



# Met Invest

## Gratuity Fund

### Quarterly Fund Performance

January 2016 Edition



**Global economy and markets:** Global markets remained volatile last quarter amid the much-awaited Fed policy meeting. The uncertainty around Fed rate hike and its likely commentary, volatility in commodity and currency markets and growth concerns in emerging markets (EMs) kept markets jittery during the quarter. However, a dovish monetary outlook by the Fed, despite a 25bps rate hike, removed a long-prevailing uncertainty, thereby supporting markets towards end of the quarter. While developed market (DM) index reported a 5% gain, the EM index underperformed and remained broadly flat during the quarter.

The monetary policy divergence amongst Central Banks was apparent in the recent policy meetings of major economies. While European Central Bank (ECB) announced an extension of its quantitative easing (QE) program by six months until March 2017, along with a cut in deposit rate, the Bank of Japan (BoJ) announced supplementary measures for its easing program to boost growth. The US Fed, on the other hand, began policy normalisation with a 25bps rate hike. Nevertheless, it maintained an accommodative stance.

Oil prices declined by a significant 16% in December (-23% in the quarter) and are currently hovering at near multi-year lows. This was led by a supply glut amid weak global demand. While US crude oil inventories have been piling up, the OPEC (Organisation of the Petroleum Exporting Countries) has decided to maintain their production levels, thereby further adding to supply-side woes. This, in turn, has further intensified deflationary pressures in DMs and growth concerns in oil producing EMs.

In the near-term, monetary policy actions by central banks in US, Europe, Japan and China, movement in the commodity and currency markets and news flow from EMs (especially China) would determine the market movement.

**Indian economy and markets:** Gradual industrial recovery remains on cards with the latest IIP growth print surprising significantly on the upside, albeit off a low base. The Finance Ministry's Mid-Year Economic Review, however, has lowered FY16 GDP growth forecast to 7-7.5% from an optimistic target of 8.1-8.5% earlier. The Asian Development Bank has also revised India's FY16 GDP growth forecast to 7.4% from 7.8% earlier citing weak external demand and slow progress on legislative reforms. Inflation, however, is expected to remain broadly stable, despite the recent spike. Nevertheless, focused government spending, a pick-up in urban consumption and lower interest rates would likely result in a gradual economic recovery in FY17.

After two consecutive months of underperformance, Indian markets outperformed the broader EM pack in December. While participation of foreign institutional investors (FIIs) remained muted in both equity and fixed income markets, domestic participation more than compensated. After investing nearly US\$4bn in the September quarter, DIIs invested another US\$ 2bn last quarter, thereby supporting equity markets amid global EM risk-off. In 2015, while net FII inflows in equity and fixed income markets stood at US\$ 3bn and US\$ 8bn respectively, DIIs invested a total of US\$ 10bn in equities alone. The 10-year government bond yield moved up by 22bps to 7.8% last quarter.

**Market outlook:** Market volatility is expected to continue in the wake of divergence in global monetary policies and its implications on foreign flows. Stability in global macro-economic environment and lower volatility in currency and commodity markets are crucial for revival of global investors' sentiments. On the domestic front, the FY17 Union Budget, passage of key bills such as GST, Q3FY16 earnings and policy action by RBI would be key market determinants.

Domestic fixed income markets are expected to remain range-bound in the near-term amid low probability of a rate cut by RBI (before the budget). The fiscal deficit target for FY17 would be a crucial factor for fixed income markets. From a medium to long-term perspective, a gradual economic revival and declining inflation trajectory, coupled with gradual easing of FII investment limits in government securities, would likely lead to decline in yields. As such, we remain positive on both fixed income and equity markets from a medium to long-term perspective.

**Sanjay Kumar**

Chief Investment Officer



FUND PERFORMANCE



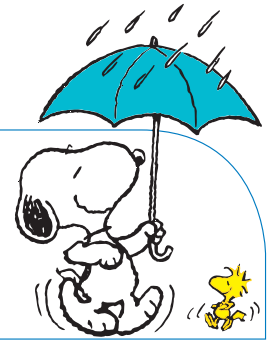
MARKET OVERVIEW

**FUND CATEGORY**

Gratuity Balanced Fund

Gratuity Debt Fund

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A pure protection plan with a range of additional coverage options is the ideal way for you to protect financial future of your loved ones.

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- Hassle free coverage to your spouse
- Payout option of increasing monthly income @12% p.a.\*\*
- Flexibility to increase your life cover
- Coverage till age of 75
- Affordable and easy on the pocket
- Tax savings\* on the premiums paid and benefits

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As on December 31, 2015

|                    | Benchmark (BM)            | 1 - Year (%) |     | 3 - Year (%) |     | 5 - Year (%) |     |
|--------------------|---------------------------|--------------|-----|--------------|-----|--------------|-----|
|                    |                           | Fund         | BM  | Fund         | BM  | Fund         | BM  |
| <b>Medium Risk</b> |                           |              |     |              |     |              |     |
| Gratuity Balanced  | 30% Nifty 50<br>70% CCBFI | 5.1          | 4.8 | 9.1          | 9.3 | 8.4          | 7.6 |
| <b>Low Risk</b>    |                           |              |     |              |     |              |     |
| Gratuity Debt      | CCBFI                     | 7.4          | 8.6 | 7.5          | 8.8 | 9.0          | 8.5 |

CCBFI- CRISIL Composite Bond Fund Index

[Glossary](#)



October - December 2015

| Indicators                                | Dec-14 | Sep-15 | Dec-15 | Q-o-Q Variation | Y-o-Y Variation |
|---|--------|--------|--------|-----------------|-----------------|
| <b>Macro Economy</b>                      |        |        |        |                 |                 |
| Wholesale Price Index (WPI) Inflation (%) | -0.2   | -5.1   | -2.0   | 3.1             | -1.8            |
| Consumer Price Index (CPI) Inflation (%)  | 3.3    | 3.7    | 5.4    | 1.7             | 2.1             |
| Gross Domestic product (GDP Growth) %     | 8.4    | 7.0    | 7.4    | 0.4             | -1.0            |
| Index of Industrial Production (IIP) (%)  | -2.7   | 4.3    | 9.8    | 5.5             | 12.5            |
| <b>Domestic Markets</b>                   |        |        |        |                 |                 |
| S&P BSE Sensex                            | 27,499 | 26,155 | 26,118 | -0.1%           | -5%             |
| S&P BSE Mid-cap                           | 10,134 | 10,799 | 11,143 | 3%              | 10%             |
| 10-year G-Sec India (%)                   | 7.86   | 7.54   | 7.76   | 0.22            | -0.10           |
| 10-year AAA PSU Corporate Bond (%)        | 8.54   | 8.32   | 8.35   | 0.03            | -0.18           |
| Exchange rate (USD/INR)                   | 63.0   | 65.6   | 66.2   | 0.9%            | 4.9%            |
| <b>Global Markets</b>                     |        |        |        |                 |                 |
| Dow Jones (U.S.)                          | 17,823 | 16,285 | 17,425 | 7%              | -2%             |
| FTSE (U.K.)                               | 6,566  | 6,062  | 6,242  | 3%              | -5%             |
| SSE Composite (China)                     | 3,235  | 3,053  | 3,539  | 16%             | 9%              |
| Brent crude oil (USD/barrel)              | 57.3   | 48.4   | 37.3   | -23%            | -35%            |

Source: CSO, RBI, Bloomberg

decline in commodity prices due to slowdown in China and consequent concerns on growth in emerging markets. China's move to devalue its currency has put downward pressure on all EM currencies. A supply glut and weak demand led to oil prices falling by 23% last quarter to multi-year lows.

**Domestic economic situation remained stable:** GDP growth accelerated in Q2 FY16 led by a pick-up in gross fixed investment growth. Inflation has been picking up moderately on rising food prices and unfavourable base. Current account and fiscal deficit remained quite comfortable, partly supported by decline in crude prices. This led to another quarter of FIIs pulling out money from EMs. India underperformed the broader EM pack amid weak quarterly earnings and slow progress on reforms.

**India equity market continues to be volatile:** Global and domestic equity markets remained volatile on account of 1) uncertainty around the US Fed rate hike, 2) volatility in commodity and currency markets, 3) strengthened deflationary pressures, and 4) growth concerns in EMs particularly China, and oil-exporting economies.

**Fixed income market weakened:** The US Fed hiked policy rates by 25bps last month. This, along with muted expectations of further rate-cuts by RBI in the near-term kept fixed income markets weak. The 10-year government bond yield rose by 22bps during the quarter.

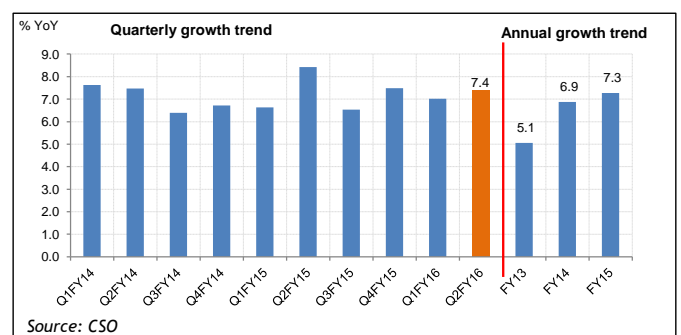
### Economic review

#### GDP growth picked up in Q2; gradual recovery on track

GDP growth in Q2 FY16 (Jul-Sep 2015) improved to 7.4% Y-o-Y from 7.0% recorded in Q1 FY16. This was led by acceleration in the industrial sector growth while services sector growth remained fairly steady. Agriculture sector growth also picked up despite a second consecutive drought. The government reduced its FY16 GDP growth forecast to 7.0-7.5% from 8.1-8.5% projected in the beginning of the fiscal.

Several high-frequency indicators such as industrial production growth, four-wheeler and commercial vehicle sales, indirect tax collections, diesel consumption, and air traffic growth continue to point towards a gradual economic revival.

#### Annual and quarterly GDP growth trend



### 2015 - A review

**Economy:** Growth recovered modestly in 2015 with green shoots visible in some segments of the economy. Government capex picked up meaningfully in sectors like roads, railways and defence even as private participation remained muted. CPI Inflation fell significantly, averaging 4.8% in 2015 vs. 6.7% in 2014, thereby facilitating rate cuts by RBI. Both current account and fiscal deficit remained under control. INR depreciated by about 5% in 2015.

**Equity:** The year 2015 ended on a negative note, mainly led by global concerns, especially a China-led slowdown. On the domestic side, weak corporate earnings and slow reform progress dampened market sentiments. Sensex fell by 5% in 2015; mid-caps outperformed with a 10% return. Domestic institutional investors (DIIs) emerged as big buyers into equities, investing \$10bn in 2015 vs. outflows of \$5bn in 2014. However, foreign institutional investors' (FIIs) investments fell to \$3bn in 2015 vs. \$16bn in 2014.

**Fixed Income:** While RBI cut the policy rate by 125bps in 2015, fall in the 10-year government bond yield was muted. This was led by lower demand from both DIIs and FIIs. On the global side, emerging market (EM) risk-off and expectations of rate hike by the US Fed led to the weakening of FII participation in Indian fixed income market in the second half. In 2015, FIIs invested \$8bn in fixed income markets, much lower than \$26bn invested in 2014.

### October-December 2015 review

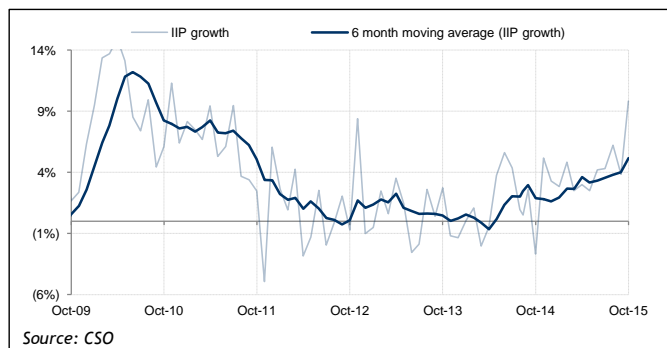
**Global growth concerns intensify:** Major agencies such as World Bank and IMF have reduced their global growth forecasts. This was led by a sharp

Glossary



October - December 2015

## Index of Industrial Production (IIP) growth trend



### Inflation inched up but remains within RBI targets

Consumer Price Index-based (CPI) inflation picked up to 5.4% in November from 5.0% in October, but remains within RBI targets. This was mainly led by rise in food prices, particularly pulses and vegetables as well as waning of base effects. The RBI, in the monetary policy meeting on December 1st, maintained its inflation projection of 5.8% for January 2016, albeit with downside risks.

### CPI inflation trend



### WPI inflation trend

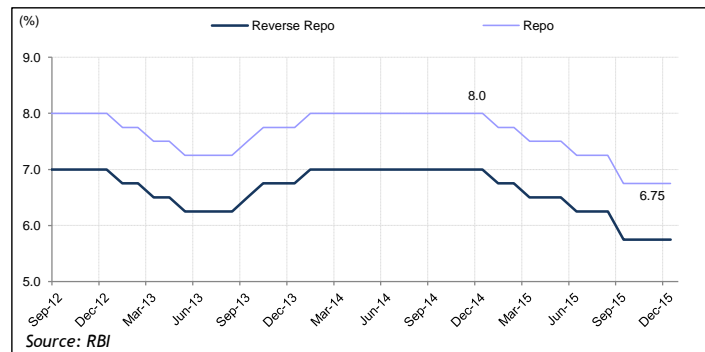


### RBI in wait-and-watch mode

Having delivered a surprise and front-loaded 50bps cut in September, translating into cumulative rate cut of 125bps since January 2015, RBI kept policy rates unchanged in the December policy meeting. Going ahead RBI is likely to follow developments on 1) commodity prices, 2) inflationary expectations, 3) external environment, 4) implementation of 7<sup>th</sup> Pay Commission, and 5) effective monetary policy transmission before considering further easing.

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## Policy rates are down 125bps in this calendar year

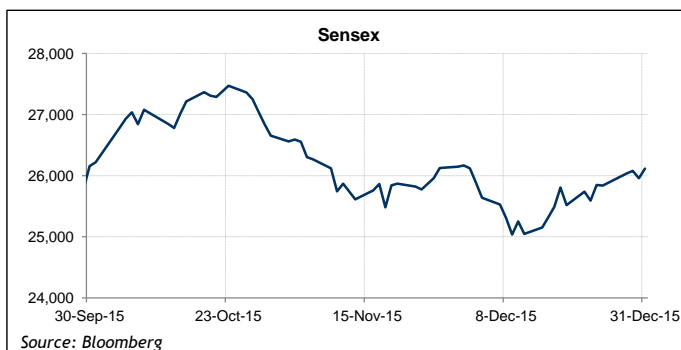


### Government on track to meet fiscal deficit target for FY16

A sharp 34% Y-o-Y surge in indirect tax collections on account of excise duty hikes in petrol and diesel led to narrowing of fiscal deficit during Apr-Nov 2015. This was accompanied by a meaningful pick-up in government expenditure. For FY16, the government remains committed to meeting its fiscal deficit target of 3.9% despite a shortfall expected in divestment proceeds.

## Equity Market review and outlook

### Sensex performance chart



**Negative global cues keep markets jittery:** Indian equity markets remained volatile last quarter. This was led by global risk-off sentiments caused by 1) growth concerns in emerging markets, 2) volatility in currency and commodity markets, and 3) uncertainty over the US Fed's rate hike.

FII remained sellers in Indian equities for second consecutive quarter with net outflows at \$334mn. However, it was more than compensated by domestic institutional investors (DIIs), which invested \$2bn on a net basis in the last quarter.

**Weak Q2 earnings and slow reform progress were domestic headwinds:** On the domestic front, while economic data broadly remained stable, challenges faced by the government in passing crucial legislative reforms dampened investor sentiments. Further, corporate earnings remained muted in the second quarter, accompanied by downward revisions in consensus estimates.



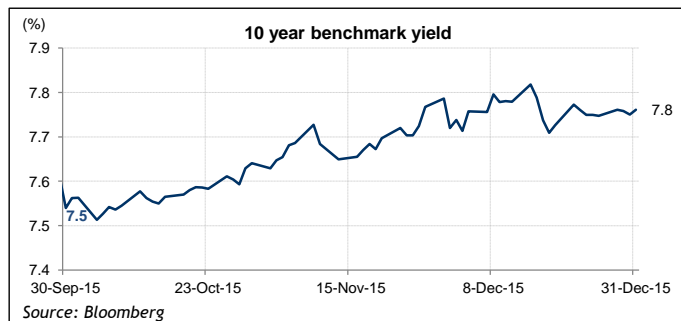
## Equity Market Outlook

Indian markets are expected to remain volatile in the near-term led by both global and domestic factors. On the global front, divergent monetary policies of top four economies, movement in currency and commodity markets and growth concerns in emerging markets, particularly China and oil-exporting economies, are likely to determine market movement in the near-term. On the domestic front, Q3 FY16 corporate earnings, FY17 Union Budget, progress on key legislative reforms and inflation/interest rates trajectory are key factors that could impact market performance.

However, India is expected to outperform its peers on the back of improving macro- economic fundamentals. Domestic earnings are likely to see recovery in FY17 led by a gradual demand pick-up and falling interest costs. Notwithstanding near-term volatility, outlook of equity markets remains robust from a medium to long term perspective.

## Fixed Income Market review and outlook

### 10-year benchmark yield performance chart



Indian fixed income market remained under pressure for first two months of last quarter on account of 1) uncertainty around US Fed rate hike action and 2) limited room for further easing by RBI in the near-term after a surprise 50bps cut in September-end. After softening by 25bps in the September quarter, the 10-year government bond yield increased by 22bps in the last quarter.

**Fed hiked policy rates by 25bps:** On global front, the US Fed hiked policy rate by 25bps in its policy meeting on 15-16 December. However, it maintained an accommodative stance. This removed a long-prevailing uncertainty for fixed income market.

**Concerns on fiscal roadmap hurt market sentiments:** On the domestic front, inflation has been inching up since last few months. This has weakened expectations of further rate cuts. Additionally, implementation of 7<sup>th</sup> Pay Commission and pension obligations through OROP scheme in FY17 have raised concerns on government adhering to the fiscal consolidation roadmap. This has further dampened sentiments of fixed income market investors.

## Fixed Income Market Outlook

We expect yields to remain range-bound in the near-term. In the medium to long-term, we are positive on the fixed income market led by 1) sustenance of RBI's accommodative stance, 2) increased FII participation in government securities amid gradual relaxation of limits, and 3) improving domestic macro-economic fundamentals. The major risks include disappointment on inflation trajectory, loosening of fiscal policy and aggressive rate hikes by US Fed.





## Gratuity Balanced

SFIN No: ULGF00205/06/04GRABALANCE117

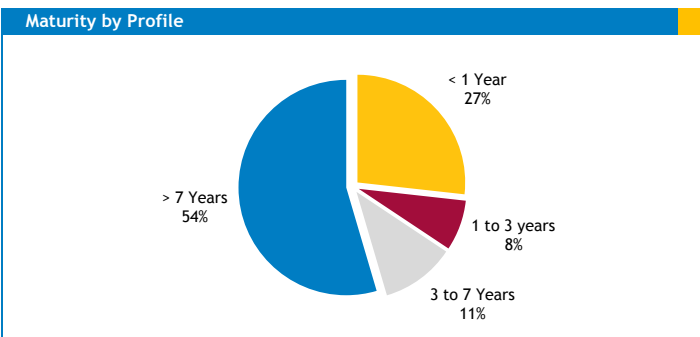
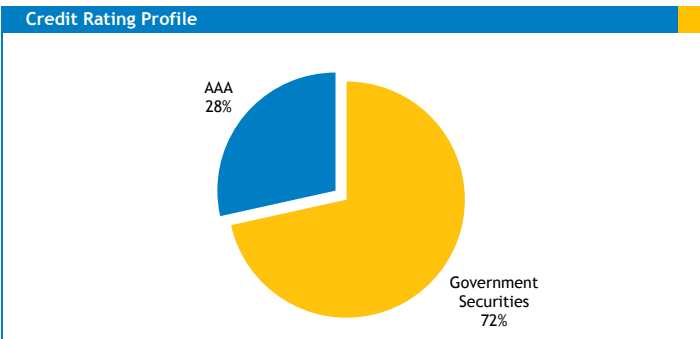
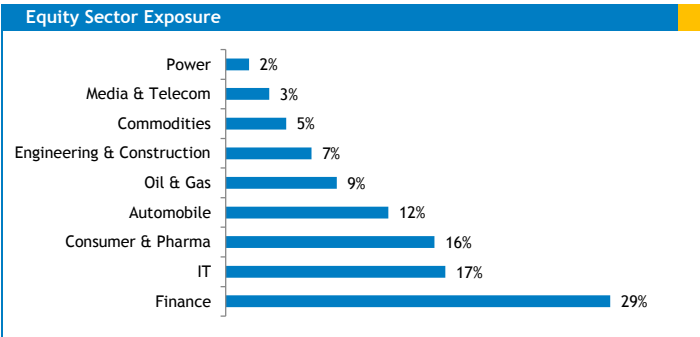
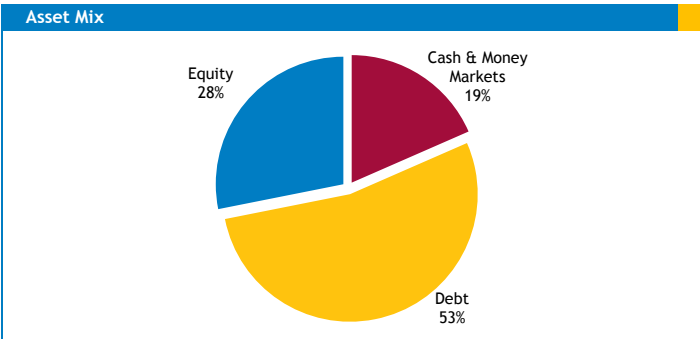
**Investment Objective:** To generate capital appreciation and current income, through a judicious mix of investments in equities and fixed income securities.

**Investment Philosophy:** The fund will target 30% investments in Equities and 70% investments in Government & other debt securities to meet the stated objectives.

| Portfolio Return as on December 31 2015 |                 |             |              |              |                 |
|---|-----------------|-------------|--------------|--------------|-----------------|
| Returns                                 | Absolute Return |             | CAGR Return  |              |                 |
|   | Last 6 Months   | Last 1 Year | Last 3 Years | Last 5 Years | Since Inception |
| Portfolio return                        | 2.1%            | 5.1%        | 9.1%         | 8.4%         | 9.0%            |
| Benchmark**                             | 2.0%            | 4.8%        | 9.3%         | 7.6%         | 8.5%            |

Note: Past returns are not indicative of future performance.

\*\* Benchmark return has been computed by applying benchmark weightages on Nifty 50 for Equity and CRISIL Composite Bond Fund Index for Debt



### Asset Classes

|                                    |
|------------------------------------|
| Equity                             |
| Government & Other Debt Securities |

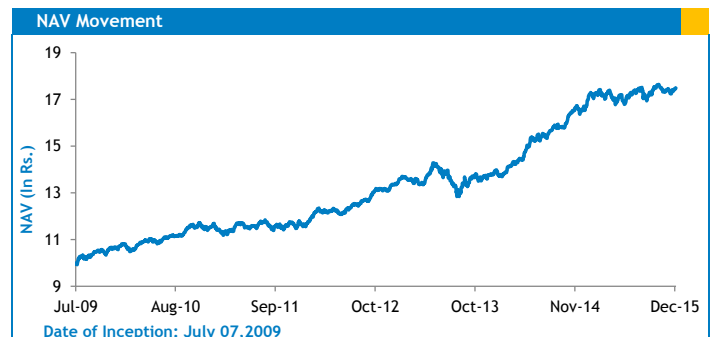
### Portfolio Components

| Security                   | Rating    | Net Assets    |
|----------------------------|-----------|---------------|
| <b>GOVERNMENT SECURITY</b> |           |               |
| 8.28% GOI 2027             | Sovereign | 10.80%        |
| 7.88% GOI 2030             | Sovereign | 10.51%        |
| 8.60% GOI 2028             | Sovereign | 10.50%        |
| 8.15% GOI 2026             | Sovereign | 6.41%         |
| <b>TOTAL</b>               |           | <b>38.22%</b> |

| <b>CORPORATE BOND</b>           |     |               |
|---------------------------------|-----|---------------|
| RELIANCE GAS TRANSPORT. INFRA.  | AAA | 7.78%         |
| HOUSING DEVELOPMENT FIN. CORPN. | AAA | 2.94%         |
| L I C HOUSING FINANCE LTD.      | AAA | 2.37%         |
| TATA SONS LTD.                  | AAA | 2.12%         |
| <b>TOTAL</b>                    |     | <b>15.21%</b> |

| <b>EQUITY</b>                           |               |
|---|---------------|
| INFOSYS LTD.                            | 2.72%         |
| H D F C BANK LTD.                       | 2.35%         |
| HOUSING DEVELOPMENT FINANCE CORPN. LTD. | 1.66%         |
| RELIANCE INDUSTRIES LTD.                | 1.57%         |
| I C I C I BANK LTD.                     | 1.47%         |
| I T C LTD.                              | 1.16%         |
| MARUTI SUZUKI INDIA LTD.                | 1.01%         |
| TATA MOTORS LTD.                        | 1.00%         |
| Others                                  | 15.19%        |
| <b>TOTAL</b>                            | <b>28.13%</b> |

|                               |                |
|-------------------------------|----------------|
| <b>CASH AND MONEY MARKETS</b> | <b>18.44%</b>  |
| <b>PORTFOLIO TOTAL</b>        | <b>100.00%</b> |





As on December 31 2015

## Gratuity Debt

SFIN No: ULGF00105/06/04GRADEBTFND117

**Investment Objective:** To earn regular income by investing in high quality fixed income securities.

**Investment Philosophy:** The fund would target 100% investments in Government & other debt securities to meet the stated objectives.

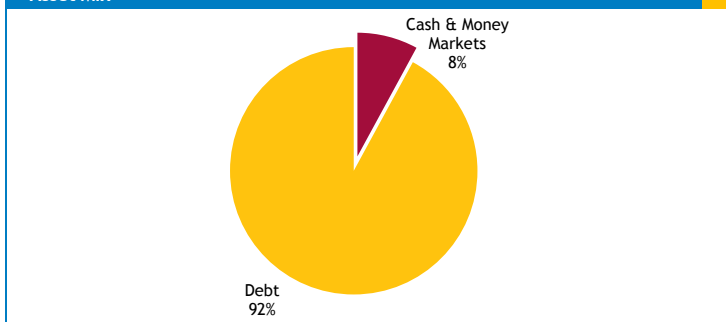
### Portfolio Return as on December 31 2015

| Returns          | Absolute Return |             | CAGR Return  |              |                 |
|------------------|-----------------|-------------|--------------|--------------|-----------------|
|                  | Last 6 Months   | Last 1 Year | Last 3 Years | Last 5 Years | Since Inception |
| Portfolio return | 4.4%            | 7.4%        | 7.5%         | 9.0%         | 9.1%            |
| Benchmark**      | 5.0%            | 8.6%        | 8.8%         | 8.5%         | 8.5%            |

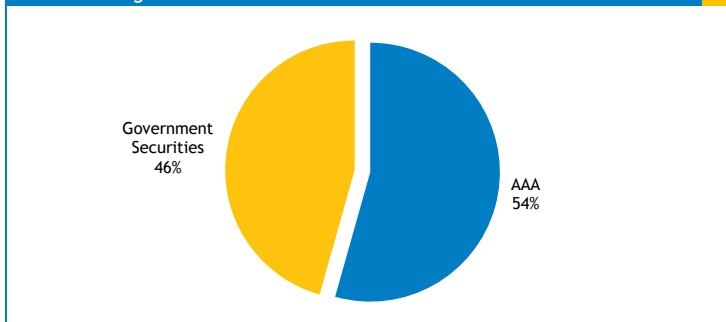
**Note:** Past returns are not indicative of future performance.

\*\* Benchmark return has been computed by applying benchmark weightages on CRISIL Composite Bond Fund Index

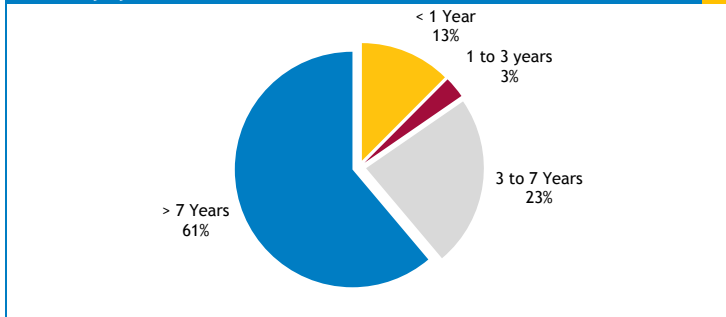
### Asset Mix



### Credit Rating Profile



### Maturity by Profile



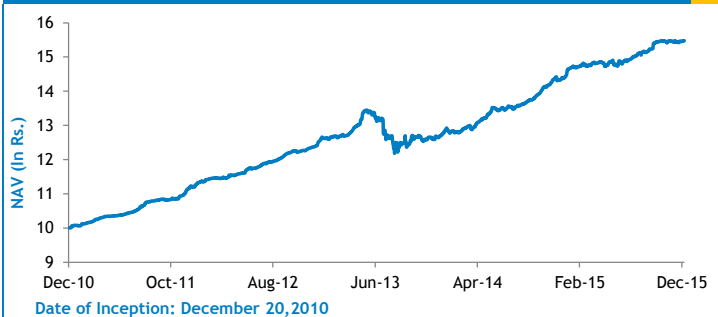
### Asset Classes

Government & Other Debt Securities

### Portfolio Components

| Security                           | Rating    | Net Assets     |
|------------------------------------|-----------|----------------|
| <b>GOVERNMENT SECURITY</b>         |           |                |
| 7.72% GOI 2025                     | Sovereign | 10.19%         |
| 8.17% GOI 2044                     | Sovereign | 6.88%          |
| 8.13% GOI 2045                     | Sovereign | 6.85%          |
| 9.15% GOI 2024                     | Sovereign | 6.08%          |
| 9.23% GOI 2043                     | Sovereign | 4.46%          |
| 8.40% GOI 2024                     | Sovereign | 3.51%          |
| 8.60% GOI 2028                     | Sovereign | 2.37%          |
| 9.20% GOI 2030                     | Sovereign | 1.55%          |
| Others                             |           | 0.12%          |
| <b>TOTAL</b>                       |           | <b>42.01%</b>  |
| <b>CORPORATE BOND</b>              |           |                |
| TATA SONS LTD.                     | AAA       | 8.23%          |
| RELIANCE PORTS & TERMINALS LTD.    | AAA       | 6.17%          |
| INFRASTRUCTURE LEASING & FIN. SER. | AAA       | 6.09%          |
| RURAL ELECTRIFICATION CORPN. LTD.  | AAA       | 5.82%          |
| POWER FINANCE CORPN. LTD.          | AAA       | 5.79%          |
| L I C HOUSING FINANCE LTD.         | AAA       | 5.73%          |
| RELIANCE GAS TRANSPORT. INFRA.     | AAA       | 3.56%          |
| IDFC BANK LIMITED                  | AAA       | 3.47%          |
| POWER GRID CORPN. OF INDIA LTD.    | AAA       | 2.93%          |
| HOUSING DEVELOPMENT FIN. CORPN.    | AAA       | 2.27%          |
| <b>TOTAL</b>                       |           | <b>50.06%</b>  |
| <b>CASH AND MONEY MARKETS</b>      |           | <b>7.93%</b>   |
| <b>PORTFOLIO TOTAL</b>             |           | <b>100.00%</b> |

### NAV Movement





## Quantitative Indicators

- **Standard Deviation (SD)** - It shows how much the variation or dispersion of a fund's daily returns has from its average. Lesser SD indicates that the daily returns are moving closer to the average. A higher SD indicates that daily returns are widely spread over a large range of value.
- **Beta** - It indicates how the fund is performing relative to its benchmark. If beta of a fund is higher than its benchmark, which is considered 1, it indicates risk-return trade-off is better and vice-versa.
- **Sharpe Ratio** - It measures the risk-reward ratio as it indicates whether higher returns come with higher or lower risk. Greater the ratio, better is the risk-adjusted performance.
- **Average Maturity** - It is the weighted average period of all the maturities of debt securities in the portfolio.
- **Modified Duration (MD)** - It is the measurable change in the value of a security in response to a change in interest rates.
- **Yield To Maturity (YTM)** - It is the expected rate of annual return on a bond if it is held till maturity. The calculation assumed that all interest payments are reinvested at the same rate as the bond's current yield.

## Macroeconomic Indicators

- **Gross Domestic Product (GDP) (Quarterly)** - It is the market value of all final goods and services produced within a country. This indicator is used to gauge the health of a country's economy.
- **Fiscal Deficit** - This takes place when India's expenditure rises than its revenue. To fill this gap, the Government raises debt by issuing Government/ sovereign bonds. Fiscal deficit is usually compared with GDP to understand the financial position of the country. Rising fiscal deficit to GDP ratio is not good for the country, which requires immediate attention to cut expenditure and/or increase the source of revenue.
- **Current Account Deficit (Quarterly)** - It is a deficit where India's foreign currency outflows are higher than inflows. This indicates that the country is a net debtor of foreign currency, which increases the pressure on the country's existing foreign currency reserves. Current account surplus is the opposite of this.
- **Index of Industrial Production (IIP) (Monthly)** - The index represents the production growth of various sectors in India. The index focuses on mining, electricity and manufacturing. The ongoing base year for calculation of index is 2004-2005.
- **Wholesale Price Index (WPI) (Monthly)** - The index represents the rate of growth of prices of a representative basket of wholesale goods. The index mainly represents manufacturing (64.97%), primary articles (20.12%) and fuel & power (14.91%).
- **Consumer Price Index (CPI) (Monthly)** - The index represents the rate of growth of price level of a basket of consumer goods and services sold at retail or purchased by households.
- **HSBC Purchasers Managers' Index (PMI) (Monthly)** - Three types of indices - Manufacturing, Services and Composite Index are published on a monthly basis after surveys of private sector companies. An index reading above 50 indicates an overall increase in that variable, while below 50 shows an overall decrease.



## Market Indices

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- **Nifty 50 Index** - It is a well diversified 50 stock index accounting for 22 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds.
- **CRISIL Composite Bond Fund Index** - It seeks to track the performance of a debt portfolio that includes government securities and AAA/AA rated corporate bonds.

## Fixed Income Indicators

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- **Repo Rate** - The rate at which the RBI lends money to commercial banks is called repo rate. It is an instrument of monetary policy. Whenever shortage of funds banks has, they can borrow from the RBI.
- **Cash Reserve Ratio (CRR)** - CRR is the amount of funds which the banks need to keep with the RBI. If the RBI decides to increase the CRR, the available amount with the banks comes down. The RBI uses the CRR to drain out excessive money from the system.
- **Marginal Standing Facility (MSF)** - It is a rate at which the RBI provides overnight lending to commercial banks over and above the repo window (repo rate). The interest rate charged is higher than the repo rate and hence it is used when there is considerable shortfall in liquidity.
- **Statutory Liquidity ratio (SLR)** - In India, commercial banks are required to maintain a certain percentage of their total deposits (net demand and time liabilities) in notified Government securities to ensure safety and liquidity of deposits. This percentage is known as the SLR rate. If the RBI or Central Bank reduces the SLR rate, it means that higher liquidity will be available to banks for their lending activity and vice-versa.

## Others

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- **Foreign Currency Non-Resident (Bank) (FCNR (B))** - It is an account that allows non-resident Indian or a person of Indian origin to keep his deposits in foreign currency. Hassles of conversion can be reduced through such types of accounts.
- **Swap** - It is a derivative contract between two parties that occurs at a future date. It is used to hedge risk related to interest rates, currency and commodities movement. The counterparties exchange cash flows, if any, related to the instrument involved in the transaction.



## About Us



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PNB MetLife brings together the financial strength of a leading global life insurance provider, MetLife, Inc., and the credibility and reliability of PNB, one of India's oldest and leading nationalised banks. The vast distribution reach of PNB together with the global insurance expertise and product range of MetLife makes PNB MetLife a strong and trusted insurance provider.

PNB MetLife is present in over 150 locations across the country and serves customers in more than 7,000 locations through its bank partnerships with PNB, JKB and Karnataka Bank Limited.

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