

Committed to
professional excellence

IIBF VISION

Volume No. : 4

Issue No. : 8

March 2012



Top Stories

RBI among world's best central banks : 'The Economist'

'The Economist' magazine has described Reserve Bank of India (RBI) as one of the best central banks in the world and one of India's best institutions. Judging by the numbers, RBI is among the world's best central banks. Its record on balancing growth and inflation is decent enough. Since 1995 wholesale prices have risen by an average of 6% a year, not too far from RBI's comfort zone of about 5%. Growth has averaged 7% a year. RBI is also in charge of the safety of the financial system. Its record here is excellent. Despite a current- account deficit that leaves India vulnerable to global jitters, the country sidestepped the 1997 Asian crises ("nobody gave us a chance," recalls a former governor) and the West's banking crises in 2008. RBI also coped with big and potentially destabilising capital inflows in the euphoric years before Wall Street began to totter, and has avoided a domestic financial crisis despite fast growth in bank's assets for many years.

First ever e-cheque

A team of British researchers claim to have developed the first-ever electronic cheque (e-cheque) which offers the advantages of the traditional system but cuts down much of the processing and transport costs to banks. The hi-tech cheque-book looks and works almost as the conventional one; but to write on it, one needs a digital pen with a tiny camera attached to it to record any strokes made against millions of tiny dots printed on the surface. The pen sends the details to the bank of the client via a wireless link. As the cheques and digital pen work only with the customer's own secure computer hub, they are said to be thief-proof ! Combining tradition and modernity, it's safe and cheap electronic transaction for banks, and yet a physical paper-based transaction for the customer.

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

Top Stories.....	1
Banking Policies	2
Banking Developments.....	2
Regulator's Speak	4
Insurance	4
Microfinance	5
Economy	5
Forex.....	5
New Appointments.....	6
Products & Alliances	6
Bank for International Settlements.....	6
Financial Basics.....	7
Glossary.....	7
Institute's Activities.....	7
News From the Institute.....	7
Market Roundup	8

National Australian Bank makes India debut

In keeping with its overall Asia-strategy, the National Australia Bank (NAB) has followed up its 2011-debut in China by now entering India. Its first branch in Mumbai would support Institutional, Corporate and Business Banking customers operating in or trading with India. The bank will also liaise for Indian clients looking to expand or invest in Australia or New Zealand, particularly in the energy, education and agri-business sectors.

Banking Policies

RBI's draft guidelines on Basel-III framework

RBI has released the draft guidelines on liquidity risk management and Basel-III framework on liquidity standards. Two minimum global regulatory standards, viz. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), as set out in the Basel-III rules text issued by the Basel Committee on Banking Supervision (BCBS), have been prescribed under the guidelines, which will become binding from January 1, 2015, and January 1, 2018, respectively. Till then, these guidelines have been issued for compliance on best effort basis.

Agricultural lending : RBI panel for obliterating sub-targets

RBI's working group on Priority Sector Lending (PSL) has recommended obliterating the sub-targets for direct and indirect agricultural advances. Instead, the group headed by Mr. M. V. Nair, CMD, Union Bank of India has recommended sub-limits only for lending to farmers in the small and marginal category. Further, it wants loans for setting up rural infrastructure to be classified as PSL.

Banks asked to calculate savings deposit rate on EoD balance

RBI has asked banks to calculate interest rate on savings deposit on the End-of-Day (EoD) balance in the customer's account. On EoD balance up to ₹1 lakh, banks are required to apply the uniform rate set by them. For EoD balance exceeding ₹1 lakh, banks may apply the differential rate(s) as fixed by them.

Refund unclaimed deposits of ₹1,700 crore

RBI asked banks to locate and refund unclaimed deposits of around ₹1,700 crore. It has stated that "In view of public interest, banks should play a more pro-active role in unearthing the account holders of unclaimed deposits / inoperative accounts. They should display the list of unclaimed deposits / inoperative accounts, which are inactive / inoperative for 10 years or more." A whopping

₹1,723.24 crore in 1.03 crore non-operational accounts in different banks were lying unclaimed as on December, 2010.

RBI's new clamp on home loans

RBI's latest mandate to banks, to exclude stamp duty, registration and like charges while calculating the value of a property to finance, is feared to further reduce the sales of homes in the lower and medium segments. That is because, the proposed home buyers will have to arrange for more funds on their own, as banks will not lend for these charges any more.

Registration 'must' for foreign contributions

In the guidelines issued under the Foreign Contribution (Regulation) Act, 2010, RBI has stipulated that entities have to get themselves registered with the central government before accepting any foreign contribution. Banks will then have to forward the report of receipts of such transfers to the government. Also, recipients can receive foreign contribution in a single account only. The Act provides that persons having definite cultural, economic, educational, religious and social programmes should get themselves registered with the Government of India before accepting any 'foreign contribution'. In the absence of such registration, it can accept foreign contribution only after obtaining prior permission of the central government.

Banking Developments

ATMs can advertise financial products

Banks with a large network of Automated Teller Machines (ATM) will now be able to generate additional revenue by advertising financial products offered by other institutions. With an eye on financial inclusion and to incentivize banks for opening ATMs in remote areas, the finance ministry has allowed bank-owned as well as outsourced ATMs to display advertisements of other financial products which will carry the approval of various regulators like RBI, SEBI, PFRDA and IRDA. The advertising revenue is expected to enable banks to reduce transaction costs of ATMs.

Mobile banking seeks boost

With Interbank Mobile Payment Service (IMPS) in place, banks are now leveraging their existing corporate clientele to replace day-to-day cash dealings with mobile transactions. So far, 34 banks have registered with National Payments Corporation of India (NPCI) to enable mobile fund transfers between banks for their customers. Most of these banks have launched mobile

banking services for their retail customers. According to NPCI, the volume of inter-bank mobile transactions increased to ₹5 crore in January from ₹4.2 crore a month ago. The number of transactions increased to 19,101 from 15,759 in the same period. To boost mobile banking in India, RBI has lifted the cap of ₹50,000 on daily transactions.

Non-food credit growth slowest in FY 12

Non-food credit grew at 15.4% y-o-y in the fortnight to February 10 - the slowest pace of growth in the current fiscal - taking outstanding credit to ₹43,00,811 crore. In the previous fortnight, loans to corporates and individuals had grown at 16.1% y-o-y. With the economy slowing, demand for loans too has been wearing off. The pace of growth of deposits too slowed down, increasing at just 14.95% y-o-y in the fortnight to February 10, taking the outstanding deposit in the system to ₹58,00,458 crore. In its Q3 review, RBI had revised the projection for the growth in non-food credit growth to 16% for the current year from the earlier-announced 18%.

Mobile payment services gaining currency

Mobile payment services are steadily gaining currency in the Indian market. Global payment companies, banks, telecom vendors and mobile financial solution providers are all keen to grab a slice of the Indian mobile payments market, which is seen as the next bastion of growth as they can help financially under-served consumers access mainstream financial services; make purchases, transfer funds and pay bills via their mobile phones.

Banks retirement liabilities doubled in FY 11

Commercial banks' liabilities towards employees' retirement benefits have doubled to ₹10,500 crore as on March 31, 2011, from ₹6,154 crore in the year ago period; with PSBs facing the largest risk of the extent of liabilities against their finances. The combined estimated liabilities for employee benefits across BSE-100 companies rose 45% to ₹2.90 lakh crore as on March 31, 2011, from ₹2 lakh crore in the year ago period.

Foreign Banks should step up priority lending

According to the recommendations of Shri M. V. Nair Committee report, foreign banks in India should set aside 40% of their total loan portfolio for priority sector, bringing them at par with the mandatory requirement of domestic lenders. The panel also suggested that loans to women should be classified as lending to the weaker section. Currently, foreign banks need to lend 32% of their loans to priority sector, including loans to farmers, small businessmen, students, weaker sections of society. Foreign lenders should mandatorily lend

15% to exporters and Micro and Small Enterprises (MSEs). They should meet the target of 40% of loan portfolio for priority sector.

All private banks as RBI agents

All private sector banks will now be eligible to handle Central and State Government business as agents of RBI, at par with Public Sector Banks (PSBs). So far, only 3 private sector banks viz. ICICI Bank, HDFC Bank and Axis Bank had this privilege. The move will improve customer convenience by increasing the number of customer service outlets and broad-basing the revenue collection and payments mechanism of governments.

Check forex exposures of clients

RBI has asked banks to "rigorously evaluate" the unhedged foreign-currency exposures of clients and price the credit facilities accordingly, in order to reduce potential credit losses. Further, banks may also consider stipulating a limit on unhedged position of corporates on the basis of their board's approved policy. At present, banks are required to review the unhedged portion of foreign currency exposure of large clients every month. RBI opines that in the event of sharp adverse movements in currencies, excessive risk-taking by corporates could cause severe distress to them and large potential credit loss to their bankers.

Growth in personal loans slows to 12.3%

Sectoral credit data from RBI shows that the growth in personal loans has slowed to 12.3% y-o-y in December from 13.4% y-o-y growth posted in November. Since April 2011, when loans to this category had increased by over 18% y-o-y, the increase has been smaller with each passing month. Loans to NBFCs, too, have seen some moderation at 36.2% y-o-y in December, compared with 39.2% y-o-y in November.

RBI on ₹1,000 denominations notes

RBI will soon start issuing banknotes of ₹1,000 denominations in non-sequential numbering. The packets will have hundred notes each.

RBI empowers banks on end-use of ECB funds

Banks will now have a greater say in the External Commercial Borrowings (ECBs) of Indian companies. RBI has empowered banks to make changes in the end-use of money raised through ECBs, without routing the request through itself. Banks can now approve a firm's request to change the final use of offshore commercial borrowings under the automatic route. Banks see this as streamlining of the foreign fund-raising procedure and a removal of administrative flaws. However, funds raised under the approval route will still have to be referred to

RBI's department of foreign exchange. RBI has approved ECBs beyond \$750 million case by case.

Bond yields at 9-month low

The 10-year government bonds gained on 1st February, 2012, pushing yields to the lowest level in 9 months, on optimism that debt purchases by RBI will ease a cash squeeze. The monetary authority, which has bought ₹71,900 crore of notes since November, refrained from purchasing debt in OMOs. The rate on the 8.79% notes (due November 2021) fell 14 bps to 8.13%. That's the lowest level for a benchmark 10-year bond since April 28, 2011. The cost of one-year interest-rate swaps (i.e. derivative contracts used to guard against fluctuations in funding costs) fell 5 bps to 8.11%. Lenders borrowed an average ₹1.1 lakh crore a day from RBI (up from ₹51,500 crore in the prior period) to meet shortages in the past three months.

Priority Sector Lending (PSL) panel may scale down target from 40%

RBI may consider paring the 40% priority sector target for commercial banks. However, banks may have to lend more to the MSMEs and weaker sections. Based on stakeholders' feedback, RBI could also consider categorising housing finance to the weaker sections under priority lending. The growth in priority sector lending has slowed down from 29.2% in 2009-10 to just 5% in 2010-11 despite banks having to mandatorily lend to the sector.

Regulator's Speak...

RBI may not give one-time leeway on NPAs' provisioning

Dr. K. C. Chakrabarty, Deputy Governor, RBI has asserted that "Presently, RBI is not looking to give banks a one-time leeway on provisioning towards Non-Performing Assets (NPAs). We're also not doling out the special dispensation, inspite of the trend of rising NPAs and loan recast for banks." Once earlier, RBI had provided the one-time leeway to relieve companies from repayment pressure in the aftermath of the global financial crises in 2008.

Liquidity deficit not yet down to RBI's comfort level

Dr. Subir Gokarn, Deputy Governor, RBI has stated that while the combined impact of the Cash Reserve Ratio (CRR) cut and the cumulative impact of Open Market Operations (OMOs) is starting to scale down the liquidity pressure, the CRR cut and OMOs have not got the liquidity deficit down to comfort levels. Resultantly, there can be more buyback of government bonds or OMOs by the apex bank.

RBI eases cap on banks' forex positions

RBI has relaxed the limits on foreign exchange positions of banks imposed in the aftermath of a steep fall of the rupee in December. Mr. H. R. Khan, Deputy Governor, RBI has affirmed this, adding "If banks have a requirement, they can approach us through the Foreign Exchange Dealers' Association of India (FEDAI) with permission from their board and explain why and by how much they need the relaxations."

RBI cannot be 'indifferent' to Government's borrowing plan

Dr. D. Subbarao, Governor, RBI has asserted that "RBI cannot be an inflation targeter, or a coreinflation targeter. That will not serve the best interest of the macroeconomic management of the country." He also maintained that the apex bank cannot pursue a policy completely oblivious to growth. About the rising government borrowing, Dr. Subbarao said it may not be possible for the monetary policy to remain "indifferent" to government borrowing programmes.

No aggressive rate cut; OMOs will continue

RBI is unlikely to cut rates aggressively even as economic growth appears to have slowed and inflation has started moderating. With economic growth dwindling, RBI had kept key policy rates unchanged for the second consecutive month in January 2012. However, last month, it had reduced the CRR by 50 bps to inject ₹32,000 crore primary liquidity in the system. Dr. Subir Gokarn, Deputy Governor, RBI has hinted that RBI will continue with OMOs to ease liquidity tightness, adding "When we feel that the measures are no longer necessary, we will take the situation back to where it was. In that sense, they are temporary."



Insurance

IRDA forms Health Insurance Forum

Insurance Regulatory and Development Authority (IRDA) has formed a 'Health Insurance Forum' to act as a consultative body for all stakeholders. Elaborating about this initiative, Mr. J. Hari Narayan, Chairman, IRDA says "In view of the growth in the health insurance industry, it was felt necessary to create a forum for an effective dialogue between hospitals, insurance companies, third-party administrators and

consumers. The forum will advise and assist the regulator in evolving health insurance regulations; and will facilitate the creation and adoption of standard processes and definitions in health insurance.

IRDA's teaching guide for insurance agents

IRDA is determined to make agents graduate into "advisors" and is drafting a detailed guideline that would make the sale of a life insurance policy "need" or "suitability" based. The stated intention is that it will not be a call of policy holders alone when it comes to choosing an insurance product. Rather it will depend on the profile of the policyholder, recommended by agents. The underlying purpose of these guidelines is to ensure an agent can't just push a product where the commission is higher.

IRDA wants upper cap on sum assured

IRDA has proposed to set a maximum limit for the sum assured on life insurance policies. This is to ensure that insurers take on the maximum risk on themselves rather than heavily relying on reinsurance companies to honour insurance claims.

Microfinance

Positive signals for MFIs

The M. V. Nair Committee on Priority Sector Lending (PSL) has recommended that 5% of bank credit to NBFCs could be classified as PSL. Those NBFC-MFIs still facing fund-crunch stand to gain significantly if the recommendations are implemented. Mr. Mathew Titus, Executive Director, Sa-Dhan says "It is a big challenge for banks to source good quality loan portfolio. Though NBFCs offer small-ticket loans, they are mostly good-quality ones. This will also be a new opportunity for non-financial agencies who may want to enter this business of purely originating and passing on portfolio to banks."

Economy

Economic growth revised down to 8.4%

The Central Statistics Office (CSO) has lowered its estimate for the country's GDP growth in 2010-11 to 8.4% from 8.5% earlier. It has also revised upwards the 2009-10 GDP growth estimate to 8.4% from 8% earlier. The latest revisions are part of the quick estimates of national income, consumption expenditure, saving and capital formation for 2010-11.

Savings growth slows down; imperils growth

India's economy could grow at a faster pace in the next fiscal but a slowdown in savings could prevent it from

rising substantially more than the 7.2% increase that the government expects in 2011-12. Growth in savings fell to 13.7% during 2010-11, compared to 21% in the previous year because of high inflation, pulling down the share of gross domestic savings in GDP by 1.5%. High savings rate has allowed India to domestically finance a major part of its investments, and a slowdown in savings would lower the potential growth rate - a number that is achievable if the economy operates at full tilt.

Forex

Forex reserves decline by \$369 million

As per RBI's weekly Statistical Supplement, foreign exchange reserves dipped by \$369.2 million to \$293.383 billion for the week ended February 10. The decrease was mainly on account of currency revaluation. This is the second week in a row that foreign exchange reserves have declined. In the week under consideration, the foreign currency assets fell by \$370.6 million to \$259.446 billion. Gold was unchanged at \$26.727 billion. SDRs increased by \$0.6 million to \$4.474 billion. The country's position in the International Monetary Fund increased by \$0.8 million to 2.734 billion.

Forex limit for imports sans documentation raised to \$5000

RBI has upped the limit for release of foreign exchange for imports by persons, firms and companies without any documentation formalities from \$500 or its equivalent, to \$5000 or its equivalent. The banks authorised to deal in foreign exchange need not obtain any document, except a letter from the applicant containing basic information such as name and the address of the applicant, name and address of the beneficiary, amount to be remitted and the purpose of remittance, as long as the exchange being purchased is for a current account transaction.

₹ hits 3-month high at 49.27 on dollar inflows

The rupee hit a near three-month high on 1st February, clawing back all early losses, supported by robust dollar inflows, local share gains and a recovery in the euro. The rupee closed at 49.2650 / 2750 per dollar, rebounding from the day's low of 49.66 - gaining 0.4% from the earlier day's close of 49.44 / 45. The outlook on the rupee remains bullish as foreign investors are expected to park even more funds in Asia's 3rd largest economy, where growth is seen perking up as RBI gradually returns to an accommodative monetary policy.

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

LIBOR / SWAP For FCNR (B) Deposits					
	LIBOR		SWAPS		
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.05980	0.560	0.681	0.867	1.092
GBP	1.88306	1.2361	1.2935	1.3996	1.5466
EUR	1.59571	1.123	1.209	1.360	1.550
JPY	0.55371	0.353	0.369	0.406	0.465
CAD	1.89300	1.289	1.401	1.527	1.657
AUD	4.96000	4.230	4.255	4.453	4.535
CHF	0.36283	0.105	0.168	0.265	0.390
DKK	1.57800	1.2030	1.2950	1.4590	1.6490
NZD	3.54400	3.090	3.325	3.558	3.785
SEK	2.86200	1.990	2.011	2.100	2.195

Source : FEDAI

Foreign Exchange Reserves

Item	As on February 17, 2012	
	₹Bn.	US\$ Mn.
	1	2
Total Reserves	14,452.80	293,439.70
(a) Foreign Currency Assets	12,771.70	259,534.30
(b) Gold	1,327.80	26,727.60
(c) SDRs	219.3	4,455.60
(d) Reserve Position in the IMF	134	2,722.20

Source : RBI

New Appointments

- Mr. S. L. Bansal has been appointed as Chairman and Managing Director of Oriental Bank of Commerce.
- Mr M. G. Sanghvi has been appointed as Chairman and Managing Director of Syndicate Bank.
- Mr. Amar Lal Daultani has been appointed as Executive Director of Corporation Bank.
- Mr. Sunil Kaushal has been appointed as Regional Chief Executive, India & South Asia, Standard Chartered Bank.



Products & Alliances

Organization	Organization tied up with	Purpose
Yes Bank	Buldana Society	To help the society with its new customer service initiative entailing door-step para-banking services.
Birla Sunlife	Syndicate Bank	Birla Sunlife will get access to the bank's branches all over India, while it will ensure the bank to pick up minority stake in life insurance sector.
Tata Capital	Axis Bank	Jointly launched a travel card which is available in 9 currencies on the VISA platform. It can be used at more than 26 million outlets and 1.9 million VISA ATMs and on all overseas e-commerce web sites.
The Karur Vysya Bank Ltd.	SBI Cards	Launched co-branded credit cards, it will give ready and immediate access to the SBI cards portfolio. The card has a magnetic strip and a chip which will provide a high level of security to card holders.
Bank of Baroda	CARE	For rating of MSMEs which are either prospective or existing customers of the bank
Bank of India	New York - based Micro Energy Credit Corporation	To help the rural borrowers implement green solutions and earn carbon credits
Oriental Bank of Commerce	Future Capital Holdings Ltd.	Assignment of retail assets

Bank for International Settlements (Continued...)

Continuing with our summary of core principles for effective bank supervision of BIS, we provide some more information :

1. At present, the grading of compliance with the Core Principles is based solely on the essential criteria. To provide incentives to jurisdictions, particularly those that are important financial centres, to lead the way in the adoption of the highest supervisory standards, the revised Core Principles will allow countries the additional option of voluntarily choosing to be assessed and graded against the essential and

additional criteria. In the same spirit of promoting full and robust implementation, the Committee has retained the existing four-grade scale of assessing compliance with the Core Principles. This includes the current “materially non-compliant” grading that helps provide a strong signaling effect to relevant authorities on remedial measures needed for addressing supervisory and regulatory shortcomings in their countries.

2. As a result of this review, the number of Core Principles has increased from 25 to 29. There are a total of 36 new assessment criteria, comprising 31 new essential criteria and 5 new additional criteria. In addition, 33 additional criteria from the existing assessment methodology have been upgraded to essential criteria that represent minimum baseline requirements for all countries.
3. The revised Core Principles will continue to provide a comprehensive standard for establishing a sound foundation for the regulation, supervision, governance and risk management of the banking sector. Given the importance of consistent and effective standards implementation, the Committee stands ready to encourage work at the national level to implement the revised Core Principles in conjunction with other supervisory bodies and interested parties.

(Source : BIS)

Financial Basics

Tech bubble

A pronounced and unsustainable market rise attributed to increased speculation in technology stocks. A tech bubble is highlighted by rapid share price growth and high valuations based on standard metrics like price / earnings ratio or price / sales. The technology stocks involved in a bubble may be confined to a particular industry (such as internet software or fuel cells), or cover the entire technology sector as a whole, depending on the strength and depth of investor demand. At the peak of a bubble, many fledgling tech companies will seek to go public through Initial Public Offerings (IPOs) in an attempt to capitalize on heightened investor demand.

Glossary

Carbon credit

A permit that allows the holder to emit one ton of carbon dioxide. Credits are awarded to countries or

groups that have reduced their green house gases below their emission quota. Carbon credits can be traded in the international market at their current market price.

Institute's Activities

Training Activities at IIBF, Leadership Centre, Kurla

TOPSIM-Universal Banking Simulation Programme :

The Institute had organized the second (2nd) two day program on TOPSIM - Universal Banking Simulation on 27th and 28th February 2012 in collaboration with Tata Interactive Systems. The workshop was attended by 17 participants.

Trainers' Training programme on Financial Inclusion

The Institute had conducted a 2 day Trainers' Training Programme for Training Managers of Syndicate Bank on 17th & 18th February 2012 at Syndicate Institute of Bank Management, Manipal. The training was attended by 27 participants.

News From the Institute

Seminar on Customer Service

- The Institute had organized a seminar on 'Customer Service' at Ahmedabad on 28th February 2012. The programme was inaugurated by Shri Sudarshan Sen, Regional Director, RBI and the key note address was delivered by Mr. A. C. Mahajan, Chairman, BCSBI. The seminar was attended by 120 participants.
- The Institute had organized the 2nd seminar on 'Customer Service' at Chennai on 5th March 2012. The key note address was delivered by Mr. Vishwanathan, Regional Director, RBI and valedictory speech was given by Mr. Narayan Raja, CEO, BCSBI. The seminar was attended by 80 participants.

Additional Reading Material for IIBF examinations

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

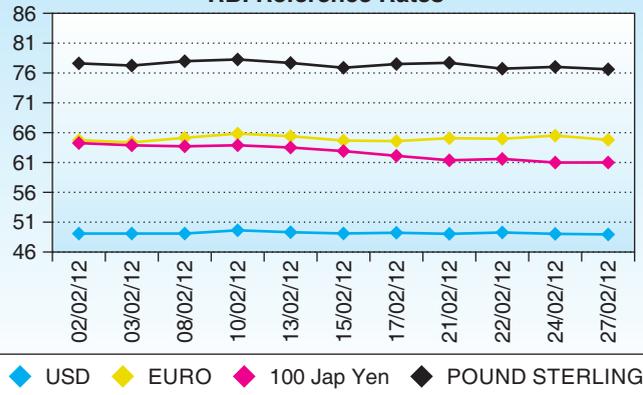
Web-classes and E-Learning for JAIIB / DB&F and CAIIB candidates

The Institute is offering web classes and E-learning for JAIIB / DB&F / CAIIB courses. (For details visit www.iibf.org.in).

Registered with the Registrar of Newspapers for India under No. : 69228 / 98 • Regn. No. : MH / MR / South - 42 / 2010 - 12
 Post at Mumbai Patrika Channel Sorting Office Mumbai - 1 on 25th to 28th of every month.

Market Roundup

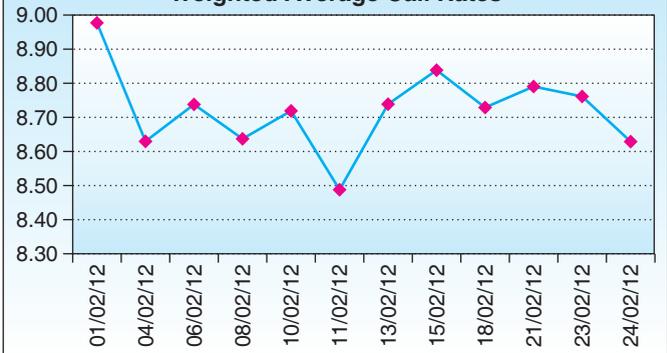
RBI Reference Rates



Source : Reserve Bank of India (RBI)

- Rupee closes at 49.15 / 16, hitting a three-month high on 2nd, encouraged by gains in domestic equities.
- Increased foreign fund flows and hopes of monetary easing strengthen currency. The Rupee ended 48.6850 / 6950 on 3rd to the dollar, a level not seen since October 31.
- With January's trade deficit at \$14.7 billion, the current account deficit for March 2012 ending likely at 3.5% of GDP, then Rupee during the week commencing 13th is likely to trade in the band of 49.20 - 50.25, according to The Director, Basix Forex.
- The US dollar-Rupee pair is likely to trade with an appreciation bias mainly owing to the stability in the Euro zone, according to Head Treasury, Centrum Direct. It is likely to trade between 48.60 and 49.50
- The Rupee rose on 28th on capital flows into local stocks and debt, with investors' risk hunger improving as worries over Greece's debt crisis eased.
- During the month Rupee appreciated against dollar by 1.61%.
- Against Euro, Rupee depreciated during the month 0.17% with a one day depreciation of 17.95% and 16.22% appreciation next day.
- Against Sterling and Japanese Yen there is appreciation.

Weighted Average Call Rates



Source : CCIL Newsletter, February 2012

- The call rate fell back on a surfeit of liquidity in the system on 3rd. The overnight money call market reacted downwards to conclude at 8.75 per cent, from 8.90 percent on 1st. It moved in a range between 9.05 per cent and 8.50 per cent.
- The end of first fortnight after the CRR cut marked a distinct improvement in the system liquidity as the average LAF number was down to ₹1.18 trillion and call rate traded below 9%. Next call rates are expected to hover between 8.75% - 9%, according to analysts.
- Subsequently liquidity remained tight and rates are range bound.

BSE Sensex



Source : Reserve Bank of India (RBI)

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, 3rd Floor, Dr. E. Moses Road, Worli, Mumbai - 400 018 and published from Indian Institute of Banking & Finance, Kohinor City, Commercial-II, Tower-I, 2nd Floor, Kiroli Road, Kurla (W), Mumbai - 400 070.
 Editor : Dr. R. Bhaskaran.

INDIAN INSTITUTE OF BANKING & FINANCE

Kohinor City, Commercial-II, Tower-I, 2nd Floor, Kiroli 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