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IIBF VISION

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Top Stories

NRI deposits take a big jump

At a time when foreign institutional investors (FIIs) are continuing to pull-out from India, capital inflows from deposits by non-resident Indians (NRIs) have registered a sharp jump. Attracted by higher interest rates, NRIs have deposited over half a billion dollars (\$513 million) in Indian banks in September this fiscal, compared to the withdrawal of \$428 million in August. The total amount of NRI deposits in various accounts rose to \$787 million in the April-September period, compared to withdrawals of \$78 million in the same period last year.

RBI buys back Rs.10,000 crore of MSS bonds

The Reserve Bank of India (RBI) has bought back Rs.10,000 crore of Market Stabilisation Scheme (MSS) dated securities, as part of the measures to infuse liquidity into the system. The RBI bought back two Government Securities (Gsecs) viz., 6.65% 2009 paper and the 5.48% 2009 paper. The notified amounts for both papers were Rs.5,000/- crore each.

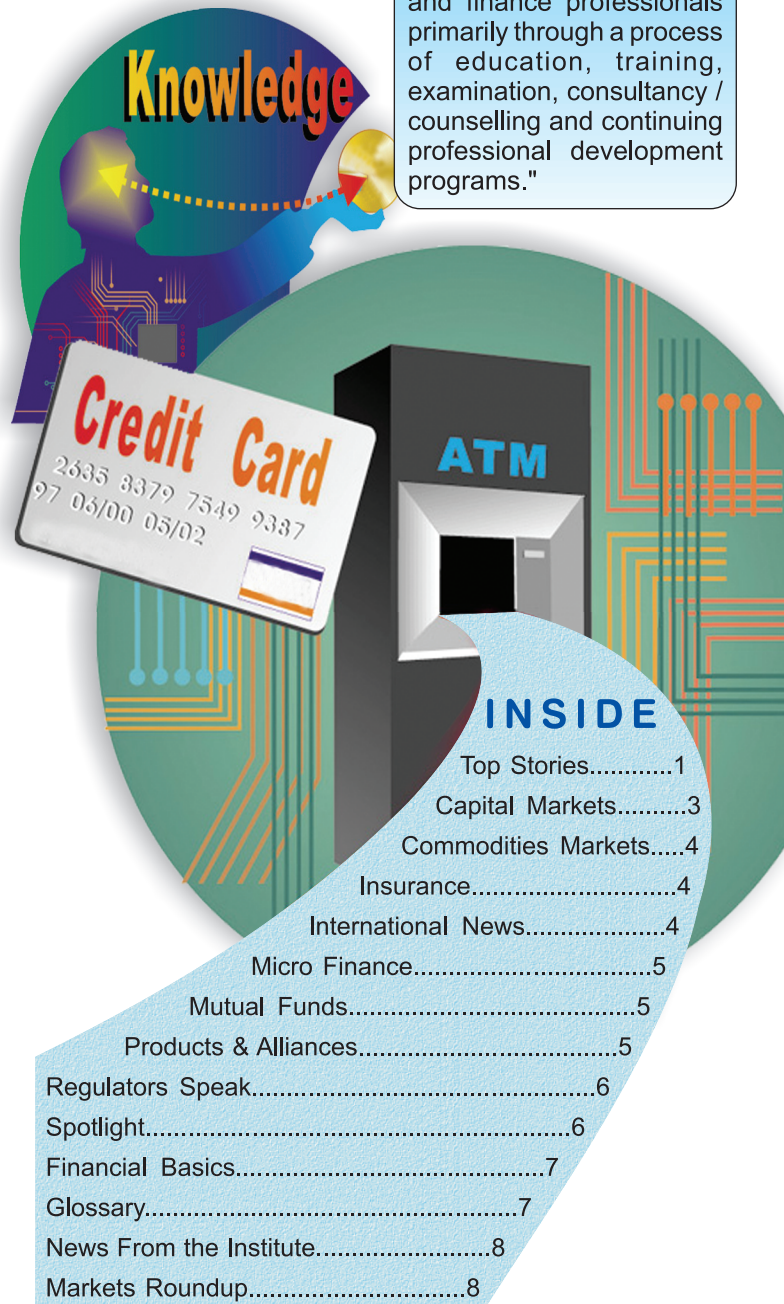
Food Coupons, Prepaid cards may come under RBI glare

Meal vouchers and prepaid cash cards may come under the regulatory scanner. In an attempt to check possible money-laundering, the RBI has proposed that only banks and finance companies be allowed to issue prepaid cards acceptable outside a closed group. This means that issuers who are neither banks nor finance companies will have to restrict card issuance to a closed group.

Lenders wary of loans to NBFCs

State-owned banks are apprehensive that the Finance Minister directive to lend to mutual funds (MFs) and non-banking finance companies (NBFCs) may result in a sharp increase in delinquencies. "The NBFCs have contaminated assets. As per reports NBFCs hold about Rs.3,50,000 crore of assets. Thus in case of any problem, the whole banking system will be contaminated" fears a

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chairman of a public sector bank (PSB). RBI has agreed to provide Rs.20,000 crore to banks under the special repo window for on-lending to MFs and NBFCs.

PSU banks agree with FM, cut prime rates

Large PSBs have decided to lower their prime lending rates (PLRs) by 0.75%, in line with the commitment made to the Finance Minister. Bank of India (BoI), Canara Bank, Indian Overseas Bank (IOB) and Syndicate Bank have decided to lower lending rates from 14% to 13.25%. Among other banks, Union Bank of India and Punjab National Bank (PNB) have taken the lead in cutting PLR by 50 basis points (bps) to 13.5%.

Banks protest service levied on forex deals

In a move that could impact banks' profitability from forex trade, the Revenue Department has asked them to pay 0.25% service tax on every forex transaction. Crucially, the tax will be levied on the rupee equivalent amount for every forex transaction. That is perhaps why banks are majorly upset with this move. "The presumptive rate of 0.25% on the turnover is unrealistic, considering the market realities. Banks do not make this much profit from forex transactions," says an Indian Banks' Association (IBA) official.

RBI allows NBFCs to raise \$10 million in foreign currency

After MFs and banks, the RBI has stepped in to help cash-strapped NBFCs by allowing a majority of them to raise up to \$10 million through short-term foreign currency loans. The RBI will allow systemically important non-deposit taking NBFCs to raise resources for refinancing short-term liabilities on a temporary basis. NBFCs have been barred from booking fresh assets out of resources raised through short-term foreign currency loans.

IBA opens a new front to support MFs & NBFCs

In what comes as a shot in the arm for MFs and NBFCs, the IBA has extended its full co-operation to such institutions severely impacted by the liquidity crunch, if they find liquidity support hard to come from banks. "We are working in co-ordination with the Association of Mutual Funds in India (AMFI), and have already resolved a few cases referred by them," said Dr. K. Ramakrishnan, chief executive, IBA.

NABARD releases 50% of Debt Waiver Claims to Co-ops & RRBs

The National Bank for Agriculture and Rural Development (NABARD) has released more than 50% of the claims to Co-operatives and Regional Rural Banks (RRBs) under the Debt Waiver and Debt Relief Scheme 2008 of Government of India. Mr. U. C. Sarangi,

Chairman, NABARD has indicated that Rs.10,200 crore have already been released to those banks which have submitted certified audited claims. The total amount accorded is Rs.17,500/- crore which will be released after receipt of certified claims from all the banks.

Union Bank to hire 5,000 more this fiscal

Union Bank of India is planning to hire an additional staff of 5,000 for manning the over-500 branches that the bank will be opening in the next five months. Mr. M. V. Nair, Chairman and Managing Director (CMD), Union Bank of India, has said that the bank will recruit 4,000 officers and 1,000 clerical and other staff. The bank currently has about 2,552 outlets, which will go up to around 3,000 by end of the current fiscal after the recently received RBI approval for opening 539 branches. These physical outlets will be the key drivers to servicing customers. The bank will open 110 branches in districts where it has no presence. It will also try to increase network in the North-East region.

Dhanalakshmi Bank to raise staff strength by one-third

Kerala-based private sector lender Dhanalakshmi Bank plans to recruit around 400 employees, almost 1/3rd of its present strength, to tap more business. "At present, the branches are under-staffed and looking at the business potential, we have decided to add two persons per branch. Currently the bank employee strength is around 1,400," says the bank's newly-appointed Chief Executive and Managing Director Mr. Amitabh Chaturvedi. Mr. Chaturvedi has taken charge in October, 2008 for a three year period. The Thrissur based bank has a strong presence in Kerala though the region is saturated with a wide net-work of private and public sector banks.

Profit making RRBs can expand branch network

The RBI has relaxed the norms for opening of new branches by RRBs, a move that will facilitate the growth of profit making RRBs. RBI has relaxed the conditions (from five, to two) for setting up more branches by the RRBs. Under the new norms, a RRB, which has not defaulted in maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), will be allowed to expand its branch network. RBI has removed the conditions like review of irregularities by NABARD, no fresh recruitment for manning new branches and lower NPA level than the RRB average.

RBI allows HFCs to raise funds from overseas

RBI has allowed the cash-starved Housing Finance Corporations (HFCs) to raise short-term foreign currency-denominated funds from overseas markets. HFCs can raise resources up to \$10 million or 50% of

their net owned fund, whichever is higher, for refinancing the short-term liability.

Central Bank of India to expand overseas; eyes NRI deposits

Central Bank of India is planning to expand its foreign presence. The public-sector lender has approached RBI for permission to open representative offices in five locations - Singapore, Dubai, Doha, London and Hong Kong. This is the first time the bank is venturing an independent overseas foray after the Sethia scam in the 1970s forced a closure of its London office.

Union Bank covers Women SHG members under Janshree Bima Yojna

Union Bank of India, in a tie up with Life Insurance Corporation of India (LIC) has brought 30,052 women belonging to 3475 Self Help Groups (SHGs) spread across 510 of its rural / semi-urban branches, under its Janshree Bima Yojana. The scheme is effective for providing a life cum accidental insurance cover at a very low premium. Forming of SHGs and later linking them with credit has always been an imperative area for the bank, as this helps in building capacity by generating new avenues of income generation thus enabling the members to improve their living standards. Janshree Bima Yojana of LIC is exclusively meant for women members of credit linked SHGs. SHGs exclusively for women are on a rise and they mainly consist of the bread winners of their family. But any sudden untoward incident like permanent physical disability or death can cripple the family into the penury for at least one more generation.

Bank of Baroda opens Electronic Banking Service in UAE

Bank of Baroda (BoB) has opened a new Electronic Banking Service Unit in Mussafah Abu Dhabi. India's Ambassador to the UAE, His Excellency Mr. Talmiz Ahmad and CMD, BoB, Mr. M. D. Mallya inaugurated the unit at the Mussafah area of the UAE Capital. This is the second EBSU of BoB in UAE, the other one being in Jebel Ali, Dubai.

IndusInd gets RBI nod for expansion

The RBI has allowed IndusInd Bank to open 30 new branches, 50 new offsite ATMs and six mobile ATMs in the next few months. The regulator had earlier denied the bank permission to open new branches due to some issues regarding promoter stakeholding in the bank. Earlier this fiscal, IndusInd Bank has raised Rs.222 crore from the overseas market.

HDFC Bank unveils faster ATM facility

HDFC Bank will offer faster transactions and personalized messages through direct banking channels

such as ATMs, Internet banking and phone banking. The bank will offer this facility using "Apra eMarketing" software, powered by NCR Corporation. The software will help reduce the number of clicks for withdrawing money from ATMs by 40%, said Mr. Rahul Bhagat, Country Head for Retail Liabilities, Marketing and Direct Banking Channels, HDFC Bank. The bank has launched the new ATM feature as a pilot in Pune and will be extending it to other cities soon.

RBI cancels licence of a co-op bank

The RBI has directed a cancellation of the license of The Ankleshwar Nagarik Sahakari Bank, after its business closed down on November 18, 2008.

New Rs.5 coin

The RBI will put into circulation, new copper-nickel coins of Rs. 5 issued to commemorate the Golden Jubilee of Khadi and Village Industries Commission (KVIC). The face of the coin will bear the lion capital of Ashoka Pillar, while the reverse will have the portrait of Mahatma Gandhi in the centre and a lady with charkha and a village scene.

Bankers bank on FDs

Banks are hard selling fixed deposit (FD) schemes like never before to mop up funds from depositors. While trying to stay away from high-cost bulky deposits, banks are busy advertising attractive deposit rates that are on offer, lining up roadshows and door-to-door campaigns. Some of them are even offering incentives to their employees to woo depositors. As a result, bankers expect to mop up more than 20% of what they usually do during November each year. Banks have also stepped up the deposit mobilization drive this month because most of them have announced that they will be reducing interest rates from December, 2008.

Capital Markets

Currency futures clock Rs.1000 crore daily trade; NSE leads the race

The recently-launched currency futures market has clocked an average daily turnover of nearly Rs.1,000 crore. In the week ended November 7, 2008 all the three exchanges-NSE, BSE and MCX-SX have achieved a total volume of Rs.4,961.45 crore, which translates to an average daily turnover of Rs.992 crore. In terms of total volumes, the National Stock Exchange (NSE) leads the race. In the week under review, NSE remained the market leader with a total turnover of Rs.2,973.23 crore, which is nearly 60% of the market share.

Commodities Markets

MCX expands its domestic alliance

For better price through online trading and accessing information on various commodities, two major trade associations in Delhi, representing bullion and cereal trade, have signed MoUs with the Multi Commodity Exchange (MCX). More than 600 traders from Delhi Bullion Jewellers Welfare Association (DBJWA) and Dal and Besan Millers Association (DBMA) will use the MCX platform to conduct trading and hedging. "The alliance will prepare us in dealing with volatility in the commodities markets, about which we rarely get information as we operate at the local level," avers Mr. Prem Sharma, General Secretary, DBJWA. According to Mr. Sharma, the MCX platform will ensure that the bullion dealers can get both the prices and take positions till late in the evening as the exchange operates till late, unlike financial institutions.



Insurance

LIC premium income falls 16%

LIC, the country's largest life insurer, has registered a 16% fall in its new premium income in the period of April-September to Rs.19,090 crore, as per data released by the Insurance Regulatory and Development Authority (IRDA). The state-run insurer's aim is to grow its premium income by 30% in 2008-09. In the previous financial year LIC's new premium income stood at Rs.58,000 crore.

Micro Insurance product launched

The Finance Minister, launched 'Janata Bima Yojana', a micro insurance product from IFFCO-TOKIO, a general insurance company jointly promoted by the Indian Farmers Fertilizer Cooperative Ltd (IFFCO) and Tokio Marine and Nichido Fire Group, an insurance company from Japan. The entry of the private sector in the general insurance segment has helped spread the insurance cover across the country and among them; the insurance cover from IFFCO has been the most beneficial and attractive to the masses. The company has been a forerunner in taking the insurance cover to the rural areas, said the Finance Minister.

LIC launches Child Fortune Plus

LIC has launched Child Fortune Plus- a unit-linked financial solution for children. The plan offers prospects of

long-term capital appreciation. The policy can be taken under the lump sum option or the regular premium option.

Oriental Insurance trims underwriting losses

Oriental Insurance is the only public insurer to have reduced its underwriting losses to Rs.670 crore in 2007-08 when other public players' underwriting losses are much larger. The CMD, Oriental Insurance Mr. M. Ramadoss, has said "We do not underwrite unprofitable business and stay away from undercutting to gain market share." Mr. Ramadoss is a chartered accountant with over three decades of insurance experience and has been heading Oriental Insurance for close to four years now.

Aviva Life in distribution tie-up with Anagram

AVIVA Life insurance, a JV between Dabur group and Aviva, has entered into a distribution tie-up with Anagram Stockbroking for its insurance products and targets a 25% year-on-year growth in the current fiscal, despite global financial meltdown. The company, which earns 90% of its premium from unit-linked insurance plans (ULIPs) is planning a capital infusion in the first quarter of calendar year 2009 to boost its expansion plans, said Aviva Life Insurance CEO & MD T. R. Ramachandran. Sources say, in the current uncertain market condition, insurance products can be a safe alternative investment for the investors.

State Bank, IAG tie up for general insurance

SBI has entered into a JV with Insurance Australia Group (IAG) to enter the general insurance market. The company, which will be a 74:26 JV between SBI and IAG, is yet to approach the IRDA for the necessary approvals. The company plans to commence business in the next financial year. "Insurance penetration in India is very low and the general insurance industry is expected to grow at a brisk rate of 15-20% over the next 10 years," said Mr. O. P. Bhatt Chairman, SBI.



International News

Bank of Japan cuts rate; lowers growth forecast

The Bank of Japan (BoJ) has cut its benchmark interest rate to 0.3% to help stave off a prolonged recession. Governor Masaaki Shirakawa cast the deciding vote to lower the key overnight lending rate from 0.5% after four of the eight board members dissented. Three wanted to cut the rate to 0.25%, and one voted to leave it

unchanged. Governor Shirakawa came under pressure to lower borrowing costs for the first time in seven years after the Nikkei 225 Stock average slumped to the lowest level since 1982 on concern that the global financial rout would deepen Japan's downturn.

Microfinance / Small and Medium Enterprises

RBI to open special refinance window for SMEs

The government and the RBI are contemplating to open a special Rs.20,000 crore refinance window to boost the growth of small and medium enterprises (SMEs), which are facing credit crunch. The window will encourage banks to lend funds to SMEs as the facility will be made available at a concessional rate and will thus help meet the twin objectives of giving a much-required liquidity boost to the sector and also help banks in meeting the mandatory 40% priority sector lending target. In addition to lack of credit, the SME sector is also suffering from low demand of their goods in the domestic market as well as for exports which have fallen by 15% in October 2008.



Mutual Funds

UTI MF ropes in 'dabbawalas' to promote new scheme

The Mumbai-based dabbawalas (tiffin-carriers) are now coming to the rescue of the MF industry looking for a cheaper communications vehicle for promoting its schemes. With MFs slashing advertorial budgets in times of a slowdown, UTI Mutual Fund has taken the initiative to opt for a less expensive means for communicating its schemes through the strength of 5,000-odd dabbawalas in Mumbai. In the rest of the metros, UTI MF is also staying away from mass media and using the mobile phone screens to communicate information on its latest fund.

Mutual funds see sharp shrinkage in asset base

October has been a really bad month for Indian MFs with their assets under management (AUM) seeing the sharpest fall in recent times. All the 30 fund houses (of the total 37) which reported their monthly AUMs have posted a drop in their asset base. Reliance MF, the country's largest fund house in terms of asset base, has reported more than 17% fall in its AUM, losing Rs.15,400 crore in value in October, while HDFC the second largest, saw a 12% drop in its assets. The IBA has opened a special counter to assist MFs facing redemption pressure.



Products & Alliances

ICICI Home Finance launches new scheme

ICICI Home Finance has launched a special offer on fixed deposits with an interest rate at 11.15% a year, payable annually on 15, 20 and 30 months' fixed deposits. It is also offering an additional benefit of 0.35% for senior citizens.

Times of Money, Axis Bank ink deal for remittance solution

Times of Money has entered into an agreement with Axis Bank to provide remittance solution to Axis Bank which will help the bank offer its non-resident customers AxisRemit, the bank's own branded online remittance services. With AxisRemit, the bank will provide high-speed online money transfer services for NRIs belonging to major geographies, including the US, UK, Euro Zone (Euro Currency area), Canada, Australia, Singapore, Hongkong and the UAE using Times of Money's white-labelled (state-of-the-art) remittance platform and know-how.

Puducherry signs MoU with RBI

The Government of Puducherry and the RBI have signed a memorandum of understanding (MoU) related to urban co-operative banks (UCBs) in the Union Territory. A state-level Task Force for UCBs has been constituted in accordance with this MoU with the RBI Regional Director for Tamil Nadu and Puducherry, Mr. F. R. Joseph, being instituted as the Chairman of the same. Similar MoUs have been signed with other state Governments. The Central Bank will assess the training, computerization needs of UCBs in Puducherry. The objective is to upgrade their human resources, skills and technological infrastructure to improve operational efficiency and quality of management of information systems.

BoB inks MoU with CGTMSE

A new scheme of risk sharing facility for micro and small enterprises has been launched by Credit Guarantee Fund Trust for Micro and small Enterprises (CGTMSE). An MoU for implementing the scheme was recently signed between CGTMSE and BoB in Mumbai. The scheme of risk sharing facility, part of the World Bank line of Credit, envisages providing collateral-free credit facilities to micro and small enterprises up to Rs.1 crore.

SBI gets RBI nod for SocGen venture

SBI has received the RBI's approval for the proposed joint venture company with Societe Generale Securities

Services (SGSS), for offering custodial and related services in India. SBI and SGSS will hold 65% and 35% equity of the company respectively. The JV plans to commence operations by the first quarter of 2009, subject to the receipt of the requisite Securities and Exchange Board of India (SEBI) licence. The investment in the proposed venture has been approved by the Foreign Investments Promotion Board on September 4, 2008.

Mashreq, YES Bank launch GIB

In a move to strengthen its service offering to Mashreq Gold customers in the UAE, Mashreq has announced a strategic alliance with private sector lender YES Bank to launch Global Indian Banking (GIB) services across the UAE with its signature YES First Wealth Management Program. The partnership will allow Mashreq Gold customers in the UAE to open Indian rupee savings account and fixed deposits.

Germany's Nord Bank to launch wholesale operations in India

In a bid to extend its footprints into the Indian market, German Bank Norddeutsche Landesbank plans to set up wholesale banking operations in India. "There is a huge opportunity in India. We offer complex, customized structured financing loans, particularly in growth segments such as transport, notably ship and aircraft financing, energy, logistics, infrastructure and real estate banking. All these sectors are most relevant for an emerging market like India," said Mr. Hannes Rehm, Chairman of the board of management at Nord / LB. The bank also plans to concentrate on transport, shipping, aircraft, energy, logistics and infrastructure financing, where it feels is strong enough.

Dena Bank, SBI Card sign deal for credit cards

Dena Bank has joined hands with SBI Card to provide co-branded credit cards to its customers. Dena Bank has issued 10,000 cards to its existing customers which will now be replaced by the co-branded credit card. SBI will bear the risk of defaults, while the income earned from the co-branded card will be shared between the two banks.

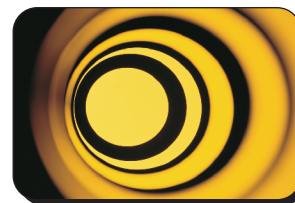
standard pre-printed terms and conditions as given in the physical contract note.

RBI against breach of FDI caps by FIIs

In a move that has virtually torpedoed the controversial proposal from the Department of Industrial Policy & Promotion (DIPP) to allow FIIs to invest beyond sectoral FDI caps, the RBI has said that FEMA (Foreign Exchange Management Act) does not permit such flexibility. The central bank has also rejected the liberal formula proposed for calculation of indirect foreign equity in Indian companies by stating that all foreign equity in Indian companies - including FDI, FII investment, foreign venture capital investment (FVCI) and NRI investment - should be taken into consideration on a 'pro-rata' basis. The DIPP has suggested that FDI in holding companies should be taken into consideration for calculating indirect foreign equity in Indian companies, only if it exceeds 50%.

RBI says measures are ad hoc, banks must plan for long term

The RBI has reminded bankers that measures announced by it to tackle the impact of the credit crisis are ad hoc in nature and has advised them to plan for the long term. "The banks are well advised to ensure that their business strategies and decisions are guided by the longer term perspective of the systemic and macro-economic developments and are not unduly influenced by the current episode of the exceptional events," remarked RBI Deputy Governor Mr. V. Leeladhar.



Spotlight

PSU banks turn cautious on foreign education loans

Indian students opting for higher education or job-specific courses overseas will find it tough to get loans from Indian banks. Most banks are going slow on clearing such loan applications as the employment scenario has turned adverse due to the financial crisis faced by most companies. Also, repayment capabilities have become a concern with most companies exercising caution on entry-level salaries. Banks are now insisting on higher interest rates, collaterals and guarantees for job-specific courses like hotel management and pilot training. Indian Bank CMD Mr. M. S. Sundararajan said "It's going to be tough because of the economic slowdown in developed countries and we cannot remain in a comfort zone".

Regulators Speak...

SEBI extends ECN to equity derivatives

The SEBI has extended the issuance of **electronic contract note (ECN)** as a legal document to the equity derivatives segment - a step long awaited by the broking fraternity. Earlier, confirmation and settlement of trades in the equity segment used to happen through the ECN route. However, in the equity derivatives segment, this happened through the physical route. The regulator has advised the exchanges to permit issuance of ECNs, including all the

Peer-to-peer lending gains prominence

As the financial turmoil rages on, a relatively new practice of lending and borrowing without intermediaries such as banks, is emerging through online sharing of money.

According to a study by market intelligence and data analysis services provider Grail Research, 'peer-to-peer lending (P2P lending)', which refers to an individual or a group lending money to a person in need without any intermediary, is fast emerging and may reduce dependence on banks. This new form of loan is more popular among people belonging to low-income groups, who do not have easy access to bank loans. Unlike traditional banks, which are governed by RBI regulations, P2P lending is more independent and flexible on various points. "In the P2P system, the rate of interest is negotiable. Unlike regulated banks' practice, paper work and credit checks of borrowers are not so important here, which ultimately saves time."

Praise for South Indian bank

In the Analyst 2008 Survey of Indian Banks conducted by the Institute of Chartered and Financial Analysts of India, South Indian Bank has emerged as the Best Performer in Asset Quality category among private sector banks, which include new generation and traditional banks in the country. The net NPA of the bank was lower at 0.40% in September 2008 as against 0.71% in September 2007, leading to lower provisioning requirement. The bank has also achieved Rs.60 crore in NPA recovery against the target of Rs.40 crore.

Real effective exchange rate of rupee declines

The rupee's sharp depreciation against the dollar since the beginning of this year has begun reflecting in the Real Effective Exchange Rates (REER). According to RBI's November bulletin, the REER retreated to 103.67 against a six currency basket. In April this year, the index was 112.16. The REER is the weighted average of nominal exchange rates adjusted for inflation differential against domestic and foreign countries. The six currency basket with a base of 1993-94 comprised the US dollar, Euro Yen, Pound Sterling, Hongkong Dollar and Renminbi Yuan. In this basket the US dollar and the Euro have the highest weights at 28.19% and 35.12%.

Thane Janata Sahakari Bank can operate in other states

The Thane Janata Sahakari Bank (TJSB) has received the registration from the Central Registrar of Co-operative Societies to operate as a multi-state co-operative bank. The bank has already received the no-objection certificate from Karnataka to open branches there and also plans to expand its presence to Goa and Gujarat.

Banks prefer longer-dated papers

Faced with burgeoning deposits, banks are beginning to stretch their investment portfolio to longer-dated securities. Top bankers say that the longer-rated securities were held in their respective marked to market (MTM) categories - Available for Sale (AFS) or in the Held for Trading (HFT). Most of the securities held in these categories are new issues made during the second and third quarters of the current year. These issues and additional purchases have now pushed the average tenure of the securities to a little over 2½ years for the sector. Till last year, private sector banks' average tenure was under one year. PSBs' average maturity profile was about 1½ years.

NHB raises refinance rates to 12%

The National Housing Bank (NHB) has increased the refinance rate to 12% from 9% earlier. The move, initiated last month, will make it tougher for housing finance companies (HFCs), which are already struggling to raise funds. The main objective of the refinance facility, extended on the basis of loans disbursed, is to provide long-term funds to HFCs. On its part, NHB says it had to increase the refinance rate as the cost of funds has increased due to the market conditions. "Things have become difficult from September. The refinance rate has risen by 100-150 bps on an average across different maturities," said Mr. S. Sridhar, CMD, NHB.

Financial Basics

Joint venture

An association of two or more people or companies that carries on a single business enterprise for profit. The legal form may be a partnership or corporation formed for a particular purpose- for example a bank and an insurance company may come together to promote a new insurance company in the form of a joint venture. A joint venture differs from a partnership because its existence continues only as long as its specific purpose continues.

Glossary

Electronic contract note

The electronic form of a physical contract note is called the electronic contract note. A contract note in the stock exchange is an enabler for the business on the stock exchange and helps market participants in their transactions. In 2003, Securities and Exchange Board of India (SEBI) had allowed stock market participants to issue electronic contract notes with digital signatures obtained from a valid Certifying Authority provided under the Information Technology Act, 2000.



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Real effective exchange rate

Real Effective Exchange Rate or REER as it is called, is an indicator of the country's export competitiveness. Unlike the bilateral exchange rates which is number of home currency units per unit of dollar, REER is an index and is calculated using the bilateral exchange rates as well as the inflation rate. It uses 'real' exchange rates *i.e.* nominal rates adjusted for relative inflation to calculate the index. The REER gives the correct picture about a country's export competitiveness. So for example, if a dollar was worth Rs.40 at a base date and is worth Rs.50 now, in nominal terms dollar has appreciated by 25% (or the rupee has depreciated by 20%). However, if costs in India have gone up by 40% (in rupee terms) during the period and prices in the US by only 10% in dollars, in 'real terms' we have become less competitive *i.e.* our exports have become more expensive.

News From the Institute

Seminar on Financial Inclusion in Shimla

The Institute organised a seminar on 'Financial Inclusion' at The Peterhoff Hotel in Shimla on 20th October 2008. Dr. J. Sadakkadulla, Regional Director, Reserve Bank of India, Chandigarh spoke on 'Financial Inclusion-Expectations from the banking system'. The other speakers in the seminar were Mr. Arvind Mehta, Principal Secretary, Finance & Planning, Government of Himachal Pradesh, Mr. S. T. Raghuraman, CGM, NABARD, Mr. Ripan Murgai, General Manager, UCO Bank, Mr. Mathew Titus, Executive Director, Sa-Dhan. The vote of thanks was given by Dr. Rajender Singh, General Manager, NABARD, Himachal Pradesh Regional Office.

Diamond Jubilee and CH Bhabha Overseas Banking Research Fellowship - Date extended for receiving applications

The Institute has extended the date for receiving applications for the DJCHBOBRF - 2008 to 31st January, 2009. For details, please visit our website www.iibf.org.in.

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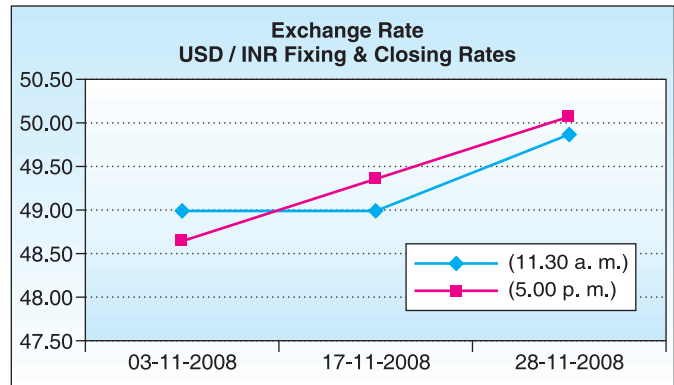
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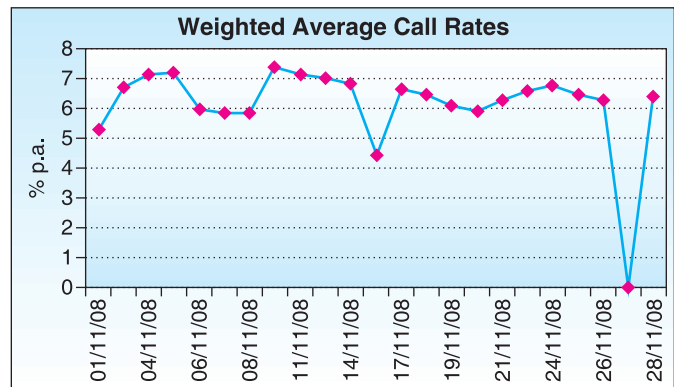
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Website : www.iibf.org.in

Markets Roundup



Source : FEDAI



Source : CCIL Newsletters, November 2008

Market Snapshot		(Amount in Rs. Mn.)			
Indicators	Nov. 07, 2008	Nov. 14, 2008	Nov. 21, 2008	Nov. 28, 2008	
Inflation (%)	10.72 (Oct. 25, 2008)	8.98 (Nov. 01, 2008)	8.90 (Nov. 08, 2008)	8.84 (Nov. 15, 2008)	
CCIL MIBOR (%)	6.3233	7.1898	6.6814	6.5247	
Avg. LAF. Repo. Vol	65,520	102,125	48,200	54,170	
Avg. Repo Rates (%)	6.99	7.24	6.24	6.52	
10-yr G-Sec Yield (%)	7.7911	7.6045	7.3018	7.2779	
1-10 yr spread (bps)	62	45	42	32	
6 Month Forward Premia (%)	3.35	2.22	2.67	2.87	

Source : CCIL Newsletters, November 2008