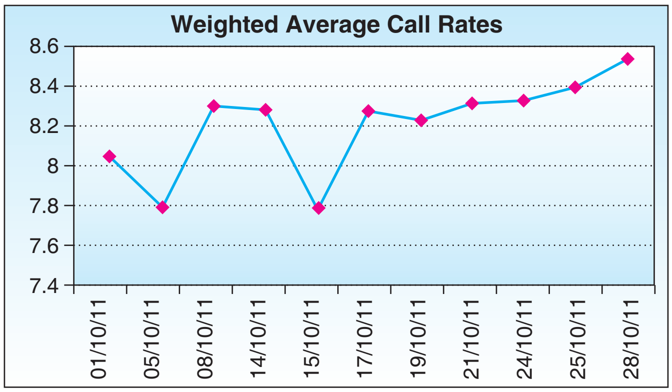


Source : Reserve Bank of India (RBI)



Source : Reserve Bank of India (RBI)

- The rupee weakened to 49.1575 per dollar on 3rd after data showed the current account deficit widened and concerns about the global economic outlook curbed demand for emerging-market assets.
- On 11th, Rupee posts biggest single-day fall in 3 weeks, Yields slip
- Rupee on 20th drops 1.3%. Hits 1-month low of 49.81/$
- The Rupee has depreciated more than 10% since the start of September. Analysts predict Rupee may hit 51.50/$ in Q3.
- General bias towards depreciation seen against dollar
- Rupee depreciated against Euro by 2.62% in the month
- JPY closed at Rs.61.51 registering an appreciation of 4.11%
- Sterling Pds remained erratic and closed with an overall depreciation of 1.81%



Source : CCIL Newsletters, October 2011

- Call rates remain largely range bound.
- Slight liquidity comfort seen during mid-month.
- Touched a high of 8.53 on 28th.
- According to experts, call rates are expected to remain at the higher end of corridor at 8.25% levels sighting tight systemic liquidity.

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