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. : 5 Issue No. : 5 December 2012

## Top Stories

### Direct Electronic cash transfer rollout

The electronic cash transfer of subsidies is set to be rolled out in 51 districts of 16 states on a pilot basis from January 1, 2013. Mr. P. Chidambaram, Finance Minister stated "if the first roll-out is a success, subsequent ones will follow suit. We hope to complete the entire roll-out in the next calendar year."

### ATMs cross 1-lakh mark

According to the National Payments Corporation of India (NPCI), the number of ATMs in India has crossed the 1 lakh mark. All the banks put together have plans to install about 1 lakh ATMs additionally over the next two years, raising the number of ATMs per million population to about 170 from 85. As of October 2012, the total number of ATMs was 1,04,500. PSBs and the State Bank group with about 61,500 ATMs accounted for 59%, private sector and foreign banks with about 41,800 ATMs accounted for 40% and the balance 1% represents about 1,150 ATMs that have been deployed by co-operative banks / RRBs.

### Spurt in electronic transactions

Electronic transactions in the first nine months of this financial year were reported at ₹14,88,353 crore rising 53% over the corresponding period last year. These include electronic clearing services, NEFT and card payments.

## Banking Policies

### Banks may become stock exchange members

RBI will now permit Scheduled Commercial Banks (SCBs) to become members of stock exchanges to undertake proprietary transactions in the corporate bond market. For this, SCBs should satisfy the membership criteria of the stock exchanges and comply with the regulatory norms laid down by Securities and Exchange

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

Board of India (SEBI) and the respective stock exchanges. The move is aimed at enhancing transparency in the corporate bond market.

**New bank licenses only after BR Act amendment**

Despite demands to allow new banks, RBI has stated the need for more powers before inviting new entrants. It says "certain amendments to the Banking Regulation Act, 1949 are under consideration by the Government of India, including those vital for finalisation and implementation of the policy for licensing new banks in the private sector. The final guidelines will be issued and the process of inviting applications for new banks in the private sector will be initiated only after the Banking Regulation Act is amended."

**RBI changes definition of sick MSEs**

RBI has modified the definition of Sick Micro and Small Enterprises (MSEs). A MSE is considered sick when any of the borrowal account of the enterprise remains NPA for 3 months or more; or if the net worth gets eroded due to accumulated losses to the extent of 50% of the net worth. Now, RBI has removed the stipulation that the unit should have been in commercial production for at least two years.

**Banks to assess liquidity risk under Basel-III**

RBI has mandated banks to frame a liquidity risk management policy and establish funding strategies, prudential limits and assessment of liquidity risks under Basel-III to ensure that there is no disruption in their daily operations. In the final guidelines on liquidity risk management, RBI has asked banks to monitor liquidity frequently and set a liquidity risk tolerance level. It has asked banks to disclose liquidity information on a regular basis to enable market participants to make sound judgements. RBI has also prescribed methods to calculate liquidity indicators and monitor liquidity position.

**Replace post-dated cheques**

RBI has asked NBFCs to replace Post-Dated Cheques (PDCs) issued to them by customers with new standardised cheques with improved security features. For the purpose of standardisation and enhanced security features, RBI has told banks to migrate to the CTS 2010 standard by December 31, 2012.

**Pre-payment penalty should be reasonable**

A committee formed by RBI, to assess the feasibility of introducing more long term fixed interest rate loan products by banks, has recommended that banks should charge a reasonable pre-payment penalty on fixed rate loan products to the extent of the amount due only, and not on the initial loan amount sanctioned. Moreover, the pre-payment penalty could be graded, based on the period after which the loan is repaid viz. 5 years, 10 years etc.

**RBI guidelines on liquidity management**

RBI has ruled that the Inter-Bank Liability (IBL) of a bank should not exceed 200% of its net worth as on March 31 of the previous year. However, individual banks may, with the approval of their board, fix a lower limit in view of their business model. This might result in banks reworking their exposure limits. RBI also says that banks whose Capital to Risk-Weighted Assets Ratio (CRAR) was at least 11.25% (25% more than the minimum CRAR of 9%) as on March 31 of the previous year, can have a higher limit of up to 300 % of net worth for IBL. Besides, RBI has allowed the limit on call money borrowings as prescribed by it for call / notice money market operations to operate as a sub-limit within the IBL limits.

**RBI nod not needed for admin branches**

RBI has allowed domestic Scheduled Commercial Banks (SCBs) to open offices exclusively for performing administrative and controlling functions in Tier-1 centres, to further increase operational flexibility of banks (excluding RRBs). Banks need not obtain RBI's permission to open a regional or zonal office but they will need to inform the regulator. However, this general permission would be subject to regulatory / supervisory comfort in respect of the bank concerned. Currently, domestic SCBs (excluding RRBs) are allowed to open branches, including regional and zonal offices in Tier-2 to Tier-6 centres without seeking RBI's permission in each case, subject to reporting.

**Banks must ensure end use of crop loans**

RBI wants banks to ensure that all crop loans are being used for the stated purpose without diversion of funds. However, banks should not claim any interest subvention for loans not meeting the criteria as these will not be treated as 'agricultural' loans. For disbursal of agricultural loans, RBI wants banks to ensure that the borrower is an agriculturist; the rate of interest is below the rate stipulated by the government; the amount of loan is fixed as per the prescribed scale of finance for agricultural loans; and the loan is used for stated purposes.

**Hike in provisioning for restructured loan**

RBI has notified that banks have to provide 0.4% against restructured loans that are standard if the revised Date of Commencement of Commercial Operations (DCCO) under the restructuring mechanisms is within two years from the original DCCO. If the revised date is more than 2 years and less than 4 years, the provisioning required would be 2.75%. Restructured accounts classified as

NPAs, when upgraded to standard category, will attract a provision of 2.75% (instead of 2%) in the first year from the date of upgradation.

# Banking Developments

### NBFCs want higher rate cap in securitization rule

NBFCs have urged RBI to revisit its securitisation guidelines, especially the cap on the difference between a bank's base rate and an NBFC's lending rate. Presently, assets need to conform to a maximum interest rate of 8% above the banks' base rate to receive priority sector status. Now, NBFCs want it to be increased to 12%.

### RBI for stronger corporate bond market

RBI wants a stronger corporate bond market to reduce dependency on banks for infrastructure financing that comes with long gestation; thus creating asset-liability mismatches and asset quality concerns for banks. RBI said a rise in the long term deposits' share may give stability to banks' balance sheet, while underscoring the importance of commercially viable projects to reduce NPA concerns. But considering the quantum of finance needed for infrastructure and the progress of bond market development in all these years, banks might continue to be the major source of funds for the sector.

### PSBs' incremental equity need is ₹80,000 crore

According to RBI's report on Trend and Progress of Banking in India for 2011-12, due to enhanced Basel-III capital ratios, the incremental equity requirement of PSBs is expected to be ₹75,000 crore - ₹80,000 crore by end-March 2018. Basel-III is the global regulatory standard on bank capital adequacy, stress testing and market liquidity risk. These standards were agreed upon by the Basel Committee on Banking Supervision in FY11, to be introduced in 2013 until 2018.

### Banks need to reduce cost, pass benefit to customers

RBI wants Indian banks to reduce costs by increasing their efficiency and pass on the benefits to lenders and depositors. The challenge before banks is to make the best use of technology and innovation to bring down intermediation costs while protecting their bottom lines and then to pass on the benefits to both depositors and lenders.

### Outstandings on credit cards increase

As per RBI data, credit card outstandings rose 22% y-o-y to ₹23,000 crore at the end September. It had risen 2.2% in the year-ago period. Both the credit usage and spends on the same have started to rise. The number of cards in the system has risen from 17.56 million in February to 18.24 million in August. Monthly spends went up from ₹8,197 crore to ₹9,584 crore during the period.

### RBI wants private banks in joint lending plan

RBI has suggested that private banks be involved in the government's proposed joint lending mechanism for corporate debt and has demanded deliberations on the issue before the policy becomes operational. The government hopes that the lending arrangement, designed to insulate PSBs from sticky loans, will stop borrowers from seeking multiple loans from different banks against inadequate collaterals. RBI, however, wants the proposal to include private sector banks. The joint lending will provide banks with good quality information and market intelligence that can help arrest further deterioration of assets.

### Consolidation must for banks of global size

Mr. P. Chidambaram, Finance Minister has emphasized that banks must be open to consolidation so that the country has at least 2-3 banks of international size. New business models will inevitably lead to consolidation among top banks, still there remains enough space for local area banks.

### Banks should constitute panel to monitor loan recovery

An increase in bad loans has prompted the Finance Ministry to ask PSBs to constitute a committee of the Board to monitor the progress of recoveries regularly. The committee, comprising the CMD, Executive Directors and the Government Nominee Director will have to submit a monthly report to the Board. Bad loans at PSBs increased by 28 % (i.e. ₹31,276 crore) in the six months ended September 30 to ₹1,43,765 crore from ₹1,12,489 crore as at March-end.

### Build robust mechanism to prevent e-banking fraud

RBI wants banks to build a robust mechanism to prevent incidents of fraud in areas of mobile / Net banking and electronic fund transfer. "With greater infusion of technology, the incidence of frauds in Internet banking has increased in recent times. Banks need to improve customer awareness to contain incidents of frauds involving customers," RBI said in its latest Report on Trend and Progress of Banking in India. Making the banking sector efficient via technological infusion while minimising the occurrence of frauds, has become one of the major objectives of RBI in recent years.

### RBI considering four alternatives to gold

Given India's desire for gold and the pressure on the current account due to its import, RBI is considering introducing four gold-related instruments to ease the physical demand for the yellow metal. These are modified Gold-Deposit Scheme (GDS), gold-linked account, gold-accumulation plan, and gold-pension plan. Targeted at senior citizens, banks will open an annuity plan with insurance companies for a definite period. Though banks will not return the jewellery, the high return is expected to attract the gold owners.

## Regulator's Speak...

**Inflation indexed bonds on RBI list**

With consumer prices at elevated levels, RBI supports issuance of inflation-indexed bonds which would help in containing inflationary expectations. Mr. Deepak Mohanty, Executive Director, RBI avers that an appetite for such bonds may have increased now with inflation running higher than the historical trend. The issuance of such bonds signals a firm commitment for containing inflation and inflationary expectations.

**No SLR status for corporate bonds**

Mr. H. R. Khan, Deputy Governor, RBI has indicated there is no immediate plan in the offing to accord Statutory Liquidity Ratio (SLR) status to corporate bonds. Under this status, banks have to invest a certain part of their deposits in government bonds or any such RBI-approved instrument. Currently, the SLR stands at 23%.

**Banks' Held-to-Maturity limit may get cut**

Mr. Anand Sinha, Deputy Governor, RBI has stated that RBI is considering cutting the Held-to-Maturity (HTM) ceiling - referring to a category of debt that banks must hold until redemption but which can be reshuffled once a year. The current limit is 25% but traditionally has been aligned with the banks SLR which was cut by 1% point to 23% in July and implemented in August. RBI is looking into a recommendation from a central bank committee to cut the HTM ceiling.

**High gold imports hurting BoP**

Dr. Subir Gokarn, Deputy Governor, RBI has stated that India's gold imports will reach a "substantial" 2% of gross GDP in the next few years, and there is a need to offer alternative instruments with gold-like qualities. People are buying gold despite the high price; thus challenging the supply-demand dynamics. Gold imports grew 39% in FY 2012 and accounted for almost 3/4$^{th}$ of Current Account Deficit (CAD). India's CAD was 4.2% of GDP (i.e. $80 billion) in FY 2012. According to him, "India imports about 1/4$^{th}$ of the total global supply of a little over 4,000 tonnes, and this excess gold demand is creating stress on the system, particularly on the Balance of Payments (BoP)."

**Core inflation must fall to trigger rate cuts**

Dr. K. C. Chakrabarty, Deputy Governor, RBI opines that manufacturers must rein in prices of their products to ensure that headline inflation comes down to 4-5%. That is the main pre-requisite for triggering rate cuts. The twin problems of high fiscal and Current Account Deficits (CADs) are also coming in the way of lowering policy interest rates, strengthening rupee and fostering growth.

**RBI to check excess rupee volatility**

RBI will intervene in the forex market to check any sharp fall and volatility in the rupee, says Dr. Subir Gokarn, Deputy Governor, RBI. "Of late, capital flows seem to be moving the exchange rates and account for much of the volatility. The domestic forex market has witnessed a prolonged period of volatility with a one-way depreciation bias. Any steep currency fall tends to fuel expectations of further depreciation. Therefore, the intervention policy not only aims at quelling the excessive volatility, but also attempts to moderate speculative one-way downward movement of the Indian rupee."

**Countries can't be stopped from building up forex reserves**

Dr. D. Subbarao, Governor, RBI, has averred that countries cannot be desisted from building up forex reserves by depending entirely on external safety-nets. He says "forex reserves should invariably form the first line of defence. Also, the US has the responsibility of ensuring that every country has access to dollar liquidity, especially in times of stress."

**RBI concerned about FII debt flows**

RBI is concerned about debt flows by Foreign Institutional Investors (FIIs) in the capital market. Mr. H. R. Khan, Deputy Governor, RBI finds a need to reduce debt inflows, which had come at a very quick pace due to interest rate differentials. According to SEBI data, net investments by FIIs in debt rose 59% to $6,814.22 million in the January-October period, *vis-a-vis* $4,290.65 million in the corresponding period last year.

## International News

**ECB extends Greek bank collateral limits**

The European Central Bank (ECB) has agreed to broaden the framework for allowing Greek banks to tap emergency loans from Greece's national central bank. By broadening the collateral framework for this so-called Emergency Liquidity Assistance (ELA) from the Bank of Greece, the ECB would more than offset a reduction in the ceiling on T-Bills. The banks could use as security to 3 billion euros from 7 billion euros.

# Microfinance

### Allow MFIs to become BCs

Mr. Alok Prasad, CEO, Microfinance Institutions Network (MFIN) opines that "RBI should allow NBFC-MFIs to become Business Correspondents (BCs) and open savings accounts on behalf of banks. RBI should take a forward looking position that promotes national financial inclusion agenda. As many as 46 NBFC-MFIs whose combined business accounts for 80% of the Indian microfinance sector, comprise the member-organisations of MFIN. He wants RBI to treat them as entities which it regulates and, therefore, full-scale members of the financial system.

### Micro finance sector showing signs of recovery

Mr. P. Chidambaram, Finance Minister has called upon the microfinance sector to work with the Government on financial inclusion and reaching financial services to the poor. Stating that the Government's role is to provide both an enabling policy framework and the funds for the sector's growth, he said that the proposed Microfinance Institutions (Development and Regulation) Bill should provide overarching policy support and guidelines for the healthy development of the sector.

# Rural Banking

### Open at least 25% of branches in unbanked areas

In order to make banking services widely available, RBI has told Regional Rural Banks (RRBs) to open at least 25% of the branches per year in unbanked rural (Tier-5 and Tier-6) centres. Tier-5 areas include population between 5,000 and 9,999, and Tier-6 areas include population of less than 5,000. An unbanked rural centre would mean a rural (Tier-5 and Tier-6) centre that does not have a brick and mortar structure of any Scheduled Commercial Banks (SCBs) for customer-based banking transactions.

# Insurance

### IRDA finalises investment norms

Insurance Regulatory and Development Authority (IRDA) is set to put an insurance company's investment limit for the entire non-promoter group of an investee company at 15%. Subject to the exposure limits mentioned in the draft proposal, an insurer shall not have investments of more than 5% in aggregate of its total investments in all companies belonging to promoters' groups. Investment made in all companies belonging to the promoters' group shall not be made either by way of private placement (equity) or in unlisted instruments (equity & debt). Also, an insurer cannot invest more than 15% of investment assets in all companies belonging to the group.

### IRDA redefines meaning of infrastructure facility

IRDA has expanded the definition of 'infrastructure facility' under its Registration of Indian Insurance Companies Regulations. According to Section 2 (h) of IRDA Registration of Indian Insurance Companies Regulations, 2000, infrastructure facility includes highways, bridges, airports, ports, railways, road transport systems, water supply projects, irrigation projects, industrial parks, water treatment systems and solid waste management systems. It also includes sanitation and sewage systems, generation, distribution or transmission of power, telecommunications and housing projects. This has expanded the investment horizon of insurance companies and will enable them to invest in new categories of infrastructure.

# Forex

### Factor in firms' un-hedged forex exposure

RBI has asked banks to establish a proper mechanism to rigorously evaluate the risks arising out of un-hedged foreign currency exposure of corporates. It wants banks to price this exposure in the credit-risk premium and has advised them to furnish compliance reports before end-December 2012 with the approval of their Board of Directors.

**Benchmark Rates for FCNR(B) Deposits applicable for the month December 2012**

| LIBOR / SWAP For FCNR(B) Deposits | | | | | |
|---|---|---|---|---|---|
| | LIBOR | SWAPS | | | |
| Currency | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years |
| USD | 0.86000 | 0.385 | 0.455 | 0.585 | 0.771 |
| GBP | 1.03250 | 0.7519 | 0.8268 | 0.9362 | 1.0740 |
| EUR | 0.48429 | 0.426 | 0.532 | 0.691 | 0.878 |
| JPY | 0.51157 | 0.250 | 0.250 | 0.263 | 0.297 |
| CAD | 1.94700 | 1.355 | 1.434 | 1.532 | 1.638 |
| AUD | 3.89000 | 3.013 | 3.093 | 3.256 | 3.356 |
| CHF | 0.30840 | 0.105 | 0.140 | 0.220 | 0.320 |
| DKK | 0.66000 | 0.5890 | 0.6960 | 0.8430 | 1.0190 |
| NZD | 3.35000 | 2.620 | 2.750 | 2.895 | 3.055 |
| SEK | 2.05750 | 1.311 | 1.382 | 1.472 | 1.587 |
| SGD | 0.50500 | 0.525 | 0.600 | 0.750 | 0.880 |
| HKD | 0.43000 | 0.440 | 0.480 | 0.570 | 0.700 |
| MYR | 3.21000 | 3.210 | 3.270 | 3.320 | 3.380 |

Source : FEDAI

| Foreign Exchange Reserves | | |
|---|---|---|
| Item | As on November 23, 2012 | |
| | ₹Bn. | US$ Mn. |
| | 1 | 2 |
| Total Reserves | 16,291.0 | 294,981.0 |
| (a) Foreign Currency Assets | 14,397.2 | 260,138.2 |
| (b) Gold | 1,525.5 | 28,189.3 |
| (c) SDRs | 243.7 | 4,402.8 |
| (d) Reserve Position in the IMF | 124.6 | 2,250.7 |

Source : Reserve Bank of India (RBI)

## New Appointments

- Smt. Vijaylakshmi Iyer has been appointed as CMD of Bank of India.
- Mr. Malay Mukherjee has taken charge as Executive Director of Central Bank of India.
- Mr. P. V. Ananthakrishnan has been appointed as the Country Head of India's operations at Singapore headquartered United Overseas Bank.
- Mr. G. Srinivasan has been appointed as CMD of New India Assurance Co. Ltd.

## Products & Alliances

| Organisation | tied up with | Purpose |
|---|---|---|
| Punjab National Bank (PNB) | Xpress Money | PNB Xpress Money Remit Card facilitates foreign inward remittances under Money Transfer Service Scheme (MTSS) to send & receive money overseas. |
| ICICI Bank | Vodafone India | Mobile money transfer & payment services. |
| Yes Bank | Ezspend Prepaid Solutions | Prepaid cards can be used to make purchases at Point of Sale (POS) and for online shopping across India on the MasterCard network. |
| United Bank of India | Calcutta Stock Exchange | U-Connect, an integrated online platform for stock trading. |
| BASIX | Royal Sundaram Alliance General Insurance & Aviva Life Insurance | For sale of insurance products in rural areas. |
| Oriental Bank of Commerce | Bajaj Auto | To provide finance for customers who intend to buy the latter's autorickshaws. |
| Allahabad Bank | Universal Sompo General Insurance | To secure their agri loan product Kisan Credit card. |
| China Development Bank | Lanco Infratech | For its upcoming coal-based power plants. |
| SBI | Sohan Lal Commodity Management | To provide post harvest credit & storage services to farmers. |

## Bank for International Settlements (Continued...)

As mentioned in our earlier issue, we provide below changes in stress testing practices that followed as a corollary and a consequence of the financial crisis.

**Changes in stress testing practices since the outbreak of the crisis :**

Given the unexpected severity of events, stress testing has gained greater prominence and credibility within banks as a complementary risk management and capital planning tool to provide a different risk perspective. It is important that this process continues so that stress testing programmes become embedded in banks' governance structures. Moreover, this process needs to be led by the board and senior management.

Banks recognize that current stress testing frameworks must be enhanced both in terms of granularity of risk representation and the range of risks considered. Some banks have started to address these issues and other weaknesses of stress tests for the specific risks identified above. More general areas in which banks are considering future improvement include :

- constantly reviewing scenarios and looking for new ones;
- examining new products to identify potential risks;
- improving the identification and aggregation of correlated risks across books as well as the interactions between market, credit and liquidity risk; and
- evaluating appropriate time horizons and feedback effects.

Generally, firm-wide stress testing is an area that many banks recognize they will need to improve to ensure appropriate risk capture and to aggregate risk more effectively across business lines. The principles set forth in this paper are intended to support and reinforce efforts made by banks to improve their practices, but banks should not restrict themselves to a checklist approach to improvement.

After the onset of the crisis, ad hoc "hot-spot" stress testing has been used by some banks as an important tool to inform senior management's crisis management decisions. The ability to conduct stress tests at very short notice has proven to be valuable during a period of rapidly changing market conditions.

The need for improvement in stress testing has also been recognized by the financial industry. In July 2008 the Institute of International Finance published its *Final Report of the IIF Committee on Market Best Practices : Principles of Conduct and Best Practice Recommendations*. The report among other things reviewed stress testing practices and set out two principles and five specific recommendations in this area. The principles include the need for stress testing to be carried out comprehensively and integrated with the overall risk management infrastructure. They also identified the need for stress testing to have a meaningful impact on business decisions, with the board and senior management having an important role in evaluating stress test results and impact on a bank's risk profile. Recommendations by the Counterparty Risk Management Policy Group (CRMPG III) in its August 2008 report *(Containing Systemic Risk : The Road to Reform - The Report of the CRMPG III)* include the need for firms to think creatively about how the value of stress tests can be maximized, including a so-called reverse stress test to explore the events that could cause a significant impact on the firm.

In the next issue, we shall discuss the principles for sound stress testing practices and supervision for banks.

*(Source : BIS)*

## Financial Basics

**Capitalisation of profits**

Converting a company's retained earnings, which represent the profits held in the business over time, to capital. The capitalization of profits process involves issuing a stock dividend, or bonus shares, to existing shareholders. This allocation is done on the basis of their existing share holdings, similar to a rights issue.

## Glossary

**Capital to Risk weighted Assets Ratio**

Capital to risk weighted assets ratio is arrived at by dividing the capital of the bank with aggregated risk weighted assets for credit risk, market risk and operational risk. The higher the CRAR of a bank the better capitalized it is.

## Institute's Activities

**Training Program Schedule for the month of December 2012 at IIBF Leadership Centre, Kurla**

| Sr. No. | Program | Date |
|---|---|---|
| 1. | KYC & AML | 6th & 7th December 2012 |
| 2. | Trainers Training Program on IT Security and Cyber Crimes | 10th & 12th December 2012 |
| 3. | Credit Appraisal | 17th & 21st December 2012 |

**Training activities completed during the month of November 2012 at IIBF Leadership Centre, Kurla**

| Sr. No. | Program | Date | No. of participants |
|---|---|---|---|
| 1. | TOPSIM Programme | 5th to 6th November 2012 | 15 |
| 2. | Programme on Marketing & Customer care for Direct Recruit Officers of Bank of India | 5th to 9th November 2012 | 44 |

**Advanced Management Programme (AMP)**

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

## News From the Institute

**P.T.M. Lecture**

The P.T.M. lecture for the year 2012 will be delivered by Dr. Saumitra Chaudhuri, Member, Planning Commission. The details will be placed on the portal shortly.

**IIBF Vision via mail**

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

**Additional Reading Material for IIBF examination**

The Institute has put in its portal additional reading material for the candidates taking various examinations culled out from the Master Circulars of RBI. For more details, visit www.iibf.org.in.

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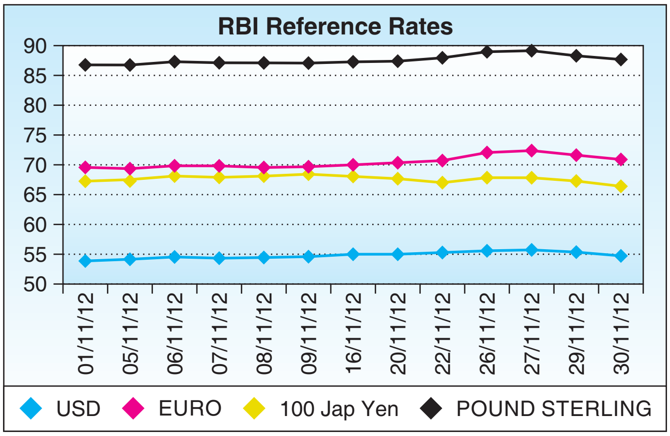
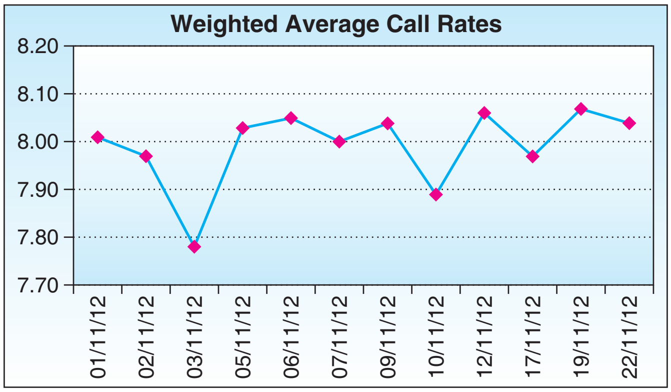
# Market Roundup



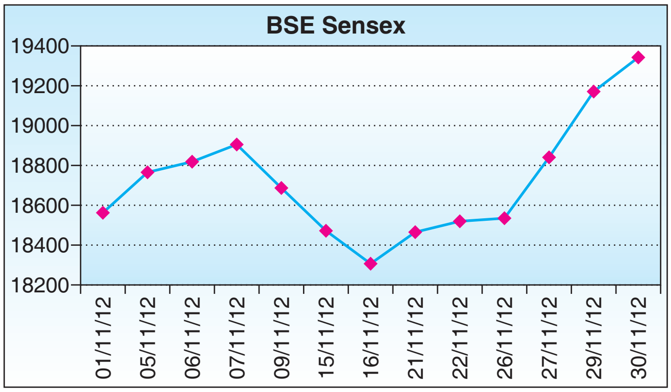

**Source : Reserve Bank of India (RBI)**

- The Rupee rose on 1st for a third day on speculation exporters repatriated their foreign earnings to take advantage of a more favourable exchange rate. The Rupee advanced 0.2% to 53.71 a dollar.
- The Rupee fell 1.1 per cent on 5th to 54.42, the most in four weeks, as investors sought the dollar's perceived safety before the US Presidential election.
- The Rupee appreciated a robust 2.3 paise on 7th to settle at 54.120 on the back of capital inflows and dollar selling by exporters.
- The Rupee declined 0.1 per cent on 21st to 55.13 per dollar after European leaders failed to agree on debt reduction package for Greece.
- The Rupee fell to the lowest level in almost 3 months on 26th and declined 0.4 per cent to 55.73 a dollar.
- According to a Business Standard survey, currency experts were expecting the Rupee to be in the range of 50-54 to a dollar by end-December.
- The Rupee recorded its biggest gain in two months on 29th on the back of capital inflows and dollar sales by exporters. The Indian currency ended 54.83 to dollar compared to previous close of 55.46.
- During the month, the Rupee depreciated by 1.39%, 0.82% and 1.70% against USD, Sterling Pound and Euro respectively while appreciating 1.60% against JPY.




**Source : CCIL Newsletter for November 2012**

- Call rates finished higher at 8.15 per cent from 8.05 per cent on 31st October.
- Call rates at the overnight market finished lower at 8.10 per cent from 8.15 per cent on 6th.
- Call money rates ended higher at 8.05 per cent from the previous closing of 7.95 per cent on 18th.
- The call money rates ruled steady and closed at 8.10 per cent on 26th.
- Call money rates finished higher on 29th at 8.05 per cent from 7.95 per cent previously.
- The call rates in the market oscillated between 7.95% and 8.15% during the month.




**Source : Reserve Bank of India (RBI)**

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