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professional excellence

IIBF VISION

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Top Stories

Rural agents of PSBs will now cater to all customers

Under the Finance Ministry's directives, PSBs are now instructing their Business Correspondents (BCs), to deal with customers of all banks. Irrespective of the bank a BC is attached to, the agent, armed with hand-held devices that work as mobile ATMs, will accept and give out cash to any villager with an account in any PSB. The move, aimed at making banking transactions easier in rural India, could deepen financial inclusion, which is one of the top priorities of the government and RBI.

RBI's scheme for SAARC

RBI has announced a \$2 billion currency swap arrangement for short-term emergency assistance to member countries of the South Asian Association for Regional Co-operation (SAARC). Through this arrangement, member nations will be able to swap their domestic currency or G-secs for Dollar, the Euro, or the Rupee.

Banks told to give farmers smart cards

RBI has asked commercial banks, Regional Rural Banks (RRBs) and Co-operative banks to issue smart cards / debit cards to farmers under the revised Kisan Credit Card (KCC) scheme to help them access credit with ease. These cards should be compatible for use in ATMs, hand held swipe machines, Point of Sale (PoS) terminals and mobile banking; and be capable of storing adequate information on farmers' identity, assets, land holdings and credit profile. This move comes in order to align the KCC scheme to current requirements. While there will be no limit on the number of debit or credit transactions, each card will have a credit limit. In addition, farmers can also transact through PoS machines held by BCs, input dealers, traders and mandies.

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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Banking Policies

Intra-bank a/c transfers won't need fresh KYC

RBI has ruled that the KYC process once undertaken by one branch of the bank will be valid for transfer of the account within the bank; since most bank branches are now on Core Banking System (CBS) and KYC records can be accessed by any branch of the bank. Thus the customer should be allowed to transfer his / her account from one branch to another branch without restrictions; and without needing to open a fresh account at the other branch, as is being insisted by some banks.

RBI issues draft guidelines on CICs foreign outlay

RBI has proposed to allow Core Investment Companies (CICs) to invest up to 200% of their owned funds in overseas financial assets and up to 400% of their funds in overseas non-financial assets. CICs that are not under RBI's purview will have to register with the bank if they wish to invest in financial assets overseas. RBI has asked Core Investment Companies (CICs) not to open branches in foreign geographies and said overseas subsidiaries of such firms should not be shell companies. Such subsidiaries have been barred from raising overseas resources to create assets for Indian operations.

RBI to UCBs : Verify I-T returns before opening businessmen a/c

In an order to check frauds, RBI has asked Urban Co-operative Banks (UCBs) to verify I-T returns and other documents before opening bank accounts of businessmen as a part of the KYC exercise. The UCBs should verify complete IT returns in the name of the sole proprietor where the firm's income is authenticated by the I-T authorities and should also check the utility bills such as electricity, water and landline telephone bills in the name of the proprietary concern.

RBI cracks down on exporters, banks

RBI has threatened exporters and banks with penal action if they violate its instructions on converting dollar funds into the domestic currency in a fortnight. The move came on a day the rupee saw sharp swings - it appreciated 73 paise from the day's low to close at 55.66 a dollar. The currency went up 0.6% as compared to the previous close. However, during early trade, it registered a new intra-day low of 56.39 against the greenback.

RBI eases norms as rupee weakens

RBI has relaxed the interest rate ceiling on FCNR deposits of banks with maturities of 1 to 3 years to 200 bps above the **LIBOR** or swap rate, from 125 bps now.

On 3-5 year maturity FCNR deposits, the rate ceiling will be relaxed to 300 bps above LIBOR. RBI has also allowed banks to freely determine the interest rates on export credit in foreign currency. Clarification on policy issues like General Anti Avoidance Rules (GAAR) and correction in oil prices will play an important role on the fate of the Indian currency.

RBI to Banks : Cut exposure to gold-loan NBFCs

RBI has further tightened the norms pertaining to banks exposure to NBFCs predominantly in the gold loans business. Banks have been asked to reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets, from the existing 10% to 7.5% of their capital funds. Banks are now required to have an internal sub-limit on their aggregate exposures to all gold loan companies taken together. The sub-limits should be within the internal limit fixed by banks for their aggregate exposure to all NBFCs put together.

RBI tells banks to raise risk capital reserve

RBI has asked banks to set aside more risk capital and implement Basel-III norms faster than its global peers. Indian banks are required to set aside minimum common equity of 5.5% (Tier-I) capital for its risky assets (loans). Banks also have to bring in additional equity at a minimum of 1.5% of its risky assets (loans). To counter liquidity crunch, banks have to set aside a capital conservation buffer of 2.5% in the form of common equity; as well as, 2% Tier-II capital. Finally, banks are also expected to counter the cyclical nature of their business by setting aside 2.5% common equity as counter cyclical buffer. So the total capital that banks need to set aside is 14%.

Fix charges for high-value cheques on cost-plus basis

Banks which have fixed their service charges for outstation or speed clearing for instruments valued above ₹1 lakh as a percentage to the value of instruments, have been advised by RBI to review and fix the same on a cost-plus basis. Banks are supposed to notify their customers about the revised service charge structure for cheque clearing. Meanwhile, RBI has also issued guidelines for clearing of cheques sans a formal clearing house, to ensure faster realisation of cheques and better customer service. Banks have been asked to make arrangements to ensure that the instruments drawn on other banks are delivered or exchanged at a mutually decided place and time each working day. While doing so, banks must ensure that the cheque's fate is known on the same day.

Banking Developments

Banks' incremental equity requirement 'manageable'

Credit rating agency ICRA finds the banks' incremental equity requirement arisen out of the Basel-III capital adequacy norms to be 'manageable'. ICRA has estimated that banks would need between ₹3.9-lakh crore and ₹5-lakh crore over the next six years, of which, the 'common equity' portion would be ₹1.3-lakh crore to ₹2-lakh crore. Additional Tier-I would call for another ₹1.9-lakh crore and Tier-II, ₹1-lakh crore. ICRA estimates that out of the total requirement of PSBs, the Government's share would be ₹30,000 - ₹80,000 crore, going by the Finance Ministry's 58% shareholding in PSBs.

UCBs can offer loans under Priority Lending

To facilitate enhanced lending, RBI has permitted UCBs to utilise the additional limit of 5% of total assets for granting housing loans to individuals up to ₹25 lakh, under the priority sector lending scheme.

RBI on FII investment in comexes

As per RBI's directives, investment by Foreign Institutional Investors (FII) in commodity exchanges (comexes) will not require prior government approval. However, this approval will be required for Foreign Direct Investment (FDI) in comexes. FDI in comexes are capped at 26% while overall foreign investment cap is 49%. FII limit under the portfolio investment scheme is capped at 23% within the overall cap.

PSBs to join hands to open ATMs, cut costs

This fiscal, PSBs will join hands to open over 65,000 ATMs. This will scale down the cost of operations (by reducing the transaction cost) for all the member banks by at least 30%, as the number of ATMs in a particular geography will increase substantially, giving them more bargaining power in settling transaction charges with the vendors. In the previous year, vendors had charged banks in the range of 13-16 per ATM transaction. Under a unified approach, this will come down by 30 - 38% to 8 - 11 per transaction. Besides, charges will fall by another 40% if transactions per ATM cross 250 each day.

Promotion policy for PSBs tweaked

As a one-time measure, the Finance Ministry, has tweaked the promotion policy in PSBs for 2012-13. The move comes as the banks are considering superannuation in large numbers in the next couple of years. In view of the difficulties being experienced by these banks regarding non-availability of officers in the 'zone of consideration';

annual performance appraisal report marks; and cut-off date for eligibility for promotions, the Ministry has 'relaxed' the promotion criteria. Now, the zone of consideration for promotion will be generally three times the number of anticipated vacancies. The board of directors can further relax the minimum eligibility criteria in the length of service by up to six months over and above the one year already provided in the guidelines issued in March.

Banks can set up BC outlets in rural areas

RBI has allowed banks to establish outlets for BCs in rural centres to boost the government's financial inclusion programme. These BC outlets may be in the form of low cost simple brick and mortar structures. They can operate from ultra-small branches of banks as their association with the branch will increase the "legitimacy and credibility" in the area and make people confident of their services.

RBI announces OMO to ease liquidity

RBI might infuse up to ₹12,000 crore via Open Market Operations (OMO), to ease liquidity pressure and create appetite for fresh supply of government bonds. The central bank will purchase four lots of government securities (G-secs) using the multiple price method. Market participants opine that RBI might have done this to offset the liquidity pressure created by its recent foreign exchange intervention. The move would also help create space for heavy weekly auctions of government bonds. The government has pegged ₹5.69 lakh crore of gross market borrowing this financial year, *vis-a-vis* ₹5.1 lakh crore raised in 2011-12. This has increased the weekly burden on debt markets to ₹16,000-18,000 crore this year from ₹12,000-15,000 crore in 2011-12.

Credit grows 17.27%

Commercial banks disbursed loans worth ₹26391 crore in the fortnight ended May 4. The y-o-y growth in credit was 17.27%. The outstanding advances of commercial banks stood at ₹46,44,071 crore. Credit off take is subdued now as it is beginning of the year.

Extend financial inclusion to urban areas

The finance ministry has asked PSBs to expand their financial inclusion drive to urban India so that migrant labourers too are able to derive its benefit. The Ministry has asked banks to launch a special campaign to attract migrants to the formal banking services. Further, it has urged lenders to open savings bank account for labourers, street vendors and hawkers in urban areas. To begin with, banks are directed to open accounts for those labourers located within 500 metres of a bank's branch.

UCBs can offer higher rates on FCNR deposits

In order to attract more dollars into the country, RBI has increased the interest rates on Foreign Currency deposits of Non-Resident Indians (FCNR-B) held in UCBs. The ceiling on 1 to 3 year foreign currency deposit rates in UCBs has been upped to 200 bps above the London Interbank Offered Rate (LIBOR) from 125 bps earlier. On deposits of 3 to 5 years, UCBs can offer rates of up to 300 bps above LIBOR instead of only 125 bps earlier.

Electronic payments up, but cheque transactions higher

As per RBI data, cheques are still the preferred mode for making high value transactions in the country. In 2011-12, cheque payments amounted to a whopping ₹98.9 lakh crore, against the ₹22 lakh crore paid using the electronic medium. Over 115.9 crore credit card, debit card, Electronic Clearing Services (ECS) and National Electronic Fund Transfers (NEFT) took place during the year. This was a tad lower than the 134.1 crore payments made through cheques.

RBI rate hike

In November 2011, RBI raised maximum interest rates on NRE accounts for 1 year plus to LIBOR / SWAP plus 275 bps. In December 2011, deposit rates on NRE accounts were deregulated. Earlier this month RBI hiked the cap on FCNR interest rates, raising it to 200 bps above the LIBOR/ SWAP rate for 1-3 year deposits and 300 bps for deposits with a 3-5 year tenor.

Banks told to hold board meets at HQ

Finance Ministry has sent a circular to all PSBs, directing them to hold their board meetings at their headquarters and not at tourist destinations. The ministry's letter also encouraged use of videoconferencing for meetings between head offices and zonal or regional centres.

Banks asked to adopt risk management before raising insurance cover

The government has asked RBI and Deposit Insurance and Credit Guarantee Corporation (DICGC) to adopt risk management system before doubling the insurance cover for bank deposits to ₹2 lakh. As per DICGC's existing norms, a maximum of ₹1 lakh is paid to a depositor when a bank goes insolvent. However, now, in the interest of the banking system, DICGC may have to increase the limit of deposit insurance cover.

Rupee volatility under government lens

Mr. Kaushik Basu, Chief Economic Adviser, Finance Ministry has stated that the government is deeply concerned about and is closely watching volatile rupee. Any possible break-up of the Euro Zone will have

a significant adverse impact on India, and there is possibility of another European crisis in 2014. As much as \$1.3 trillion of low-cost loans given to European banks to contain the sovereign debt crisis will come up for repayment in 2014. Mr. Basu said the Indian economy would grow around 7.6% in 2012-13, from the estimated 6.9% in 2011-12. RBI intervenes in the forex market to combat sudden fluctuations in rupee.

Regulator's Speak...

Supply system is not responding in line with demand

According to Dr. Subir Gokarn, Deputy Governor, RBI, "there is a need to address supply-side issues to tackle food price inflation. Inflation persisted because the supply system was not responding in line with the demand. We need to address this source of pressure. We need to improve agricultural productivity, storage facilities and the distribution network. The Government is spending more on consumption and subsidies. Unless we can bring public spending back into capacity building, the gross investment will not go up."

Financial system 'is still strong'

Dr K. C. Chakrabarty, Deputy Governor, RBI has asserted that "the Indian financial system is still strong. RBI's internal assessment shows that there is nothing to worry." Global rating agency Standard and Poor's had cut India's outlook to 'negative' from stable on account of tardy fiscal progress and deteriorating economic indicators. While refusing to comment on the impact of S&P downgrade, Dr. Chakrabarty said "RBI's intervention in currency markets would depend on level of volatility. The markets, have already discounted the impact of what S&P had said."

Rise in NPAs reflects stress in banking system

The rise in NPAs since March 2010 reflects the stress in the banking system, said Mr. Anand Sinha, Deputy Governor, RBI. Slippage and recovery are inversely co-related in a stress situation and the slippages have been much more than recoveries.

Banks have to play the 'central role' in financial inclusion

According to Dr. K. C. Chakrabarty, Deputy Governor, RBI, appropriate delivery models are vital for achieving financial inclusion. "The central role in financial inclusion has to be played by banks. They need to focus on transactions in accounts opened under financial inclusion. Only banks can offer the entire suite of products required to usher in meaningful financial inclusion. They also need to be careful in

collaborating with other agencies such as MFIs and NBFCs in financial inclusion because they can only play supportive role.” Financial inclusion was part of trinity along with consumer protection and financial literacy which would ensure financial stability.

Economy likely to see mild recovery

Dr. Subir Gokarn, Deputy Governor, RBI has stated that India's economy is likely to witness a mild recovery during this financial year, despite the several financial and external pressures strongly influencing the policy environment. “Our outlook for 2012-13 is for a mild recovery in growth. Our projection in the April policy indicated that the Gross Domestic Product (GDP) growth would be at 7.5%. We do expect some bottoming out of this process over the course of the year. The monetary policy has to be sensitive enough to other risks and pressures, if we are to remain focused on containing inflation.” Dr. Gokarn said the domestic growth-inflation balance was stabilising even as risks remained on both fronts.

Growth variables point to 'slowing down' : RBI

Dr. Subir Gokarn, Deputy Governor, RBI has stated that the March Index of Industrial Production (IIP) numbers reinforce a slowing down of growth. “Though as a single indicator of growth activity, the IIP data is a little inadequate at this point; the other variables too suggest that there is a definite slowing down.”

RBI will weigh options to protect rupee

RBI is weighing several options, including extension of lending support, to help oil marketing companies negotiate foreign currency volatility. According to Dr. Subir Gokarn, Deputy Governor, RBI, the apex bank does not want to do anything without measuring the benefits of its actions or their future impact. Further, RBI will continue to use a mix of intervention and administrative steps to protect the rupee. The apex bank has adequate reserves to meet its obligations.

Dr. Subbarao indicates more interventions over Rupee slide

Dr. D Subbarao, Governor, RBI has indicated more interventions to arrest the slide of the rupee against the dollar. “We're constantly monitoring the situation and would do whatever necessary, consistent with our policy. Some structural changes are needed for improvement in the current account. The rupee has been falling for the last three-four months, especially after some appreciation in January-February. RBI has taken action to improve current flows and curb speculation. The rupee movement is a function of external factors, the capital account and other factors like balance of payments.”

Special \$ window for OMCs possible

RBI Governor Dr. D. Subbarao has stated that steps would be taken on the rupee consistent with policy even as the currency tested a new lifetime low in intra-day trade. A special dollar window for Oil Marketing Companies (OMCs), the biggest buyers of dollars in the forex market, is not ruled out.

Little room to cut interest rates

Dr. Subir Gokarn, Deputy Governor, RBI has stated that “in the present economic environment, there is little room for lowering interest rates. We have started the process of reducing interest rates. However, if you look at our inflation projections, *vis-a-vis* our long-term or medium-term objective, there are inflation pressures. That limits the room that we have to reduce rates. Roll-out of Goods and Services Tax (GST) would help reduce inflation. Tax reforms in the form of GST and investments in increasing food productivity are vital to have a balance between growth and inflation.”



Insurance

IRDA issues draft M & A norms for life insurers

According to the Insurance Regulatory and Development Authority's (IRDA) draft guidelines on M&As, life insurance companies seeking mergers will have to submit a letter of intent two months before filing an application with the regulator. IRDA may not approve the merger if the available solvency margin of the merged entity is lower than the required minimum regulatory level. An independent actuary not professionally involved with the concerned companies should prepare a report on the proposed merger and transfer. The guidelines will apply to all life insurers except state-owned LIC.

Microfinance

MFIs find relief in loan securitization

Securitized microfinance loans are getting better grades *vis-a-vis* the ratings assigned to micro lenders selling these portfolios. This has persuaded banks and NBFCs to buy securitized loan portfolios from MFIs. Hyderabad-based SKS Microfinance sold close to ₹900 crore of securitized assets to various banks and financial institutions in the January-March quarter. Some

of these portfolios were assigned a PR1 + rating, a notch above SKS' own rating, of PR1.

MFI Bill : Draft variations ring alarm bells in sector

The much-awaited Micro Finance Institutions (Development and Regulation) Bill, 2012, recently introduced in the Lok Sabha, raises the credit ceiling to ₹5 lakh from the ₹50,000 proposed in the draft bill last June. RBI, the proposed regulator, can increase this further to ₹10 lakh. Some bankers feel that "with this, even personal loans might get clubbed under microfinance. Clearly, at ₹5 lakh, you are not targeting the original segment." Micro lenders extend small loans to poor at about 26% interest. If the proposed higher loan ceiling is accepted, it will expand the universe of borrowers for MFIs.

Forex

Forex reserves rise to \$295 billion

India's forex reserves rose by \$758.3 million to \$295.361 billion in the week ending April 27, even as RBI sold dollars to keep exchange rate volatility under leash. RBI had intervened in the market selectively while the rupee closed the week under review at 52.54 to a dollar. Official data showed the country's reserve position in the International Monetary Fund rose \$8.7 million to \$2.913 billion and Special Drawing Rights (SDR) rose \$13.2 million to \$4.470 billion while valuation of gold reserves remained unchanged at \$27.023 billion.

RBI asks exporters to bring back half their forex earnings

RBI has announced a slew of policy measures to prop up the weakening rupee. It said 50% of the balances held by exporters in Exchange Earners' Foreign Currency (EEFC) accounts should be converted into rupee balances and credited to their rupee accounts. In respect of all future forex earnings, a forex earner will be eligible to retain 50% (previous limit : 100%) in non-interest bearing EEFC accounts. The other 50% has to be converted into rupee balances.

Foreign Exchange Reserves		
Item	As on May 18, 2012	
	₹Bn.	US\$ Mn.
	1	2
Total Reserves	15,852.4	290,000.5
(a) Foreign Currency Assets	14,055.7	256,117.2
(b) Gold	1,398.0	26,617.9
(c) SDRs	241.4	4,399.3
(d) Reserve Position in the IMF	157.3	2,866.1

Source : RBI

Benchmark Rates for FCNR(B) Deposits applicable for the month of June 2012					
LIBOR / SWAP For FCNR(B) Deposits					
	LIBOR	SWAPS			
Currency	1 Year	2 Years	3 Years	4 Years	5 Years
USD	1.06920	0.628	0.710	0.866	1.038
GBP	1.83775	1.2150	1.2420	1.3139	1.4185
EUR	1.22679	0.892	0.967	1.068	1.210
JPY	0.55229	0.334	0.349	0.385	0.426
CAD	2.03700	1.350	1.416	1.496	1.581
AUD	4.60400	2.978	3.105	3.345	3.483
CHF	0.38617	0.098	0.155	0.218	0.353
DKK	1.41800	0.8850	0.9510	1.0610	1.2080
NZD	3.47200	2.450	2.615	2.820	3.025
SEK	2.80000	1.803	1.801	1.834	1.897

Source : FEDAI

New Appointments

- Mr. Balkrishan Batra has been appointed as Deputy Managing Director, IDBI Bank.
- Mr. Jyoti Ghosh, GM (SAMG) & Gr. Executive (Corp Banking) has been elevated to Chief General Manager of State Bank of Hyderabad.



Products & Alliances

Organization	Organization tied up with	Purpose
TVS Motor Company	Central Bank of India	To offer customers loans to buy its three-wheeler, TVS King.
Union Bank of India	Tata Motors	For financing commercial vehicles in India.
Bharti Airtel	Axis Bank	To provide no-frills bank a/cs on mobile.
Vijaya Bank	Western Union Money Transfer	To enable its customers to receive international money transfers.
Axis Bank	Bahrain Bank	To provide money transfers services to NRIs in Bahrain using the Internet banking platform My E-Bank.

Bank for International Settlements (Continued...)

Stress Testing

The depth and duration of the recent financial crisis has led many banks and supervisory authorities to question

whether stress testing practices were sufficient prior to the crisis and whether they were adequate to cope with rapidly changing circumstances. In particular, not only was the crisis far more severe in many respects than was indicated by banks' stress testing results, but it was possibly compounded by weaknesses in stress testing practices in reaction to the unfolding events. Even as the crisis is not over yet there are already lessons for banks and supervisors emerging from this episode.

Stress testing is an important risk management tool that is used by banks as part of their internal risk management and, through the Basel-II capital adequacy framework, is promoted by supervisors. Stress testing alerts bank management to adverse unexpected outcomes related to a variety of risks and provides an indication of how much capital might be needed to absorb losses should large shocks occur. While stress tests provide an indication of the appropriate level of capital necessary to endure deteriorating economic conditions, a bank alternatively may employ other actions in order to help mitigate increasing levels of risk. Stress testing is a tool that supplements other risk management approaches and measures.

Having recognized the importance of *Stress Testing* in risk management of banks the Basel Committee on Banking Supervision has issued *Principles for sound stress testing practices and supervision*. Stress testing is a critical tool used by banks as part of their internal risk management and capital planning. The guidance sets out a comprehensive set of principles for the sound governance, design and implementation of stress testing programmes at banks. The principles address the weaknesses in such programmes that were highlighted by the financial crisis. Stress testing also is a key component of the supervisory assessment process that assists supervisors in identifying vulnerabilities and evaluate banks' capital adequacy. The principles therefore establish expectations for the role and responsibilities of supervisors when evaluating Bank's stress testing practices.

(Source: BIS)

Financial Basics

Waterfall Concept

A life insurance plan that provides a tax benefit in regards to inter-generational transfers of wealth. The concept occurs when a tax-exempt insurance policy is rolled over to a child or a grandchild. The origin of this term is derived from the fact that this insurance plan is similar to waterfalls in that it only flows downwards.

Glossary

LIBOR rate

LIBOR is the London Interbank Offered Rate, an interest rate at which banks can borrow money from each other. An interest rate benchmark used to establish the floating interest rate that is paid on the notional principal in an interest-rate swap.

Institute's Activities

Training Activities at Leadership Centre, IIBF, Kurla

Program Calendar for the Month of May 2012				
Sr. No.	Program	Date	Venue	No. of Participants
1.	Seminar on Customer Service	18 th May, 2012	Chandigarh	120
2.	Train the Trainers Program on "Financial Inclusion"	3 rd to 5 th May, 2012	Leadership Centre	19
3.	Master Trainers Training Program	21 st to 25 th May, 2012	Leadership Centre	32
4.	Credit Appraisal	28 th May to 1 st June, 2012	Leadership Centre	39

Leadership Program

The Institute has announced a 3-day Leadership Development Program in collaboration with Personal Decisions International (PDI) Ninth House from 14th June to 16th June, 2012. For more details, please visit www.iibf.org.in.

Micro Finance Conclave

The Institute has announced a program on Micro Finance Conclave on 14th June, 2012 at IIBF Leadership Centre, Kurla. For details, please visit www.iibf.org.in.

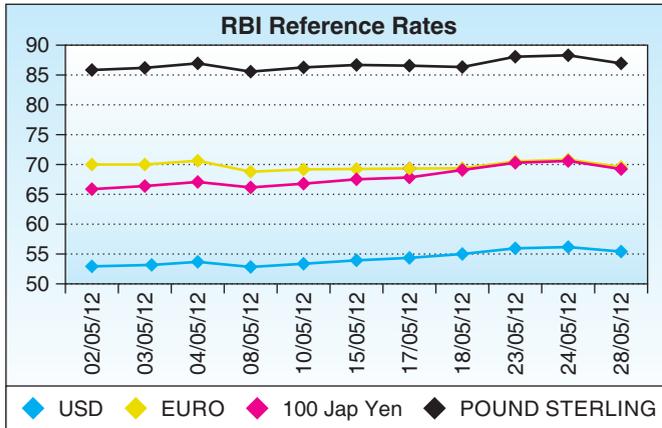
News From the Institute

Project Finance

The Institute is organizing the 18th Certificate Course in Project Finance in collaboration with IFMR, Chennai. The campus training is scheduled from 10th June to 16th June, 2012. For details, please visit www.iibf.org.in.

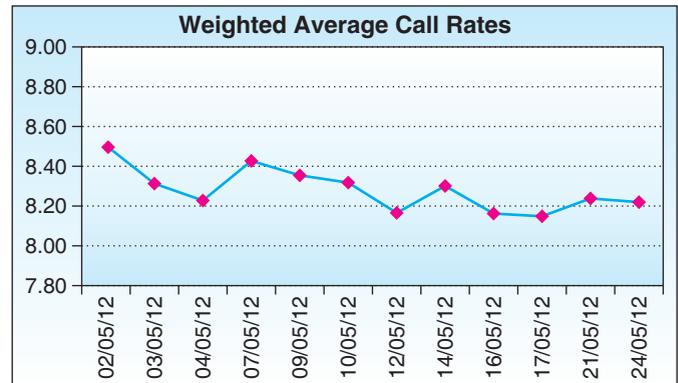
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Market Roundup



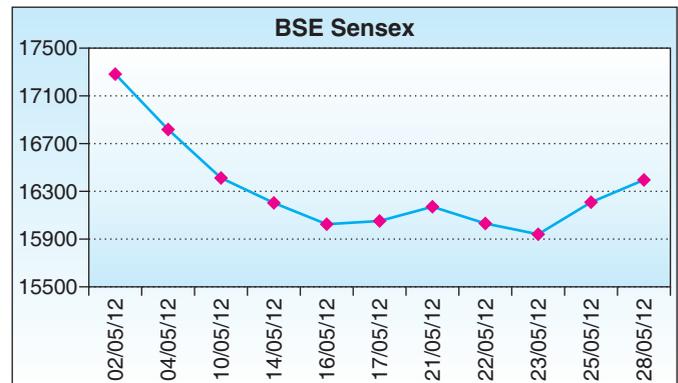
Source : Reserve Bank of India (RBI)

- The currency fell from 0.9% to 53.40 to US dollar on 3rd, the worst closing since mid December when it touched a life low of ₹54.30.
- RBI intervened on 14th when the Rupee touched 53.90 levels and helped it appreciate by 16 paise. But undiminished demand for the greenback made the Indian currency touch a new low just three trading days after it posted the previous record low of 53.83.
- The Rupee ended at 54.48 to the US dollar on 17th, off an all-time low of 54.58.
- The Indian currency closed on 21st at an all-time low of 55.03 a dollar, as importers rushed to cover unhedged positions and oil marketing companies continued to buy dollars in the spot market.
- The Rupee fell to an all-time low of 55.47 a dollar, before closing at 55.40, compared to close on 21st. The fall was accentuated after rating agency Fitch downgraded Japan which further weakened the global sentiment.
- After three days of relief rally the Rupee on 29th came under pressure touching low of 55.88 on heavy month-end dollar buying by oil companies amid the US dollar gaining strength globally.
- Rupee appreciated 0.44%, against EUR, depreciated 1.10% and 5.70% against GBP and JPY during month.



Source : CCIL Newsletter, May 2012

- Call rates eased to 8.25 / 8.30 per cent from 8.35 / 8.40 on 2nd as inflows worth ₹33,000 crore on redemption of 7.40 per cent 2012 government bond provided some relief to cash-starved banking system.
- Call rates declined on 10th due to lack of demand from borrowing banks. The overnight call money rate finished lower at 8.2 per cent compared to 8.3 per cent on 9th.
- The overnight call money rates finished lower at 7.8 per cent from level of 8.3 per cent on 15th. It moved in a range of 8.35 per cent and 7.50 per cent. There appears lack of demand from borrowing banks, amidst ample liquidity in the banking system.
- The call money rate finished higher at 8.15 per cent from 28th closing level of 8.1 per cent on fresh buying support from borrowing banks.



Source : Reserve Bank of India (RBI)

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