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professional excellence

IIBF VISION

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Monetary Policy Review - 3rd May 2011

Monetary Measures

- Repo rate raised by 50 bps to 7.25% with immediate effect.
- Reverse repo rate raised 50 bps to 6.25% with immediate effect.
- Savings bank rate increased to 4% from 3.5% with immediate effect.
- Marginal standing facility for banks at 8.25% effective from May 7.
- RBI shifts to single rate regime, with a corridor of 200 bps.

Growth / Inflation - Projections

- GDP growth for current financial year pegged at 8%.
- March-end inflation seen at 6%.
- Money supply growth expected at 16%.
- Credit growth projection at 19%.
- Deposits expected to grow by 17%.
- Current account deficit to ease to 2.5% in FY11, *vis-a-vis* 2.8% in FY 10.

Banking Regulation

- Banks asked to begin Basel-III from January 2013.
- Provisioning on bad loans increased.
- Bank loans to Micro Finance Institutions (MFIs) under priority sector effective from April 1.



Top Stories

FSLRC draws road map to rewrite laws in financial sector

In a bid to rewrite legislations in the financial sector, the Financial Sector Legislative Reforms Commission (FSLRC) has created working groups for specific areas in the sector *viz.*, securities, insurance, pensions and banking. Former Chairman of the Pension Fund

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

Monetary Policy.....	1
Top Stories	1
Banking Policies	2
Banking Developments	3
Regulators Speak.....	4
Forex	5
Microfinance	5
Commodities Markets	6
Economy	6
New Appointments	6
Products & Alliances	6
BIS	7
Financial Basics	7
Glossary	7
Activities of IIBF	7
News From the Institute	8
Market Roundup.....	8

Regulatory and Development Authority, Mr. D. Swarup, heads the group on insurance and pensions. FSLRC is also appointing consultants, legal advisors and experts in finance and economics to assist each working group. The working groups are expected to start functioning from June and would report to the commission within the fixed time-frame.

FSDC to strengthen Wealth Management Regulations

With instances of frauds committed by wealth managers on the rise, a high-level panel of financial regulators and top government officials have concurred upon the need to regulate the segment better. The Financial Stability & Development Council (FSDC) has affirmed to strengthen the regulatory framework for wealth management activities, to formalize an institutional mechanism for supervision of financial conglomerates and to put in place a robust reporting platform for OTC derivatives market.

Banking Policies

RBI set to hike rates to tame rising prices

RBI is set to tighten interest rates through the major part of this fiscal; because it sees high global crude oil and other commodity prices keeping the inflation rate above its comfort level, and affecting growth. RBI avers that persistent inflation requires an anti-inflationary monetary policy stance for sustaining growth over the medium term. Tackling inflation to sustain growth is the underlying theme of its report on Macroeconomic and Monetary Developments on 2010-11.

RBI discontinues 2nd LAF on reporting Fridays

RBI has discontinued the second Liquidity Adjustment Facility (LAF) on reporting Friday's w.e.f May 20. The facility has been discontinued following the introduction of marginal standing facility and the modified operating procedure of monetary policy.

Directors should give details of adverse regulatory notice : RBI

RBI has asked banks to ensure that directors and candidates for the post have to provide details about instances where they have come to adverse notice of a regulatory body, unless the matter has been settled in their favour.

₹25 lakh home loan now priority sector lending

On account of increase in prices of residential properties in urban areas, RBI has raised the housing loan limit up to ₹25 lakh against the existing ₹20 lakh to be eligible for classification as priority sector lending.

RBI opens window to help banks with short-term funds problem

In line with the annual credit policy announcement, RBI unveiled the guidelines for the Marginal Standing Facility (MSF) to help banks tide over short-term liquidity problems. As per the guidelines, a bank can borrow up to 1% of its total deposits from RBI under the MSF facility at a rate which is 100 bps higher than the short-term lending (repo) rate. Currently, the repo rate stands at 7.25%. As such, the rate charged under the MSF would be 8.25%.

Loans to NBFCs in agriculture space could get Priority Tag

The government might ask RBI to accord a priority sector tag to bank loans to smaller non-banking finance companies (NBFCs) that lend largely to agriculture and small and medium enterprises (SMEs). In its monetary policy review, RBI had struck down NBFCs from banks' priority list except for those lending to MFIs. Banks are required to lend 40% of their total advances to 'priority sectors', including agriculture, SMEs and MSMEs and weaker sections. NBFCs, which presently face a cut in financing, have petitioned the different arms of the government, including the MSMEs. However, banks feel that any change in regulation is not going to impact their priority sector portfolio.

RBI revises treasury-bill schedule

RBI has revised the schedule for issuance of treasury bills in the first half of the current financial year. The government will now borrow ₹11,000 crore a week till June 2011, against ₹7,000 crore planned earlier. The schedule was modified to meet the immediate requirements of the government, on account of temporary mismatches in the cash position due to release of large refunds by the Central Board of Direct Taxes.

RBI amends eligibility criteria for use of OTC forex derivatives

RBI has amended the eligibility criteria for users of Over the Counter (OTC) foreign exchange derivatives in order to overhaul the risk management practices. Accordingly, listed companies and their subsidiaries / joint ventures / associates having common treasury and consolidated balance sheet; or unlisted companies with a minimum net worth of ₹200 crore would be permitted the use of OTC derivatives. In the earlier guidelines, unlisted companies with a minimum net worth of ₹100 crore were allowed to use OTC derivatives. Apparently, RBI wants only those companies which are in a position to take part in the OTC derivatives market, given the potential risks. This is to ensure good risk management practices.

Foreign bank CEOs must ensure compliance : RBI

Tightening its regulations over the operations of foreign banks in the country, RBI has asked their Chief Executive Officers (CEO) to monitor the compliance system. RBI has observed that operations of foreign banks functioning in India as branches of the parent banks generally do not have a separate audit committee vested with the responsibility of examining and reviewing inspection and audit reports for their compliance.

RBI suggests 'holding company' model for financial sector

A working group appointed by RBI and spearheaded by RBI Deputy Governor, Ms. Shyamala Gopinath has suggested that all large financial groups should adopt a holding company model irrespective of their having a bank or not. All new banks and insurance companies, as and when licensed, will also mandatorily need to operate under the Financial Holding Company (FHC) framework. The Group has affirmed that there could be banking FHCs and non-banking FHCs. On another page, all identified financial conglomerates having a bank within the group will also need to convert to the FHC model in a time bound manner.

RBI restructures norms on credit default swaps

RBI has permitted 'restructuring' as an approved credit event (*i.e.* default on a previously agreed financial obligation) that can be covered by credit default swap contracts. The move is significant as it comes at a time when bad-loan problems in the banking system appear to be gradually building up. This is due to the tepid global demand for goods and services, rising input costs and interest rates moving north. In its guidelines on **credit default swaps (CDS)** for corporate bonds, RBI has said that a credit event will cover restructuring mechanism and corporate bond restructuring.

Banks cannot provide loans against IDRs : RBI

As per RBI's directives, banks cannot extend loans against Indian Depository Receipts (IDRs) issued by overseas companies. An IDR is Rupee-denominated in the form of a depository receipt created by an Indian depository against the underlying equity of the issuing foreign company. It is similar to American or Global Depository Receipts (ADRs), where Indian companies raise resources overseas. IDRs enable foreign companies to do the same from India and are listed on the stock exchanges in the country.

Provide portfolio management details, RBI tells banks

RBI has asked banks to furnish details of the portfolio management services offered by them. The FSDC had earlier mandated RBI and the Securities and Exchange Board of India (SEBI) to undertake a review of the

existing practices followed by banks and brokerage houses in offering wealth management services. The regulators were also asked to conjure fresh guidelines for wealth management services.

Banking Developments

Public sector banks surpass expectations

PSBs have surpassed the target set for them by the Government under its ambitious Financial Inclusion Plan. In FY2011, 21 PSBs and five associate banks of State Bank of India (SBI) collectively brought basic banking facilities to 26,630 villages - *i.e.* 118% of the target of 23,629 villages. The Government, in association with RBI, had set these targets to reach the benefits of banking services to the common man.

Credit growth slows in April, deposit growth remains flat

Banks enter a slack season as credit growth takes a back seat in the first month of the new financial year. According to RBI data, on April 22, bank advances fell ₹37,407 crore over a fortnight. Credit pickup is usually slack in the first few months of each financial year, as corporate bodies are busy with their audits; and is expected to pick up toward the July-September quarter. However, *vis-a-vis* the same period last year, advances were up 22%.

Net interest margin of PSBs records healthy growth in 2010-11

The net interest margin (NIM) of many a PSB has shown good growth in 2010-11 with a positive impact on profitability. The reasons behind the growth in NIM - a key parameter to judge a bank's performance - are many and varied. Among the banks which had declared their results, Andhra bank, State Bank of Hyderabad (SBH) and Central Bank of India have witnessed a strong growth; while the upward shift in NIM in other banks ranged from good to modest.

Lending breather for Indian Bank in Singapore

The Monetary Authority of Singapore has relaxed the asset maintenance ratio (AMR) for Indian Bank to 50% from the earlier 90%, providing it more breathing space in terms of lending. Indian Bank, which is present in the country for the past 70 years, has an outstanding loan book of ₹6,000 crore.

Lending rate hikes to slow down credit growth : Bankers

With almost every bank having increased lending rates by at least 50 bps and the State Bank of India (SBI) leading the pack with a hefty 75 bps hike in its base and benchmark prime lending rates (BPLR); bankers believe there could be some slowdown in credit growth this year. RBI, which

upped key policy rates by 50 bps in early May, has projected a non-food credit growth of 19% for 2011-12 with the growth in deposits projected at 17%. While they believe that the economy continues to do well, bankers say there could be some hesitation on the part of borrowers, both in the retail and corporate segments.

Banks told to up provisioning on bad loans

RBI has asked banks to set aside more funds against certain types of bad and restructured loans as prudential provisions - a step that will help ring fence lenders' loan books against delinquency shocks, but may hurt their profits. These provisions will be in addition to the 'counter-cyclical buffer' that RBI had asked lenders to create from their surplus funds after providing a 70% cover on bad loans. RBI has issued detailed guidelines on prudential provisions.

Regulators Speak...

High inflation posing risks to growth : Dr. Subbarao

Dr. D. Subbarao, Governor, RBI avers that the current high level of inflation is posing significant risks to future growth and it is imperative to scale it down even if that means sacrificing some growth in the short-term. In a recent presentation to the Inter Ministerial Group (IMG) on inflation, Dr. Subbarao said that the monetary policy measures, announced in the bank's Annual Statement for 2011-2012, were based on the premise that scaling down the inflation, even at the cost of some growth in the short term, should take precedence. The IMG was set up at the suggestion of Prime Minister Dr. Manmohan Singh in February to review the inflationary situation and suggest corrective measures.

RBI mulling futures with 2, 5 year gilt as underlying security

Dr. Subir Gokarn, Deputy Governor, RBI has stated that "RBI is considering introduction of futures contracts with two-year and five-year government bonds as underlying security. Norms for credit default swaps will also be issued soon. The draft guidelines on CDs were placed on our website in February and we have received a large amount of feedback on those guidelines. We have had certain discussions and we expect to issue the guidelines very soon."

Monetary transmission still a fair way from best practice : Dr. Subbarao

Dr. D. Subbarao, Governor, RBI has said that monetary transmission, though improving, is still a fair bit away from best practice. The factors inhibiting the transmission process are : an asymmetric relationship between depositors and

banks; administered interest rates on postal savings that are not adjusted in line with prevailing interest rate trends; and rigidities in the financial markets. These factors dampen the efficacy of monetary signals and complicate the adoption of an inflation targeting regime in India. Dr. Subbarao opines that given the compulsions of democracy and the large population of poor, any government in India has always to be, and indeed has been, sensitive to price stability even if it means sacrificing output in the short-term.

Portfolio inflows are a concern : RBI

RBI has pitched for more foreign direct investment (FDI) into the country, even as it expresses apprehension over the quality of portfolio inflows. Ms. Shyamala Gopinath, Deputy Governor, RBI says that "India had been able to absorb capital inflows because it had a current account deficit. But we have apprehensions about the quality of portfolio inflows. Today, we do not see too much volatility in that sense. We would want more FDI to come in, so that the quality of inflows alters." Ms. Gopinath also said that RBI would issue the draft guidelines on new banking licences in a couple of weeks. "We are in talks (about draft guidelines) with the government. There is no tussle with the government as such. We share similar views on these guidelines."

Prices may not go up much from current levels : Dr. Gokarn

Dr. Subir Gokarn, Deputy Governor, RBI has said that prices may not go much higher from the current levels, but the chances of them coming down from these levels are also low, as inflation pressures still continue. Dr. Gokarn avers that "inflation is a dominant concern in policy making. The high price of non-food manufactured products shows that producers can pass on input cost to customers. There is enough demand in the system and therefore rise in commodity prices can become general inflation."

'Low inflation essential for steady, high growth'

RBI says that growth in the short term may have to be sacrificed to tame rising prices. According to the apex bank, steady growth requires lower inflation. Inflation, which remained above RBI's projections during 2010-11, stood at 8.66% in April. According to economists, the steep increase in fuel prices in recent times is expected to add to inflationary pressures.

Legal autonomy for RBI imperative for setting up policy panel : Dr. Subbarao

Dr. D. Subbarao, Governor, RBI has emphasized that the apex bank should move towards setting up a Monetary Policy Committee (MPC) on the lines of the Federal Open Market Committee of the United States, but with certain

pre-conditions. Dr. Subbarao says, a phased approach could be adopted but a 'legally backed autonomous structure' of the Central Bank is a necessary pre-condition. "In my view, we should move towards having an MPC, but in a phased manner. There are some pre-conditions. To begin with, RBI should be given legally backed formal autonomy," says Dr. Subbarao.

Inflation targeting not advisable : RBI Governor

Dr. D. Subbarao, Governor, RBI has stated that RBI, which had raised rates by a hefty 50 bps, will not be able to deliver an inflation target in the short-term because price pressures are mostly supply driven. "Inflation targeting is neither feasible nor advisable in India for several reasons. In an emerging economy like ours, it is not practical for the apex bank to focus exclusively on inflation, oblivious of the larger development context. Monetary policy transmission in India has been improving but it is still a fair bit away from best practice."

RBI hints at further monetary tightening

Terming the 8.6% inflation as "very high", RBI has hinted that it could take more policy actions in its review meeting to rein in the same. The meeting is scheduled for 17th June. Dr. D. Subbarao, Governor, Reserve Bank of India said after a board meeting which reviewed monetary and financial developments in the country.

RBI : Difficult to deliver on 4.6% fiscal deficit target

RBI might find it difficult to achieve its fiscal deficit target this year, unless adjustments are made to account for the rise in fuel and fertilizer prices. Market concern that the government might need to step up borrowing to fund the gap, rides high. The wholesale price index (WPI) has remained stubbornly high for months and rose to 8.66% annually in April. The prospect of higher energy prices would exert pressure on RBI to raise interest rates in June and maintain a hawkish stance. RBI expects inflation to stay high in the first half of the current financial year before easing to 6% by the end of the year.

Forex

Reporting Forex Derivative deals above \$1,00,000 mandatory : RBI

An RBI working group has recommended that derivative deals - both forward and swap - worth \$1,00,000 or more should be reported to the agency working as repository. The Clearing Corporation of India (CCIL) should be made a reporting platform for such over-the-counter (OTC) derivative deals in interest rates and foreign

exchange for confidentiality. The group was headed by Mr. P. Krishnamurthy, Chief General Manager, RBI.

Benchmark Rates for FCNR (B) / NRE Deposits applicable for month of June 2011					
LIBOR / SWAP For NRE Deposits					
Currency	LIBOR		SWAPS		
	1 Year	2 Years	3 Years		
USD	0.76100	0.7730	1.2640		
LIBOR / SWAP For FCNR (B) Deposits					
Currency	LIBOR		SWAPS		
	1 Year	2 Years	3 Years	4 Years	5 Years
USD	0.76100	0.773	1.264	1.733	2.149
GBP	1.59156	1.6520	2.1020	2.4810	2.7860
EUR	2.09688	2.367	2.659	2.887	3.066
JPY	0.56313	0.369	0.415	0.486	0.585
CAD	1.92817	1.948	2.256	2.523	2.753
AUD	5.59250	5.260	5.400	5.640	5.760

Source : FEDAI

Foreign Exchange Reserves		
Item	As on	As on
	May 20, 2011	May 20, 2011
	₹Crore	US \$ Mn.
Total Reserves	13,84,939	308,534
a) Foreign Currency Assets	12,45,467	277,202
b) Gold	1,05,582	23,790
c) SDRs	20,602	4,585
d) Reserve Position in the IMF	13,288	2,957

Source : RBI

Microfinance

Microfinance bank for lending to poor

The poor will soon be able to borrow money from an exclusive "microfinance bank" at a reasonable rate of interest. The Government of India, the Andhra Pradesh Government and a consortium of five banks have congregated to set up the country's first exclusive microfinance bank to provide an alternative source of funds to the poor *vis-à-vis* MFIs. The feasibility study for the proposed bank is almost complete and the process, including approval from RBI, is likely to be formalised in June.

Personal guarantee mandatory for MFI debt restructuring

The corporate debt restructuring (CDR) cell has made personal guarantees on loans mandatory for promoters of micro lenders. The loan restructuring programme has to be finalised by June 6, and RBI is unlikely to extend

the deadline. The new requirement has raised fears that efforts to restructure debts of MFIs may turn futile, since promoters of these companies have vehemently opposed the move. About 1/3rd of the ₹18,000 crore lent by banks to the microfinance sector has been admitted for restructuring. Analysts fear that if the restructuring programme does not materialise, the non-performing loans on the banks' balance sheets would expand significantly.

Commodities Markets

Commodities beat financial assets in longest run for 5th straight month

Commodities beat stocks, bonds and the dollar for a fifth straight month - the longest stretch in at least 14 years - as demand for raw materials increased with expanding economies and the Federal Reserve promised to boost growth. The Standard & Poor's GSCI - Total Return Index of 24 commodities climbed 4.4% in April, after reaching the highest level since October 2008. The MSCI All-Country World Index of equities advanced 3.9%, the most since December, and the US Dollar Index, a gauge against six counter-parts, fell 3.9%, touching a 33-month low. Bonds of all types returned 0.9% on average, based on bank of America Merrill Lynch's Global Broad Market Index.

Economy

'GDP may grow by 8.8% in FY 12'

India's real GDP growth is expected to grow by 8.8% in 2011-12 after having grown a tad faster, at 9% in 2010-11. The agricultural and allied sector is projected to grow by 3.3% in 2011-2012; on top of the 5.4% growth estimated in 2010-2011. Growth and inflation is projected to remain high in 2011-12.

RBI Economists fear prices hurting growth

For the first time, Economists at the RBI have raised the spectre of stagflation - a period in which economic growth slows and prices rise - shaving off the benefits from the past decade's prosperity. A document released by RBI's research team states that the economy is poised to grow slower this fiscal than the last and inflation may be higher than the previous year. The document also remarks that policy interventions are necessary to control inflation even though risks to growth remain.

New Appointments

Mr. Abraham Chacko is new ED of Federal bank

Mr. Abraham Chacko has been appointed as the new Executive Director of Federal Bank.

M. D. Mallya elected chief of IBA

The Managing Committee of the Indian Banks' Association (IBA) has elected Mr. M. D. Mallya, CMD, Bank of Baroda, as the Chairman, IBA, for 2011-12.

Mr. Arun Bisarja taken over as CGM of State Bank of Bikaner & Jaipur

Mr. Arun Bisarja has taken over as Chief General Manager of State Bank of Bikaner & Jaipur. Prior to this, he was ED (CVO) at IDBI Bank Ltd. Mumbai.

Mr. K. Venkataraman is new MD of Karur Vysya Bank

Mr. K. Venkataraman, erstwhile MD and CEO, SBI Global Factors will be the new MD of Karur Vysya Bank w.e.f June 1.

Ms. Hamsini Menon taken charge as CGM of State Bank of Mysore

Ms. Hamsini Menon has taken charge as CGM of State Bank of Mysore. Earlier, she was CGM and GM at State Bank of Bikaner & Jaipur.

Citi appoints head of operations

Citi has appointed Mr. Vikram Sud as the Head of Operations and Technology for Asia Pacific. Mr. Sud would be responsible for managing the bank's operations, technology and shared services across 18 countries in the region.

Mr. D. K. Mehrotra appointed acting Chairman of LIC

Mr. Dinesh Kumar Mehrotra, MD, Life Insurance Corporation of India (LIC), has been appointed acting Chairman of LIC for three months or until further orders.

Mr. Ashok Motwani appointed MD & CEO of SHCIL

Mr. Ashok Motwani has been appointed MD & CEO of the 'Stock Holding Corporation of India' (SHCIL).

Mr. C. Ilango taken charge as MD of Can Fin Homes Limited

Mr. C. Ilango, has taken charge as MD of Can Fin Homes Limited on April 29, 2011.



Products & Alliances

Organisation	Organisation tied up with	Purpose
IDBI Bank	Indian Army	MoU with the Indian army under which the bank would offer a wide range of services & products and a customized defence salary account, with benefits like free usage of ATMs, preferential allotment of safe deposit

Organisation	Organisation tied up with	Purpose
		lockers, free accident insurance, free financial advisory services among others.
State Bank of India	Diebold	SBI has signed an agreement with the US-based automated teller machine (ATM) provider Diebold Incorporated for an ATM expansion project for the State Bank group.
Indusind Bank	HDFC	MoU signed between Indusind Bank & HDFC Ltd for distribution of home loans. Under this agreement, Indusind Bank will use its net-work of 300 branches to originate and distribute home loans sourced by the bank, the processing, disbursement and servicing functions will rest with HDFC. The bank will earn fee income distribution of the home loans.
Central Bank of India	NSDC	To finance vocational education.

Bank for International Settlement (BIS)

(continued from previous issue)

Having covered the structure and functions of Basel Committee on Banking Supervision in the last few issues of "Vision", as part of our efforts to provide inputs to readers to appreciate the role of BIS in ensuring Monetary and Financial stability, in this issue we provide a glimpse of 'Committee on the Global Financial System'.

Committee on the Global Financial System (CGFS)

The Committee on the Global Financial System is a central bank forum for the monitoring and examination of broad issues relating to financial markets and systems. It helps to elaborate appropriate policy recommendations to support the central banks in the fulfillment of their responsibilities for monetary and financial stability. In carrying out this task, the Committee places particular emphasis on assisting central bank Governors in recognizing, analyzing and responding to threats to the stability of financial markets and the global financial system.

Membership

Members are deputy governors, other senior officials of central banks, and the Economic Adviser of the BIS. Member institutions are : Reserve Bank of Australia, National Bank of Belgium, Central Bank of Brazil, Bank of Canada, People's Bank of China, European Central Bank, Bank of France, Deutsche Bundesbank, Hong Kong Monetary Authority, Reserve Bank of India, Bank of Italy, Bank of Japan, Bank of Korea, Central Bank of Luxembourg, Bank of Mexico, Netherlands Bank, Monetary Authority of Singapore, Bank of Spain, Sveriges

Riksbank, Swiss National Bank, Bank of England, Board of Governors of the Federal Reserve System and Federal Reserve Bank of New York.

Chair

Mr. Mark Carney, Governor, Bank of Canada.

Frequency of meetings

Regular Committee meetings are held on the occasion of four of the bimonthly meetings of Governors of BIS member central banks.

Reporting arrangements

As of January 2010, the Chairman of the CGFS reports to the Global Economy Meeting, which comprises a group of 31 central bank Governors as members, on the CGFS's monitoring discussions and on other Committee initiatives.

Financial Basics

Mark To Market - MTM

Mark to Market is a measure of the fair value of accounts that can change over time, such as assets and liabilities. Mark to market aims to provide a realistic appraisal of an institution's or company's current financial situation. The accounting act of recording the price or value of a security, portfolio or account to reflect its current market value rather than its book value.

Glossary

Credit Default Swap (CDS)

The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap. For example, the buyer of a credit swap will be entitled to the par value of the bond by the seller of the swap, should the bond default in its coupon payments.

Activities of IIBF

Consultancy work at PNG Institute of Banking and Business Management

IIBF has taken up consultancy work at PNGIBBM to review the current diploma and modify and improve the modules introducing competency based approaches. In this connection, a two member team headed by CEO visited Papua New Guinea from May 23rd to May 28th to study and understand the structure of their diploma and



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to obtain the feedback of PNG Banking community on the relevance of the diploma. The initial phase of consultancy is over and the rest of the consultancy work is scheduled to be completed and delivered within 3-4 months.

Program on ALM for NBTI

The Institute, in association with the National Banking Training Institute has conducted a two day training program on Asset Liability Management for bankers at Kathmandu from 30/05/2011 to 31/05/2011.

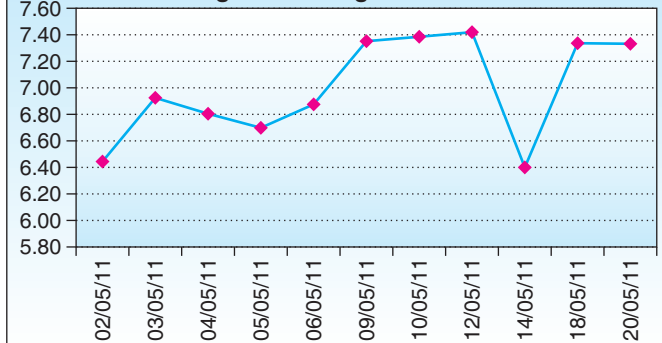
News From the Institute

Relaxation in eligibility criteria for DBF Course

The Diploma in Banking & Finance will be open to new candidates who have passed the 12th standard examination from December, 2011 examination onwards.

Market Roundup

Weighted Average Call Rates



Source : CCIL Newsletters, May 2011

- Call rates hovered between 6.41 and 7.41.
- Towards mid-month easy liquidity conditions are seen.
- In the last week, tight liquidity is noticed

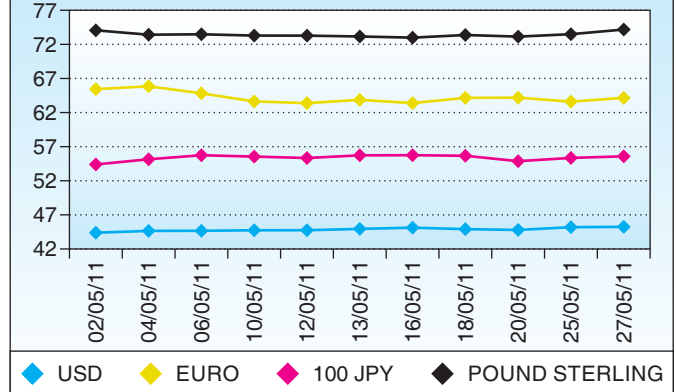
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INDIAN INSTITUTE OF BANKING & FINANCE

Kohinor City, Commercial-II, Tower-I, 2nd Floor, Kiro Road, Kurla (W), Mumbai - 400 070.
Tel. : 91-22-2503 9604 / 9746 / 9907 • Fax : 91-22-2503 7332
Telegram : INSTIEXAM • E-mail : iibgen@bom5.vsnl.net.in
Website : www.iibf.org.in

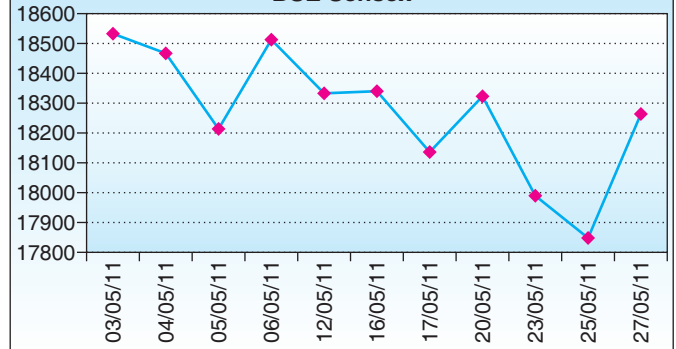
RBI Reference Rates



Source : Reserve Bank of India (RBI)

- On the first day of the month it was indicated that ₹43.90 per dollar should hold for some more time before breaking decisively. The rising oil and commodity prices coupled with the widening current deficit are also putting pressure on the dollar-rupee pair.
- The Rupee remained volatile last week closing at 44.78/79 on 06.05.11, Friday. The weakness of Rupee is traced to weak stock market, crashing crude oil prices and the strength of the greenback globally.
- The Rupee gained, rebounding from a two month low on speculation rising relative yields on local bonds will spur overseas funds to boost investments. The Rupee appreciated 0.2% to 45.055 per dollar from May 16 on Wednesday.
- Rupee drops on hopes of \$ chase by importers. The Rupee retreated 0.1% on 20th to 45.0150 a dollar.
- Euro slightly depreciated by 1.78% during the month.
- Sterling pound appreciated 0.55% during May.
- Japanese Yen also appreciated by 0.55%.

BSE Sensex



Source : Reserve Bank of India (RBI)