



FINTIP

LIBOR

Short for "London Inter-bank Offer Rate, it is an average of the rates at which the most credit-worthy banks in London lend to one another and is published daily by the British Bankers Association (BBA). LIBOR is quoted for various major currencies and maturities usually shorter than one year (mostly 1, 3, 6 or 12 months). LIBOR is the most widely used interest rate index. The rates on many international loans are based on LIBOR. The LIBOR rates are based on a dozen major banks' rates in more than 10 currencies surveyed at 11 a.m. London time.

MARKET SCENARIO

1 Dollar = 67.12 Rupee
 1 Pound = 88.27 Rupee
 1 Euro = 76.07 Rupee
 Nifty = 8629.5
 Sensex = 27985.5
 7.72% GS 2025 = 7.2
 91 Day T-Bill = 6.56
 182 Day T-Bill = 6.65
 364 Day T-Bill = 6.67



10 Year Government Bond Yield = 7.16 %

BIZFLUENCE

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Rajan Chronicles

Here's How Key Parameters Changed During Rajan's Tenure at Reserve

INFLATION: In September 2013, retail inflation was hovering at 10.7%. RBI has managed to bring inflation down by almost half to 5.76% in May 2016.

INTEREST RATES: When Rajan took office, repo rate stood at 7.5%. Post January 2015, repo rate has been slashed by 1.5% to 6.5%, which is the lowest level in four-and-a-half years.

RUPEE: Two months before Rajan took office, the rupee had depreciated by a staggering 10.4%. Ever since he took over, rupee has gained 1.12%.

LENDING RATE: The interest rate stood at 10.3% in September 2013. As of August 2016, it's down at 9.3%.

FOREX RESERVE: From \$275 billion in September 2013, it now stands at a record \$365 billion and will help brace the FCNR bond redemptions coming up in September.

GROSS NPAS: Non-performing assets for banks jumped three-fold from ₹2,52,275 cr in December 2013 to ₹5,94,929 cr by March, 2016 -thanks to a clean-up of the banking system.

HIKE is the newest Unicorn

India has a new unicorn, and its name is Hike. Hike Ltd, which runs the messaging app Hike Messenger, on Tuesday said that it has joined the billion-dollar valuation club by raising \$175 million largely from Chinese Internet giant Tencent Holdings Ltd and Foxconn Technology Group of Taiwan. According to the company, its latest round pumps up its valuation to \$1.4 billion. It has raised \$250 million till date.

HDFC and Max Life seal the

Max Life will first combine with its parent Max Financial Services Ltd. In the next stage, the insurance unit will be demerged from this entity into HDFC Life. Finally, the non-insurance businesses of Max Financial will merge into group company Max India Ltd. HDFC will cease to be the holding company of HDFC Life post the merger and will hold around 42.5% of the merged entity, Standard Life will own 24.1% in the merged entity.

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Aditya Birla Nuvo Ltd (ABNL) will merge with Grasim Industries Ltd in a bid to unlock shareholder value and create a \$9 billion (Rs 59,766 crore) enterprise. Each shareholder of ABNL will get 3 new equity shares of Grasim for every 10 equity shares held in ABNL and for the demerger of the financial services business into ABFSL, each shareholder of Grasim will receive 7 equity shares in ABFSL for every 1 equity share held in Grasim.

Personality of the week - Mr. Urjit Patel

A Ph.D. in economics from Yale University and an M.Phil. from Oxford, Dr. Urjit R Patel was an advisor to the Boston Consulting Group before his stint at the RBI. Patel, 52, a deputy governor of the central bank for the past three years, is the key architect for the fundamental change in how monetary policy is framed in India. In 2014, he headed the committee that recommended that the RBI should follow an inflation-targeting approach, using consumer price inflation as the base, and a committee of the central bank and not the governor should take a call on monetary policy.

When he was a part of the IMF in the late 90s, Patel was on deputation to the RBI and advised the central bank on issues such as the development of the debt market, banking sector and pension fund reforms, real exchange rate targeting and evolution of the foreign exchange market, then he worked in Department Of Economic Affairs in MoF. Patel as governor signals continuity and stability with respect to the country's macroeconomic policies but those hoping for a dovish governor may be disappointed.



MR. URJIT PATEL