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Top Stories

Banks facing overdues on realty, home loans

Banks have begun stress-testing their realty assets as delinquencies in loan service payments have begun mounting. Many banks have begun facing overdues on some of the past realty loans and some home loans. The slippages are mostly through an increase in overdue debt service payments for up to one month and have been noticed in at least 10% of the home loan accounts. In the past, overdue payments were very low. Two years ago, when rates were low, the slippage was minimal; affecting hardly about 2% of the home loan accounts. However, such slips in debt service payments notwithstanding, banks see little need to classify the accounts as sub-standard assets.

Bank branches grow in numbers

The number of domestic commercial bank branch offices has risen by almost 10% over the past four years- from March 2004 to March 2008 - indicating a drive to create a broader and more penetrative network by Indian banks across the country. Branches of nationalized banks have gone up from 34,492 in March 2004 to 38,726 in March 2008. During the same period, foreign banks have increased their branch offices from 221 to 280. In total, the number of offices has risen substantially from 69,248 in March 2004 to 77,773 in March 2008, exhibiting trends of an increase in number and reach over the past four years, according to data from the Reserve Bank of India (RBI).

SBI receives 'best bank' award

State Bank of India was adjudged the best bank of 2008 by London-based Financial Times Group magazine 'The Banker'. This award is decided on the basis of intensive research and analysis of financials and performance of prominent banks, and SBI clearly emerged as the winner and the best bank in the country. The award presentation

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was held at Dorchester Hotel, London on November 26, 2008. Mr. O. P. Bhatt, Chairman, SBI, received the award from Mr. Stephen Timewell, editor-in-chief of 'The Banker'.

'RBI alone should take final decision on M & A s among banks'

'The Reserve Bank of India (RBI) alone should take the final decision on allowing mergers and acquisitions (M&As) between banks, and the opinion of the Competition Commission should be made available as an input to the apex bank' opined an advisory panel appointed by the Committee on Financial Sector Assessment (CFSA), to look at financial sector stability. In September 2006, the Government and the RBI had constituted the CFSA to undertake a self-assessment of financial sector stability and its development.

SIDBI's asset reconstruction arm to begin operations by March

SME financing institution Small Industries Development Bank of India's (SIDBI) asset reconstruction arm is likely to become operational by the end of March, 2009. The ARC is registered with the RBI as Securitization or Reconstruction Company under the SARFAESI Act for carrying on the business of reconstruction of banks' non-performing assets (NPAs). A subsidiary called India SME Asset Reconstruction Company has been incorporated with an initial paid up capital of Rs.1 crore, with equity being raised at present. The company would focus primarily on acquisition of loans to the SMEs which are currently facing credit crunch.

FDI cap increase may bring in Rs.7,000 crore to insurance sector

The Union Government's recent approval to the insurance bill, which proposes among other things, to raise the cap on foreign direct investment (FDI) to 49% from the present 26% for private sector insurance companies, is expected to bring around Rs.7,000 crore into the industry. However, the Bill is yet to be introduced in parliament. Currently, the insurance industry has a total FDI of around Rs.2,500 crore. The expected inflow is likely to create 3 lakh jobs in the sector as most companies are planning to use the additional funds mainly to execute their expansion plans.

Banks' foreign branches need RBI nod for exotic products

Foreign branches or subsidiaries of Indian banks proposing to deal in structured financial products will now require RBI's prior approval. However, prior approval is not needed for dealing in simple financial products. The measure is intended to regulate the activities of foreign

branches or subsidiaries of Indian banks, which to date were mostly regulated by the host country's regulations. This cross-border supervision will require foreign branches or subsidiaries to furnish full particulars of these products, including their regulatory treatment involving capital adequacy, valuation, pricing, exposure norms and the like as prescribed by the host country's regulator.

Loan restructuring to push NPA label till June

Many core sector companies, especially in the automobile, cement and steel sectors, will be able to avoid the NPA tag with the RBI allowing banks to carry out a second restructuring of loans till end-June 2009. Usually a loan is restructured when the bank senses that the borrower is under stress and may default. A bank is not required to classify such loans as NPAs. Now, corporates will get a second chance to get their loans restructured.

RBI nod for IOB take-over of Suvarna Bank

RBI has approved the Indian Overseas Bank's (IOB) proposal to take over the assets and liabilities of Shree Suvarna Sahakari Bank Ltd. The Pune based co-operative bank has been under RBI moratorium since September 2006. Mr. S. A. Bhat, Chairman and Managing Director (CMD), IOB has confirmed the receipt of RBI approval and the takeover process has commenced. The transaction has attracted attention as the first ever between a co-operative sector and a public sector bank.

World Bank extends \$3 billion to IIFCL, SIDBI, PowerGrid

The World Bank has agreed to provide \$3-billion as a long term loan to three companies : India Infrastructure Finance Company (IIFCL), Power Grid Corporation (PGCIL) and SIDBI as the global financial crisis undermines private financing for the country's much-needed infrastructure sector. IIFCL is said to get \$1.2 billion for a period of 30 years at an interest rate of around the London Inter-Bank Offered Rate (Libor). Similarly, SIDBI, which has received a \$100 million line of credit from the World Bank this year, is pitching for another \$400 million during the financial year.

Significant rise in rural banks' profits

A huge jump in net profit, gradual decrease in NPAs and further reduction in the number of banks are the major factors that marked the progress of regional rural banks (RRBs) during 2007-08. The report on 'Trend and Progress of Banking in India 2007-08' released by RBI shows a significant improvement in the net profit of RRBs, that, as a group earned a net profit of Rs.1,374 crore during 2007-08 as against Rs.625 crore in the previous year, recording a growth of 119.84%. Out of 90

RRBs, 82 earned a combined profit of Rs.1,429 crore, whereas eight RRBs incurred a combined loss of Rs.55 crore in 2007-08.

Banks face rising complaints

During 2007-08, 47,887 complaints were received by 15 Banking Ombudsman offices as against 38,638 complaints received during 2006-07. All the complaints were collated and categorized into ten broad heads, through deposit accounts, remittances, credit cards, loans and advances *viz.*, general and housing loan, charges without prior notice, pension, failure on commitments made, direct selling agents, notes and coins and others. Maximum complaints were received with regard to credit cards across all bank groups, barring nationalized and old private sector banks. This was followed by complaints relating to failure on commitments made, deposit accounts, remittances and loans and advances (general).

Ms. Chanda Kochhar is ICICI Bank's new chief

Backed by strong fundamentals, ICICI Bank is in a position to capitalize opportunities quickly, even in these challenging times, said Ms. Chanda Kochhar, who has been appointed as Managing Director and CEO of ICICI Bank. The bank has healthy capital adequacy and strong distribution network in retail, corporate and international segments, she added. Putting an end to days of speculation, the ICICI Bank Board announced the appointment of Ms. Kochhar as Managing Director and CEO and Mr. M. V. Kamath as non-executive Chairman for a period of five years, from May 1, 2009.

BoI, BoB cut BPLR, deposit rates

After SBI reduced its BPLR and deposit rates recently, two more Mumbai-based state-run lenders, Bank of India (BoI) and Bank of Baroda (BoB), have also followed suit with effect from January 1, 2009. The prime lending rates of BoI and BoB now stand reduced to 12.5%. The reduction in PLR will provide relief to both the existing and new customers of these banks in all areas of business including education, auto, SME and home loan borrowers.

HDFC, LIC Housing follow banks, cut lending rates

Concerned about losing business to PSBs, which cut interest rates on home loan leading housing finance companies HDFC and LIC Housing Finance have lowered their lending rates. HDFC has reduced its Retail Prime Lending Rate by 50 basis points (bps) and introduced two slabs up to Rs.20 lakh and above Rs.20 lakh for floating interest rate home loans. HDFC has started offering floating interest rate for home loans up to Rs.20 lakh, and above Rs.20 lakh at 10.25% and 11.25% respectively with

effect from December 22, 2008. PSBs have reduced their rates to 8.5-9.25%, for home loans up to Rs.20 lakh.

SBI merges two Mauritius subsidiaries

SBI has merged its Mauritius based subsidiaries, Indian Ocean International Bank (IOIB), with SBI International (Mauritius) to consolidate its operations in the African Island nation. The new entity has begun operations as SBI (Mauritius). "At present, SBI is consolidating operations of its various subsidiaries and associate banks. The merger of State Bank of Saurashtra has already happened. It does not make sense to operate two entities in the same geography (Mauritius) and hence we decided to merge IOIB with SBI International," said SBI Chairman Mr. O. P. Bhatt.

Capital Markets

IDBI, Exim Bank to raise Rs.4,500 crore via bonds

IDBI Bank and Exim bank plan to raise up to Rs.4,500 crore through bond issues to finance their business growth. IDBI Bank will raise up to Rs.2,000 crore through Omni bonds while Exim Bank will raise around Rs.2,500 crore through bonds of varying maturities. Exim Bank has also got a refinance facility from the RBI to meet the needs of exporters and loans extended to sovereign governments. Both the entities expect to cut their cost of funds; taking benefit of the sharply declining yields on corporate paper. Rating agency CRISIL has assigned AA+ rating to IDBI Bank's Omni bonds. Exim Bank bonds carry "AAA/stable" ratings.

Commodities Markets

NCDEX sugar volume dips 77% in five months

Sugar trade volume on the National Commodity & Derivatives Exchange (NCDEX) has declined 77% in the last five months on waning traders' interest because of uncertainty over cane prices in Uttar Pradesh, India's largest sweetener producing state. According to the latest report by the National Institute of Commodity Research (NICR), a research wing of the NCDEX, total volume has declined to 573,550 tonnes in November from 2,455,400 tonnes in July. Similarly, total turnover from sugar trade plunged 75% to Rs.1,046 crore in November as compared to Rs.4,129 crore in July last year. This trend was also seen early last year when volume and turnover fell heavily during the four-month period between March & June 2008.

MCX ties up with FIEO

To expand currency futures trading in the country, the Federation of Indian Export Organization (FIEO) has

entered into an MoU with MCX-SX (Multi Commodity Exchange Stock Exchange). The agreements are expected to facilitate hedging currency risk through trading in currency futures by more than 11,000 members of FIEO. "FIEO members will also benefit from our domain expertise of currency markets and the transparency & currency hedging facility offered by MCX-SX," avers Mr. U. Venkataraman, CEO, MCX-SX.

NCDEX removes extra margin

The National Commodity & Derivatives Exchange Ltd. (NCDEX) has removed a 5% pre-expiry additional margin in gold and silver contracts expiring in March 2009 and afterwards it said in a circular. The Exchange had imposed the additional margin in March 2006. The additional margin is added to the normal exposure margin in the last two trading days of the expiring contract, including expiry day.

Co-operative Banks

UCB consolidation gains momentum

During 2007-08, a total of 54 merger proposals in the UCB space were given the necessary clearance by the Central Registrar of Co-operative Societies / Registrar of Co-operative Societies concerned. In addition to this, 269 UCBs were under various stages of liquidation. "Although their businesses expanded at impressive rates with both operating profit and net profit increasing during the year, due to the complex structure of the sector, regulation and supervision of UCBs have been a major challenge," said the RBI Report on Trend and Progress of Banking in India 2007-08.

Co-op banks not complying with paid-up capital and reserve norms

As many as 118 co-operative banks are not complying with banking provisions that require them to maintain paid-up capital and reserves of Rs.1 lakh. "As on September 30, 2008, 118 district central co-operative banks (DCCBs) are not complying with the provisions, which stipulates that all co-operative banks are required to hold an aggregate paid-up capital and reserves, the real and exchangeable value of which should not be less than Rs.1 lakh," Minister of State for Finance Mr. P. K. Bansal told in a written reply to a question posed in Rajya Sabha. Such banks are spread across 19 states, and Andhra Pradesh, Bihar, UP and Madhya Pradesh account for most of them.

Two co-op banks' licenses cancelled

The RBI has cancelled the licenses of two co-operative banks *viz.*, Bhavnagar Mercantile Co-operative Bank Ltd. and Siddhpur Commercial Co-operative Bank Ltd. The

banks had ceased to be solvent and all the efforts to revive them with the help of the Gujarat Government had failed, thus prompting the cancellation. On liquidation, every depositor would be entitled to repayment of deposits up to a monetary ceiling of Rs.1,00,000 from the Deposit Insurance and Credit Guarantee Corporation.

Kapol Co-op Bank beefs up internal security

The Mumbai-based Kapol Co-operative Bank has stepped up its internal security system after the arrest of a woman employee for siphoning off Rs.2 crore from the bank. "Henceforth, all money transfer irrespective of any amount will require the approval and signature of the manager and assistant manager of the branch," said Mr. K. D. Vora, Chairman of the Kapol Co-operative Bank Ltd. "After the transfer of the application, the bank will communicate via SMS to the account holder to confirm the dealing."



Insurance

AICIL wins insurance award for innovation

Agriculture Insurance Company of India Ltd (AICIL) has won the Innovation of the Year award at the 12th Asia Insurance Industry awards ceremony held in Hong Kong recently. Mr. M. Parshad, CMD of AICIL, received this award in the presence of industry leaders, about 600 of whom had gathered at the award function. In 2007-08, AICIL covered 671,000 farmers and an area of 1,034,629 hectares for a sum insured of Rs.1,758 crore, and earned a premium of Rs.145.5 crore.

LIC mulls Rs.400 crore investment in VCs

The country's largest insurance company, Life Insurance Corporation of India (LIC), is planning to invest over Rs.400 crore in **venture capital** (VC) funds over the next few months. During 2007-08, the public sector company had approved investment proposals of around Rs.200 crore in VC funds but has so far invested only Rs.50 crore. The remaining Rs.150 crore may be part of the Rs.400-crore investment lined up for the next few months. The funds are made available to VCs by way of loans. LIC's investments in VC funds are mostly for five years or so with focus on investing across sectors.

LIC to recruit 10,000 employees this year

At a time when financial institutions are in the process of cutting costs through retrenchment, LIC has drawn up plans to hire over 10,000 employees and around 250,000

insurance agents across the country. “We are hiring 4,800 class-II employees, around 5,000 class-III employees and 400-500 class-I officers. We have already hired about 100,000 agents and plan to strengthen our agency distribution channel by about 250,000 by March 2009,” confirmed a senior LIC executive. LIC is recruiting class-III employees, mainly clerical staff, after a gap of eight years, while class-II staff is being hired after a two-year gap. A majority of the employees would be hired to man the 500 new satellite offices that LIC intends to open during the current financial year.

from December 16, the country's largest bank has lowered the rates by 50-100 bps. With this reduction, the micro enterprises will be able to avail working capital finance at as low as 10.25%. “This reduction has been brought about for SSIs as well as larger manufacturing MSMEs, with working capital limits up to Rs.10 crore,” said SBI.



Products & Alliances

International News

HSBC sets up \$5 billion global fund for crisis-hit SMEs

British banking giant HSBC has set up a \$5 billion fund to support the day-to-day cash requirements of its small and medium business clients reeling under the pressure of economic down-turn across the world. “We have created a new \$5 billion global working capital fund for small and medium sized businesses (SMEs) to ensure that they continue to have access to appropriate credit through the current financial and economic crisis,” confirmed the bank.

HSBC to boost UK home lending by 20% in '09

HSBC Holdings has unveiled plans to increase its lending to UK homeowners by 20% in 2009 as banks come under political pressure to pass on the benefit of government measures to boost lending. HSBC, which is said to have lent £12.8 billion in 2008, will be raising its UK mortgage fund to £15 billion in 2009, which is approximately double the £7.8 billion it lent to home owners in 2007. HSBC is also going to create a \$5 billion fund for SMEs.

Citi sells German retail banking business for \$6.6 billion

Troubled banking giant Citi group has completed the sale of its German retail banking business and some of its affiliates to European banking group Credit Mutuel-CIC (CMC) for 5.2 billion Euro (\$6.6 billion) in an all-cash deal. The acquired entity will operate under the Citibank brand until it undergoes re-branding in 2010. “The transaction is another strategic step that significantly strengthens Citi's key capital ratios and allows us to reallocate capital to the best growth opportunities for the overall franchise,” said a Citi official.

Max New York, Vishweshwar Bank tie up

Max New York Life Insurance and the Vishweshwar Sahakari Bank of Pune have announced a strategic referral tie-up recently. Max will utilize the bank's branch network to sell its life insurance products. The alliance will enable the insurer to service more than 1,50,000 customers of the bank.

Citi launches unique solution

Citi Bank NA has launched Citibank Protect & Grow, a first-of-its-kind product offering customers the safety of a fixed deposit with the option to channel the interest earned into mutual funds. Customers will be able to choose any combination of a maximum of four open-ended mutual funds from among those distributed by Citibank.

IDBI ties up with Pay Mate

IDBI Bank has tied up with mobile commerce company PayMate to offer mobile payment facility. The facility will allow the 3.5 million IDBI customers to use their mobile phones to make payments for giving their bills, booking tickets, online purchases and retail shopping. Mr. O. V. Bundellu, Deputy Managing Director, IDBI Bank, said that the bank is trying to improve and introduce new products through alternate channels; it is also planning to increase its branches from 500 to 700 and the ATM's from 850 to 1,050 in the next six months.

IOB, Universal Sampo on distribution tie-up

Universal Sampo General Insurance Company signed a MoU with Chennai-based PSB, IOB for distribution of the Japanese company's general insurance products through its branches across the country. Universal Sampo Executive Chairman Mr. O. N. Singh said the company had set a target of Rs.50 crore for the current financial year and planned to capture 2% of the country's market share by 2010-11. Universal Sampo is a non-life insurance company set up as a joint venture between Dabur Investments and Sampo General Insurance Company of

Microfinance / SME

SBI, SIDBI cut SME lending rates

SBI and SIDBI have lowered interest rate on loans extended to micro, small and medium enterprise (MSMEs). Effective

Japan, along with IOB (having 19% equity), Allahabad Bank and Karnataka Bank.

SEBI, FFMS sign MoU

Securities and Exchange Board of India (SEBI) has signed a bilateral MoU with Federal Financial Markets Service of Russian Federation (FFMS), Russia on mutual co-operation and information sharing. The MoU was signed by Mr. C. B. Bhavé, Chairman, SEBI and Vladimir Milovidov, Head, FFMS, Russia in the presence of Prime Minister, Dr. Manmohan Singh and the President of Russian Federation, HE Mr. Dmitry Medvedev. It was signed to establish a general framework for co-operation and consultation and mutual assistance between the regulatory authorities, in order to fulfill their regulatory responsibilities.

MCX-SX launches regional website

MCX-SX, India's new stock exchange, recently launched websites in national and regional language (Hindi & Gujarati). This makes MCX-SX the first exchange in India to launch websites in regional language for currency derivatives. The websites aim at developing the currency futures market by spreading awareness about the use of futures to hedge risk of fluctuating currency prices.

Regulators Speak...

RBI eases lending norms for UCBs

The RBI has relaxed lending norms for Tier-II urban co-operative banks (UCBs), making it easier for them to lend to commercial real estate and non-banking finance firms (NBFCs). The Central Bank has rationalized and reduced the standard asset provisioning requirements for Tier-II UCBs from the earlier 1-2% to 0.40% across sectors. It has also slashed risk weights on lending to various sectors. The **provisioning norm** in case of direct advances to agriculture and SME sectors, however, is kept unchanged at 0.25%.

RBI asks banks to fix sub-limits for companies

The RBI has asked commercial banks to fix sub-limits for corporate borrowers, within the overall limit, to meet payment obligations of purchases from small scale industries. The size of such sub-limits is to be decided taking into account the projected purchases by corporate borrowers from the SSIs during a year, in relation to their total purchases and other relevant factors.

RBI cautions banks on realty exposure

The RBI considers it imperative for banks to manage the balance sheet risks associated with real estate exposure, particularly in the current economic meltdown with

its expected ramifications on real estate prices. Given the historically positive co-relation between economic downturn and its adverse impact on real estate prices, the RBI said risks - credit, interest rate, liquidity, prepayment, transfer of risk from subsidiaries, operational frauds - may get transmitted to a bank's balance sheet in respect of its real estate exposure.

Maintain 1% security deposit, SEBI tells bourses

In a bid to strengthen investor protection norms, the SEBI has directed stock exchanges to maintain a security deposit of 1% of the amount of securities offered to public or shareholders by the issuer companies. The regulator has directed the exchanges to set the anomalies right and get the exchanges and bank guarantees in position within the next three months. SEBI had noted that the exchanges had been lax in maintaining bank guarantees given by companies before listing and several guarantees had expired. It then pointed out that Clause 42 of the listing agreement mandates that every company proposing to issue new securities shall deposit, before the opening of the subscription list, with the designated exchange, an amount calculated at the rate of 1% of the amount of securities offered for subscription to the public and to the holders of the existing securities of the company.

RBI keeps fund tap open for small units

The RBI has stepped up its drive to ensure adequate cash flow to SMEs and has asked bankers to monitor payments by large corporate entities to these units. RBI has asked bank chiefs to ensure a timely restructuring of loans and additional facilities to be made available. In this context, the regulator has asked the state-level bankers' committee to take up the issue with SME industry representatives and also ensure that non-credit related issues are also raised with the authorities concerned. Further, the regional and zonal offices of all banks have been asked to monitor the flow of credit to SMEs.

RBI mulls liberal guidelines for operational area of bank branches

RBI is planning to liberalize the existing norms for the operational area of a bank's branch. The aim is to ensure financial inclusion at all banks across the country. According to current norms, a branch cannot operate in an area beyond a 15 km radius. The issue is likely to come up during the next quarterly meeting of state-level bankers' committee. In case the plan is implemented, it will help those private sector banks which do not have big presence in the remote parts of the country unlike their peers in the state-run lenders.

RBI tightens norms for outsourcing bank jobs abroad

With risks in many economies increasing due to severe slowdown, the RBI has tightened norms for Indian banks outsourcing services abroad, asking them to maintain all original records in India. Besides, it has asked banks to ensure that if the off-shore service provider is a regulated entity, the foreign regulator should not obstruct or object to RBI's inspection of bank's internal and external audits.



Spotlight

Banks not liable to pay interest on export subsidy : SC

The Supreme Court (SC) has held that banks are not liable to pay interest tax on subsidies they get from the RBI for giving concessional loans to exporters. Dismissing an appeal filed by the income tax department recently, a bench headed by justice Mr. S. H. Kapadia upheld the Delhi High Court judgment which said that the compensatory interest received as subsidy by the Punjab National Bank (PNB) from the RBI for giving concessional loans to exporters did not amount to interest tax chargeable under the Interest Tax Act, 1979. The RBI gives export subsidy to banks to make good their losses by extending export credit at a lower rate of interest.

RBI wants a rethink on 'big, complex institutions'

In the context of the global economy entering into a phase of downturn on account of the global financial crisis, the RBI in its latest Report on Trend and Progress of Banking in India, has said that an assessment needs to be made on whether institutions should be allowed to become "so big and so complex" that their problems could have system-wide repercussions. The relevance of universal banking, the separation of central banking functions from regulation and supervision of banking entities are some of the topics being debated intensely. Underscoring the fact that it has been monitoring the functioning of systemically important non-banking finance companies (NBFCs) and banks' exposure to them, the central bank said the role of non-banks in the financial system needs to be examined from a regulatory perspective. The high dependence of NBFCs on banks for sources of funds raises the systemic risk in the financial system.

ICICI Bank to curtail dependence on agents

ICICI Bank, the largest private sector bank in the country, plans to curtail its dependence on direct sales agents (DSAs) for sourcing retail loans in order to bring

down costs. Instead, the bank, in a deliberate strategy shift, wants to leverage its country-wide network of 1,400 branches to garner more business. With the RBI granting it additional 580 branch licenses, ICICI Bank, according to its MD & CEO designate Ms. Chanda Kochhar, sees ample scope for ramping up direct sourcing of retail loans by branches, which will expand to around 2,000 by end-March 2010. Currently, DSAs source almost 1/3rd of the bank's retail loans. Retail Loans accounted for around 55% of the bank's total advances portfolio, which stood at Rs.2, 22,000 crore as on September-end 2008.

Karnataka Bank to split Chairman, CEO post

Mangalore-based Karnataka Bank Ltd. has resolved to split the post of Chairman and Chief Executive Officer of the Bank. The move follows the recommendations of Dr. Ganguly Committee with regard to splitting of the post of Chairman and Chief Executive Officer in the private sector banks. Accordingly, the board has proposed the name of the present Chairman and Chief Executive Officer, Mr. Ananthakrishna, to be the part-time Chairman, for the approval of RBI.

South Indian Bank expanding in North

At a time when the global financial meltdown has cast a shadow on the domestic banking and financial service sector, the Kerala-headquartered South Indian Bank has decided to expand its footprints across the country by opening 40 new branches over the next one year. Also, SIB plans to recruit about 500 people in the remaining months of this financial year. This would take the headcount to 4,900 by end March 2009. With many top notch investment banking outfits and banking entities shying away from campus recruitments at business schools, many management institutions, including an Indian Institute of Management (IIM), have approached SIB to visit their campuses for recruitment.

Financial Basics

Knock out option

An option contract that becomes worthless if the price of the underlying asset or contract reaches a pre-specified price barrier.

Glossary

Provisioning norms

Provisioning norms refer to provisions that banks have to make for their non-performing assets. Non-performing assets (NPAs) are those loans /advances of the banks which have ceased to earn income for the bank. Usually the assets



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are classified into standard assets (those that are earning income) and those that don't viz., substandard assets, doubtful assets and loss assets. The last three types of assets come under the Non-Performing Assets category for which provisions have to be made from the profits. The various types of non-performing assets are often further classified into various sub-types depending on criteria such as whether they are secured or not, the age of the asset, etc.

Venture Capital

The long term financial assistance to projects being set up to introduce new products / inventions / innovations or to commercialise new technologies. These are funds which are available for financing the start-up of a business. Usually these funds are made available from commercial banks, merchant banks, etc. It is in the nature of equity and therefore, venture capital is often known as risk capital.

News From the Institute

Certificate course in Project Finance

ADMISSIONS OPEN - ENROL NOW - limited seats - for Certificate Course in Project Finance - one week full-time Campus Training at IFMR commencing from 2nd to 7th March 2009. For registration / details, etc. call (022) 2215 5092 or send an email to : ftshroff@iibf.org.in. For details, visit our website www.iibf.org.in.

MOU with DOEACC Society

The Institute will shortly be entering into an MOU with the Department of Electronics Accreditation Computer Courses (DOEACC) Society, New Delhi to launch a Level-I course namely, 'Foundation Course in ITeS BPO for IT & Banking' for plus two candidates. The course will be launched in the financial year 2009-10.

Workshop on 'Train the Trainers' for Citibank DRAs

The Institute recently held a 'Train the Trainers' workshop for the course on Debt Recovery Agents (DRAs) for Citibank in New Delhi.

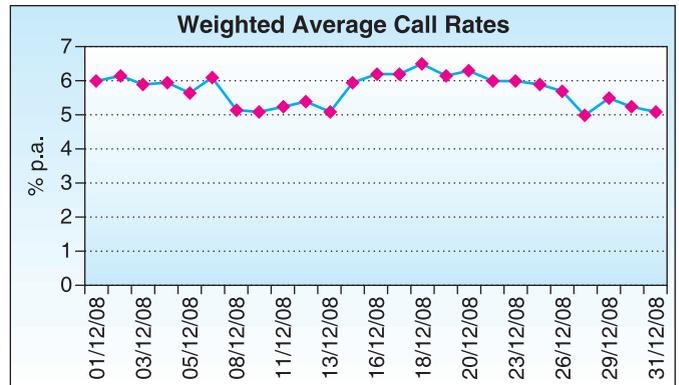
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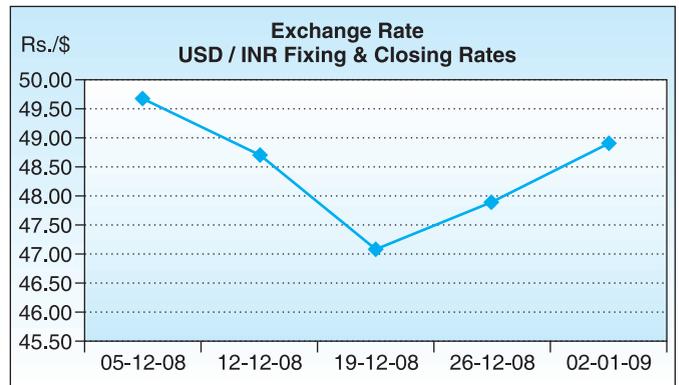
Markets Roundup

Indicators	Market Snapshot (Amount in Rs. Mn.)				
	Dec.05, 2008	Dec.12, 2008	Dec.19, 2008	Dec.26, 2008	Jan.02, 2009
Inflation (%)	8.40 (Nov.22, 2008)	8.00 (Nov.29, 2008)	6.84 (Dec. 06, 2008)	6.61 (Dec.13, 2008)	6.38 (Dec.20, 2008)
CCIL MIBOR (%)	6.1761	5.5624	6.6458	5.8209	5.1498
Avg. LAF. Repo. Vol	1,000	0	73,320	23,425	8,220
Avg. Repo Rates (%)	5.72	5.33	5.69	5.80	4.46
10-yr G-Sec Yield (%)	6.9189	6.3861	5.7645	5.8428	5.4657
1-10 yr spread (bps)	55	93	49	56	91
6 Month Forward Premia (%)	2.54	3.46	3.30	3.31	1.98

Source : CCIL Newsletters, December 2008, various issues



Source : CCIL Newsletters, December 2008, various issues



Source : CCIL Newsletters, December 2008, various issues