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# IIBF VISION

Volume No. : 5

Issue No. : 6

January 2013

## Mid-Quarter Monetary Policy Review - 18<sup>th</sup> Dec., 2012

### Monetary and Liquidity Measures

- The Cash Reserve Ratio (CRR) of scheduled banks remains unchanged at 4.25% of their Net Demand and Time Liabilities (NDTL).
- The Repo Rate under the Liquidity Adjustment Facility (LAF) remains unchanged at 8%.
- The Reverse Repo Rate under the LAF remains unchanged at 7%.
- The Marginal Standing Facility (MSF) and Bank Rate stands at 9%.

### Growth

In Q2 of 2012-13, GDP growth at 5.3% was marginally lower than 5.5% recorded in Q1. On the domestic front, GDP growth is evolving along the baseline projection of 5.8% for 2012-13. Industrial activity rose sharply in October due to a low base and festive demand, propelling the growth of both consumer durables and non-durables into double digits. Significantly, capital goods production recorded a growth of 7.5% after 13 successive months of decline.

### Inflation

Headline WPI inflation edged down to 7.2% in November due to softening of prices of vegetables, minerals and fuel. The new combined (rural and urban) CPI (Base : 2010 = 100) inflation increased in November, reflecting sustained food inflation pressures, particularly for vegetables, cereals, pulses, oils and fats.

### Monetary and Liquidity Conditions

Money Supply (M<sub>3</sub>) growth remained below its indicative trajectory due to lower deposit growth; non-food credit growth rose above the indicative trajectory of 16% suggesting some pick-up in economic activity. Liquidity conditions have remained tight in Q3 due to large government balances with RBI and a widening wedge between deposit & credit growth. To contain the liquidity deficit at reasonable levels, RBI conducted Open Market Operations (OMOs) on December 4 and 11, injecting primary liquidity of ₹232 billion. Accordingly, money market rates remained close to the repo rate.

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."

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## Top Stories

### Highlights of the Mid-Year Economic Analysis 2012-13 tabled in Parliament :

- Economy expected to grow at 5.7-5.9% in 2012-13.
- GDP growth in the second half of the year would be close to 6% against 5.4% in first half.
- Slowdown seems to have bottomed out.
- Global economic climate continues to be fragile.
- Monetary and fiscal policies should boost investor confidence.
- Recent fiscal consolidation plan has improved investors' perception of economy.
- Fiscal deficit for this fiscal likely to be 5.3% of GDP.
- Inflation expected to moderate in Q4; March-end inflation seen at 6.8-7%.
- Moderation in inflation will facilitate softening of monetary policy stance by RBI.
- Agriculture to better on good prospects of rabi crop.
- Services sector expected to grow better.
- Current Account Deficit (CAD) and trade deficit might be lower than previous fiscal.
- Tight monetary policy and higher borrowing cost dented investment flow.
- Downside risks associated with global and domestic factors may impact direct tax collection.

### Amendments to the banking laws and more powers to RBI

The Banking Laws (Amendment) Bill brought about changes in three laws, giving RBI more power to regulate banks, raising voting rights for investors in banks and allowing PSBs to raise capital through bonus and rights issues. The Bill passed by the Lok Sabha amends the Banking Regulation Act, 1949, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980. Further, RBI will have the power to supersede the boards of banks and inspect the books of associates of banks.

### 34 schemes identified for cash transfers

Mr. P. Chidambaram, Finance Minister stated that the government has decided to shift to AADHAAR-enabled direct benefit transfer of funds under 34 identified central

sector and centrally sponsored schemes, in a phased manner. The rollout will start with 43 districts from January 1. The concerned central ministries have set up implementation committees on Direct Benefit Transfer (DBT), which will operationalise transfers with due consultation with state governments and various stakeholders.

### Lok Sabha approves Companies Bill

Lok Sabha has approved the much-awaited Companies Bill, 2011, making it mandatory for profit-making companies to spend on activities related to Corporate Social Responsibility (CSR). The Bill, aimed at improving corporate governance, also contains provisions to strengthen regulations for companies and auditing firms. A clause related to offence of falsely inducing banks for obtaining credit has been introduced. The changed law gives more statutory powers to the Serious Fraud Investigation Office (SFIO) to better tackle corporate fraud.

## Banking Policies

### RBI extends deadline for new format cheques

Bank account holders can continue to use their old format cheques for another three months following an RBI notification which says that "it has been decided to extend the time up to March 31, 2013 for banks to ensure withdrawal of non-CTS 2010 Standard cheques and replace them with CTS-2010 Standard cheques.

### FIMMDA Code of Conduct

RBI has notified that in the interest of maintaining integrity and orderly conditions in the Government Securities (G-secs) market, all subsidiary general ledger / constituents' subsidiary general ledger account holders should adhere to the Fixed Income Money Market and Derivatives Association of India Code of Conduct while executing trades on **Negotiated Dealing System (NDS)** - Order Matching and in the Over-The-Counter (OTC) market.

### Amendments to debt recovery law

The amendment to the debt recovery legislation will, allow multi-state co-operative banks to assign their bad loans to Asset Reconstruction Companies (ARCs), proving a win-win situation for banks as well as the companies. ARCs buy bad loans from banks and financial institutions at a discounted rate and recover the dues from the borrower.

### Rights issue on cards for PSBs

Ahead of the implementation of Basel III norms in the banking sector, PSBs are looking to raise capital,

with a rights issue being the preferred mode of capitalisation instead of a preferential allotment of shares being subscribed by the government. It would give all shareholders an equal investment opportunity.

#### **Banks can issue online debit cards without RBI nod**

RBI has allowed banks to issue online debit cards, (including co-branded debit cards and rupee denominated co-branded pre-paid cards), without seeking its prior approval. The move is to obviate the need for banks to approach RBI for every co-branding arrangement. Strict compliance with Know-Your-Customer (KYC) norms, Anti-Money Laundering (AML) standards, Combating of Financing of Terrorism (CFT) and obligation of banks under Prevention of Money Laundering Act (PMLA) is a must.

#### **RBI eases KYC norms for banks**

RBI eased the mandatory KYC norms for banks so that opening a bank account will be simple and hassle-free. Insistence on introduction by an existing customer while opening a new account will now be treated as non-mandatory. If the identity proof has an address that is the same as the address on which an account is being opened, then a separate address proof will not be needed. AADHAAR cards will have to be accepted as both identity and address proof, if the address on the account opening form and AADHAAR are the same. Also, job cards given under the rural job scheme should be accepted as a valid document to open bank accounts.

#### **RBI proposes tighter capital, provision norms for NBFCs**

RBI has proposed tighter capital requirements and provisioning guidelines for Non-Banking Finance Companies (NBFCs) in the draft guidelines based on the Thorat committee report on reviewing the existing norms for NBFCs. RBI has asked that Tier-I capital of captive NBFCs be raised to 12% from the current 7.5% but that of infrastructure financing companies be kept unchanged at 10%. NBFCs that fall short of the required capital level will be given 3 years to comply. RBI has also proposed that NBFCs must classify loans as NPAs within 90 days of non-payment, bringing them on par with banks. Further, the provisioning for standard assets be raised to 0.40% from 0.25% of the outstanding amount from March 2014 onwards.

#### **Direct cash transfer arrangements**

As per a finance ministry circular to PSBs and Regional Rural Banks (RRBs), banks need to have at least one bank branch or Business Correspondent Agent (BCA) for every village or group of villages with 1,000 to 1,500 households. Since the population of gram panchayat

varies across the states, banks need to ensure that about 1000-1500 households are available in the sub service area of BCA. In case of North East, Hilly states and sparsely populated regions of other States banks may decide the households to be covered by each BCA appropriately. In case of larger gram panchayats more than one BCA could be appointed.

#### **RBI postpones Basel III roll out to April 1**

RBI has rescheduled the date of commencement for implementation of Basel III financial norms to April 1, from the earlier January 1. The announcement came after some PSBs withdrew their perpetual bond issuances, as these would not qualify as Tier-1 capital in the Basel III regime. Thus, the banks needed more time on the same. RBI is going to closely monitor the progress on Basel III implementation in other countries, particularly in the major ones which are members of the Basel Committee on Banking Supervision (BCBS).

## Banking Developments

#### **Tough CDR terms**

Now, promoters of companies seeking easier repayment terms through a Corporate Debt Restructuring (CDR) package will have to fork out 25% (as against the current 15%) of the diminution in the fair value of the restructured account. Moreover, they will have to pledge 100% of their shares and furnish unconditional personal guarantees. RBI group opines that any conversion of loans into preference shares be done only as a last resort. The CDR core group has decided that the lead banker be authorised to appoint new directors to the boards of stressed companies, if necessary. The stressed companies must open a Trust and Retention account through which all receivables and payments be routed. Banks will also be stricter about companies achieving financial targets after a restructuring exercise. Henceforth, the concessional rate of interest offered in a CDR package will not be lower than the base rate.

#### **Panel to review balance sheet of RBI**

RBI has set up a technical committee to review the form and presentation of its balance sheet and profit & loss account. Among other things, the committee, headed by Mr. Y. H. Malegam, will examine whether disclosures in the accounts are adequate or need to be increased.

#### **Banks borrow ₹1.7 lakh crore from RBI, highest in FY13**

Borrowing by banks under RBI's daily Liquidity Adjustment Facility (LAF) touched a record high for the

financial year at ₹1,70,140 crore. The system generally sees such high borrowing in March, when liquidity is invariably tight. The high borrowing was due to advance tax outflow and drained ₹50,000-60,000 crore from the system. The tight liquidity has also resulted in escalation in money market rates. Due to tight liquidity, many banks have been borrowing under the LAF and lending in the call money market, due to which call rates are hovering above the repo rate of 8%.

#### **Banks may get to buy defaulters' assets at reserve price**

Amendments to an asset foreclosure law currently pending in Parliament could allow banks to defer the sale or disposal of assets seized from defaulting borrowers, allowing them to acquire the assets at the reserve price if there are no buyers. The amendments to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act are listed for passing into law in this session of parliament, and have not been referred to a parliamentary standing committee for scrutiny. The amendment bill makes changes in the way that banks treat immovable property taken over from defaulting borrowers. Typically, such a property is sold at auction, while setting a minimum reserve price for the asset, determined after an independent valuation. Dues from the sale are then adjusted against the borrower's outstanding loan.

#### **Government clears ₹12,000 crore capital infusion into PSBs**

The government has approved the first tranche of infusion of funds worth ₹12,000 crore in PSBs to enhance their capital base. It has made budget provision of ₹15,000 crore for recapitalisation of PSBs in the current fiscal. In 2010-11, the government had pumped in ₹20,157 crore in PSBs to maintain Tier-I capital at 8% and increase the government equity in some banks to 58%.

#### **Low-cost housing ECB gets RBI nod**

RBI has allowed raising of funds overseas for low-cost housing projects. In the current financial year, developers and housing finance companies will be permitted to borrow \$1 billion under the low-cost affordable housing scheme. RBI will review this limit annually. Developers with minimum 5 years of experience in residential projects and with no defaults on any of their financial commitments to banks / other agencies will be eligible to raise funds overseas.

#### **Mobile banking on an upswing**

Mobile banking services, such as mobile wallet and Interbank Mobile Payment Service (IMPS), are being used for instant inter-bank electronic fund transfer

service through mobile phones. These services are mainly used for balance checks, account transactions, payments, credit applications etc. IMPS is also being extended to accept merchant payments using the bank account and AADHAAR number. The growing popularity of M-banking, particularly for small-value transactions, has prompted RBI to raise the limit for end-to-end encryption from ₹1,000 to ₹5,000 and remove the transaction limit of ₹50,000 per customer per day for funds transfer and purchase of goods & services.

#### **Parliament nod to amend money laundering law**

The Prevention of Money Laundering (Amendment) (PMLA) Bill sought to enlarge the definition of the offence of money laundering to include activities like concealment, acquisition, possession and use of proceeds of crime as criminal activities. The proposed amendment seeks to introduce the concept of 'corresponding law' to link the provisions of Indian law with the laws of foreign countries. It also proposes to make provisions for attachment and confiscation of the proceeds of crime even if there is no conviction as long as it is proved that the offence of money laundering has taken place and property in question is involved in money-laundering. It also provides for appeal against the orders of the appellate tribunal directly to the Supreme Court.

### Regulator's Speak...

#### **Vibrant corporate bond market essential to finance infra projects**

According to Dr. Subir Gokarn, Deputy Governor, RBI, the need for financing infrastructure projects is one of the key reasons for developing a vibrant corporate bond market. "The current debate (over developing a sound corporate bond market) is significantly driven by infrastructure financing. The 12<sup>th</sup> Plan estimates the need for an investment of \$1 trillion in the infrastructure sector in the 2012 to 2017 period. Resources of this size would materialise only with the development of a corporate bond market. Foreign as well as domestic capital in infrastructure financing will need facilitation channels. In this context, development of a vibrant corporate bond market is essential."

#### **Rising wages offsetting inflation pinch**

Dr. Subir Gokarn, Deputy Governor, RBI avers that high inflation may not be generating the same kind of unrest that it used to in the past; as rural wages have been rising at a faster clip annually for the past 5 years. It can be noted that during the past five years,

the flagship rural employment guarantee scheme has raised the bar for rural incomes.

### **RBI hints at rate cut to push growth**

RBI, in its Financial Stability Report, has hinted at a cut in its policy rate in the Q3 review of monetary policy to revive economic growth. In a foreword to the report, RBI Governor Dr. D. Subbarao says, "growth needs to accelerate if the momentum of poverty reduction, employment generation and pay-off from the demographic dividend is to be accelerated." GDP growth has moderated in recent quarters (at 5.3% during the July-Sept quarter), buffeted by global headwinds and domestic policy uncertainties. In India, structural impediments such as fall in domestic savings (particularly household financial savings), persistently high inflation, regulatory and environmental issues resulting in lower investment demand and moderation in consumption spending have contributed to lower growth and increased risks to macroeconomic stability.

### **Existing laws do not allow interest on CRR**

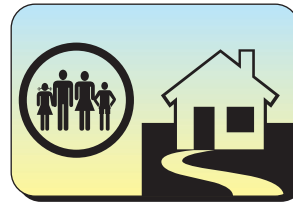
Dr. K. C. Chakrabarty, Deputy Governor, RBI has said that the apex bank can pay interest to banks on their Cash Reserve deposits if the laws are changed. "Under the present law, no interest can be paid on the CRR. However, the government needs to change this rule (for payment of interest on CRR). If the CRR is a cost on banks, then they can adjust that somewhere else."

### **Weak rupee fuelling inflation**

RBI has expressed concern over a weak rupee fuelling inflation. According to Dr. Subir Gokarn, Deputy Governor, RBI, rupee depreciation - whether due to political developments or global - contributes to inflation, particularly due to the impact on unavoidable imports like oil. The rupee closed at 54.47 to a dollar on Dec. 7, *vis-a-vis* 54.14 on Dec. 6. The headline inflation rate, based on the WPI, rose to 7.45% in October.

### **FII's might trade in currency futures**

RBI may ease norms for foreign investors, including permitting them to trade in currency futures. It may also allow repurchase facility in Commercial Papers (CPs) and Certificates Of Deposit (CDs), to boost the stagnant bond market. "We are thinking whether Foreign Institutional Investors (FIIs) can be allowed to trade in currency futures," said Mr. H. R. Khan, Deputy Governor, RBI. "We are now flexible on residual maturity and lock-in period," he said, referring to restrictive norms for foreign funds in holding domestic bonds.



## Insurance

### **Norms revised for investors in CDS**

Insurance Regulatory and Development Authority (IRDA) has revised its draft guidelines for insurers investing in Credit Default Swaps (CDS) on corporate bonds, allowing them to buy unlisted bonds, but only for infrastructure companies. Insurers can use CDS as a "hedge" to manage the credit risk. However, they cannot buy CDS belonging to the promoter group and neither can any CDS transactions occur between entities belonging to promoter groups.

### **IRDA guidelines on micro insurance in the offing**

Insurance Regulatory and Development Authority (IRDA) is expected to issue regulations pertaining to micro-insurance sector. Micro insurance products are targeted at rural and urban population, primarily from the low income group category. The proposed regulations will address issues pertaining to the micro-insurance sector both on product and distribution front. IRDA had earlier said that it would allow co-operative banks, primary agricultural co-operative societies and individuals (shopkeepers, medical store owners, petrol pump owners, public telephone operators) to act as micro-insurance agents to bring down distribution cost.

### **Insurance penetration to get a boost**

Insurance penetration in rural areas is set to get a boost as insurers may have to open 25% of their branches in rural areas from next year. As per the IRDA's draft 'Places of Business Regulations, 2012', all insurers who have completed 10 years of business will be required to open at least 25% of new branches in places with population below ₹1 lakh. The demographical limit is to encourage business outlets in towns / villages in Tier-II and below. While deciding the new locations, the long-term nature of insurance business has to be considered to avoid short-term presence of offices.

## Microfinance

### **Bank lending to MFIs rises slowly**

Bank funding to Micro Finance Institutions (MFIs) is picking up again, albeit with some caution. Mr. Alok Prasad, CEO, Micro Finance Institutions Network (MFIN) says, "in 2012-13, the risk perception towards

the industry has moderated to bring back the banks and investors. However, this funding is happening on a 'selective basis'. Nearly 90% of the MFI disbursements are funded by bank loans. So, any shrinkage in bank loans leads to a drop in the business of MFIs.”

## Rural Banking

### Easy access to KCC

The Finance Ministry has asked banks to provide farmers easier access to the Kisan Credit Card (KCC) scheme. Among other measures, the ministry has advised banks against charging any processing fee for a card limit of ₹3 lakh and asking for a separate margin on crop loans. Farmers will also be exempt from submitting documents related to the land title during the annual renewal of the card, if the land is already hypothecated to the bank against a previous loan. This will provide dual benefit to the farmers so that they can avail the amount as per their convenience and also earn interest on their balance. The government may also consider setting up a farm credit rating institution under NABARD to build a credit history of farmer borrowers. This will help in further easing interest rates for those farmers who repay on time.

## International News

### Reserve accumulation not the cause for global financial instability

The International Monetary Fund's (IMF's) Independent Evaluation Office (IEO) has argued that the Fund's emphasis on reserve accumulation as a risk for the International Monetary System (IMS) was not helpful. The main thrust of the IEO report was that “the reserves were a symptom and not the cause. IMF should have focused on the causes impacting the stability of the IMS. The Fund's attempt to articulate solutions, based on excess reserves accumulation, has led to loss of clarity in discussing options to reduce such risks. 'Evaluation of International Reserves : IMF Concerns and Country Perspectives' as this report is titled further says that factors other than reserve accumulation - *viz.* the leverage-induced fluctuations in global liquidity, inadequate financial sector regulation, and capital flow volatility - are more pertinent sources of concern for systemic resilience.

## New Appointments

- Mr. Ashwani Kumar has been appointed as the Chairman & Managing Director at Dena Bank.

- Mr. Sanjeev Aga has been appointed as an Additional Director at ING Vysya Bank.

## Forex

### NRI bank deposits double to \$10.14 billion in April-October 2012

Dollar inflows into bank deposits from NRIs have doubled during April-October 2012 to \$10.14 billion as NRIs took advantage of higher returns and a weak rupee. During the corresponding period last year, inflows were at \$4.88 billion. During the period, non resident (external) rupee accounts saw an inflow of \$11.61 billion, almost five times that of last year.

Benchmark Rates for FCNR(B) Deposits applicable for the month January 2013					
LIBOR / SWAP For FCNR(B) Deposits					
Currency	LIBOR	SWAPS	3 Years	4 Years	5 Years
USD	0.84350	0.408	0.486	0.636	0.834
GBP	1.01375	0.7220	0.7830	0.9046	1.0428
EUR	0.44000	0.390	0.480	0.615	0.780
JPY	0.48714	0.229	0.214	0.246	0.306
CAD	1.94800	1.408	1.478	1.580	1.685
AUD	3.68200	2.845	2.973	3.175	3.300
CHF	0.25640	0.093	0.138	0.235	0.353
DKK	0.65250	0.5870	0.6670	0.7800	0.9400
NZD	3.33800	2.700	2.835	2.985	3.140
SEK	1.94250	1.230	1.315	1.420	1.538
SGD	0.54000	0.558	0.638	0.730	0.890
HKD	0.44000	0.450	0.500	0.600	0.740
MYR	3.22000	3.250	3.300	3.380	3.460

Source : FEDAI

Foreign Exchange Reserves		
Item	As on December 21, 2012	
	₹Bn.	US\$ Mn.
	1	2
Total Reserves	16,319.6	2,96,538.8
(a) Foreign Currency Assets	14,429.8	2,61,949.8
(b) Gold	1,516.0	27,803.1
(c) SDRs	245.2	4,452.0
(d) Reserve Position in the IMF	128.6	2,333.9

Source : Reserve Bank of India (RBI)



## Products & Alliances

Organisation	tied up with	Purpose
RBI	Bank of Mauritius	Supervisory Cooperation and Exchange of Supervisory Information



Organisation	tied up with	Purpose
RBI	Bank of Japan	Currency swap arrangement between the two countries.
Credit Information Bureau of India Ltd. (CIBIL)	Central Registry of Securitisation Assets Reconstruction & Security Interest of India	For linking their websites for lenders to easily access information of borrowers.
ICICI Bank	MMP Mobi Wallet Payment Systems	Money transfer service
United Bank of India	Accenture	To seek management consultancy and advisory services to help improve productivity
SIDBI	NASSCOM	For entrepreneurship growth development of MSME in the ICT sector in the country.

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

#### Article on Stress testing

As mentioned in the IIBF Vision for December 2012, from this issue onwards we will be discussing the principles for sound stress testing practices and supervision for banks. BIS has enunciated 21 principles for effective stress testing in banks covering various dimensions of the problem. A glimpse is provided below.

1. Basic role and responsibilities of Senior Management
2. Risk identification and control
3. Range of perspectives and techniques
4. Documented, written policies and procedures
5. Robust infrastructure
6. Regular updating of stress testing framework
7. Coverage of risks and business areas
8. Coverage of scenarios
9. Range of severities
10. Pressures in funding and asset markets
11. Effectiveness of risk mitigation techniques
12. Coverage of complex and bespoke products
13. Coverage of pipeline and warehousing risks
14. Ability to capture reputational risk
15. Highly leverage counter parties
16. Regular evaluation of stress testing programs
17. Corrective action
18. Challenging the scope and severity of scenarios
19. Adequacy of capital and liquidity
20. Stress tests based on common scenarios
21. Identification of systemic vulnerabilities

We shall discuss the first principle in next issue.

(Source: BIS)

## Financial Basics

#### Deal Flow

The rate at which business proposals and investment pitches are being received by financiers such as investment bankers and venture capitalists. Rather than a rigid quantitative measure, the rate of deal flow is somewhat qualitative and is meant to provide an indication of whether business is good or bad. The state of the economy has a significant influence on the level of deal flow. Economic expansion and robust equity markets will usually generate healthy deal flow for most financiers, while a recession and / or sluggish equity markets may generate some deal flow for only the most established players.

## Glossary

#### Negotiated Dealing System

An electronic trading platform, operated by RBI, used to facilitate the exchange of government securities and other money market instruments. The negotiated dealing system will also be responsible for hosting new issues of government securities.

## Institute's Activities

#### Training Programs Schedule for the month of January 2013

Sr. No.	Program	Date
1	Financing SMEs	14 <sup>th</sup> to 18 <sup>th</sup> January
2	Programme on Project Finance	18 <sup>th</sup> to 24 <sup>th</sup> January
3	International Training Program for the Trainers	21 <sup>st</sup> to 25 <sup>th</sup> January

#### Training activities completed during the month of December 2012

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

## News From the Institute

#### Advanced Management Programme (AMP) in Banking & Finance

The Institute has launched the first Advanced Management Programme (AMP) at Leadership Centre, Kurla, Mumbai.



- Registered with Registrar of Newspapers under RNI No. : 69228 / 98
- Postal Registration No. : MH / MR / South - 42 / 2010 - 12
- Published on 25th of every month.

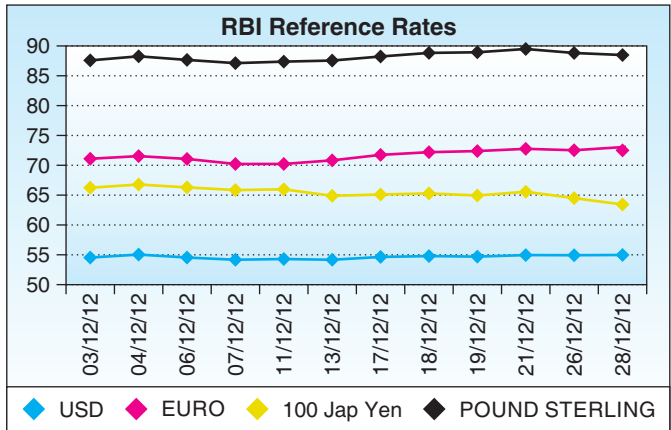
- Posted at Mumbai Patrika Channel Sorting Office, Mumbai - 1
- Posting Date : 25th to 30th of every month.

Shri. M. V. Tanksale, Chairman and Managing Director, Central Bank of India inaugurated the AMP on January 5, 2013, in a well attended function consisting of bankers, academicians, HR personnel and resource persons. For more details, visit [www.iibf.org.in](http://www.iibf.org.in).

### Online payment of examination fees

Members & Non-Members registering for Institute's examinations to be held from May / June 2013 onwards can submit their application forms and fees by online mode. For more details, visit [www.iibf.org.in](http://www.iibf.org.in).

## Market Roundup



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

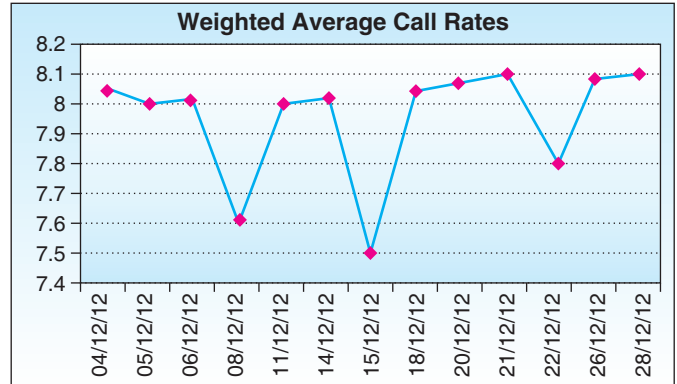
- The rupee closed on the last day of previous month at a two-and-half week high of 54.26 a dollar, 1% stronger from its previous close due to dollar inflows from software companies and capital flows.
- The Rupee closed at 54.68 / 69 per dollar strengthening for a fourth session in five on 4<sup>th</sup> as investor hopes for a parliamentary approval to FDI in multi-brand retail grew a day ahead of the impending vote.
- The Rupee fell marginally on 10<sup>th</sup> on dollar demand from oil importers but the losses were capped by expectations of inflows from a spate of share sales. The Rupee closed at 54.49 / 50 weaker than its close of 54.47 / 48 on 7<sup>th</sup>.
- The Rupee fell 0.3 per cent on 13<sup>th</sup> to 54.47 per dollar on speculation of importers stepping up dollar purchases to pay year-end bills.

**Printed by** Dr. R. Bhaskaran, **published by** Dr.R. Bhaskaran on behalf of Indian Institute of Banking & Finance, and **printed at** Quality Printers (I), 6-B, Mohatta Bhavan, 3<sup>rd</sup> Floor, Dr. E. Moses Road, Worli, Mumbai - 400 018 and **published from** Indian Institute of Banking & Finance, Kohinor City, Commercial-II, Tower-I, 2<sup>nd</sup> Floor, Kiro Road, Kurla (W), Mumbai - 400 070.  
**Editor :** Dr. R. Bhaskaran.

### INDIAN INSTITUTE OF BANKING & FINANCE

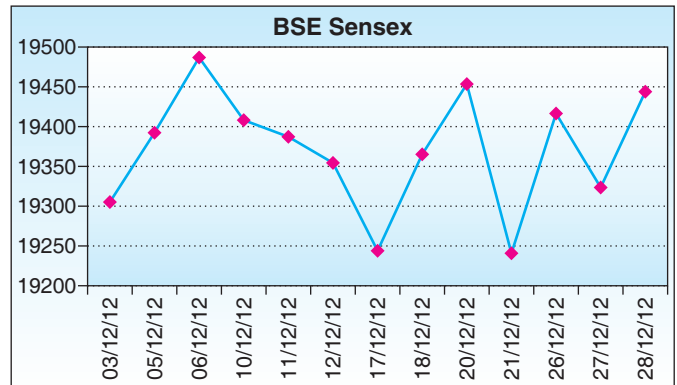
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Telegram : INSTIEXAM ● E-mail : iibgen@bom5.vsnl.net.in  
Website : [www.iibf.org.in](http://www.iibf.org.in)

- Rupee down by 9 paise and closes at 54.94 to dollar. Rupee fell after two sessions of gains on 27<sup>th</sup>, tracking local stocks and as oil refineries bought dollars, with the local currency headed to end the year with losses.
- Rupee generally depreciated 0.53%, 1.07% and 2.18% against \$, £ and € respectively whereas at appreciated against JPY by a hefty 4.24%.



#### Source : CCIL Newsletter for December 2012

- On 3<sup>rd</sup> call rates closed stable as demand from borrowing banks matched supplies and ended at 8%.
- The overnight rates ended higher at the money market at 8% on 11<sup>th</sup> from 7.90% previously.
- The overnight rates ended higher at 8.10% from 8% on 11<sup>th</sup>. Moving in arrange of 8.10% and 7.65%.
- On 27<sup>th</sup>, call rates moved between 6.90% and 8.20% indicating extreme volatility.
- Call rates touched a low of 7.62% on 15<sup>th</sup> and a high of 8.1% on 28<sup>th</sup> of the month.



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