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IIBF VISION

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Top Stories

'Indian banks should find opportunities in overseas markets'

The present global economic scenario offers an excellent opportunity for Indian banks to expand their overseas presence, avers Mr. Thomas P. McGrath, managing partner, financial services, Ernst & Young (Europe, Middle-East, India and Africa). "Many banks in foreign countries are available at attractive valuations currently in Euro Zone or in North America. Since Indian banks are well capitalized and aspire to strengthen their brands globally, they should propel their overseas business operations through buy-outs too" he said. "In a bid to elevate the efficiency levels of Indian banks, Ernst & Young is in the process of advising a few Indian banks on their business process improvement initiatives. That will help Indian banks to compete with global players," said Mr. Viren Mehta, Director, Ernst & Young.

Private banks bad loan exposure

Private sector banks, which have cut down their credit exposure, continue to outperform state-owned banks in terms of bad loans exposure. A comparison between 14 private sector banks operating in the country and 25 state owned banks shows that the former are better in terms of net non-performing assets (NNPA) growth during April-June 2009. The aggregate total income of 14 private sector banks has increased by 13.4% from Rs.22,400 crore in April-June '08, to Rs.25,408 crore in April-June'09. Their total NNPA has increased by 15.7% during the study period, increasing the NNPA to total advances ratio from 0.97% in April-June '08 to 1.25% in April-June'09.

RBI paper moots special funds for self-help groups

A Reserve Bank occasional paper has mooted a special fund for self help groups (SHGs) to deal with regional imbalances in credit disbursement to poor, particularly in

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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the eastern and central regions of the country. At present, only 1/5th of the total loans to SHGs go into these two regions which account for more than 3/5th of the total poor in India. The paper notes that the average bank loans to SHGs in the western, eastern, northern, central and particularly in the north-eastern region are much lower than their southern counterparts.

RBI to issue new Rs.50, Rs.100 currencies

The Reserve Bank of India (RBI) is shortly going to issue Rs.50 and Rs.100 denomination bank notes in both numbering panels in Mahatma Gandhi Series-2005 bearing the signature of its governor Dr. D. Subbarao. Except for the change in the inset letter, the new notes will be similar in all respects to the bank notes in Mahatma Gandhi series-2005, including the additional / new security features issued on August 24, 2005. All bank notes in the denomination of Rs.50 issued by RBI in the past will continue to be legal tender.

Public sector banks overtake private peers on growth in staff cost

The growth in staff cost of public sector banks (PSBs) *vis-à-vis* private banks was significantly higher during April- June'09, reveals a study of the growth in staff cost of 25 PSBs and 17 private sector banks. As per the study, the PSB staff cost rose by 37.6%, whereas private banks' staff cost rose by only 8.4%. The total staff cost of 25 PSBs increased from Rs.7,291 crore during April-June '08 to Rs.10,032 crore during April-June '09.

Central banks looking to end monetary expansion : Dr. Y. V. Reddy

Banking regulators world-wide are facing a dilemma of finding exit strategies from the massive monetary expansion made in the wake of global financial crisis. Former RBI Governor, Dr. Y. V. Reddy has said that "An exit cannot be done too early nor can it be too late. Early exit will lead to instability and too late an exit-inflation. Any exit, therefore, needs to be timed just right." The soft regulatory regime, in turn, he pointed out, has resulted in excessive 'financialisation' and excessive leverage in the global economies. Referring to the Basel norms that govern supervisory norms in the global banking industry Dr. Reddy said they were essentially "pro-cyclical" in character.

RBI seeks reports of suspect transactions from banks

In a move to track terror funding, the RBI has directed banks to submit reports on accounts maintained by persons and organizations bearing resemblance to terrorists and their outfits in the fresh list issued by the United Nations. "Utmost care should be taken by

banks to ensure and cross check all account opening applications and transactions carried out in the existing accounts with the updated consolidated list (of the UN)," RBI has said in a communication to the heads of all banks and financial institutions. It has further asked the banks to report transactions which "bear resemblance with the individuals and entities listed."

Vijaya Bank to hire 1,000 this fiscal

Vijaya Bank will be hiring about 1,000 personnel in various roles before the end of the financial year 2009-10. The Mangalore-based bank, which is engaged in campus recruitments to hire 160 specialists (MBAs), will soon begin the process for recruiting 500 clerks. "In addition, we are laterally filling up over 300 positions in Scale III for which the interviews are on the anvil," Mr. Albert Tauro, Chairman and Managing Director, Vijaya Bank, said while inaugurating the 1,108th branch at Madhapur. Besides catering to the manpower needs of branch expansion programme, the recruitment has also been necessitated due to retirement of over 800 employees during the year.

Small banks cash-in on open-ATM rule

The free cash withdrawal facility from automated teller machines (ATMs) has proved to be a boon for banks with small networks as it has pulled towards them the customers of larger banks. So, players such as ICICI Bank, the country's largest private sector player, are incurring a monthly outgo of Rs.4-5 crore in the form of payment of interchange fee to other banks. An interchange fee of Rs.18-20 per transaction is paid when a bank's customer uses the ATM of another bank. While banks were charging customers for cash withdrawals and balance enquiry at third-party ATMs, from April 1, the charges have been stopped from getting passed on to customers.

SBI plans to hire 11,000 clerks

The country's largest bank, State Bank of India (SBI), plans to hire 11,000 clerks for marketing its financial products across the country. SBI has already issued advertisements calling for applications from candidates. The new recruits will be deployed for marketing, banking and advisory services. Further, depending on the requirement, working hours will be kept flexible.

Corporation Bank to recruit 1,400 in current fiscal

Corporation Bank is planning to recruit 1,400 personnel (including officers) during the current financial year, as affirmed by the Corporation Bank Chairman and Managing Director (CMD) Mr. J. M. Garg. The total

business of the bank has crossed Rs.1 lakh crore during the first quarter of the current financial year. The business mix of the bank stood at Rs.1,19,505 crore as on June 30, 2009. As far as branch expansion is concerned, the bank plans to add about 10 branches in the financial year, he said, adding, that about 25 new branches have been opened in the first quarter.

State Bank of Mysore to hire 500 employees

State Bank of Mysore (SBM) is set to hire over 500 employees to cash-in on a resurgent market for the housing and auto sectors. SBM's Deputy General Manager, Mr. M. D. Shivashankar, has said that the bank will hire 525 employees this quarter because of the gains in retail banking during the current calendar year. The bank had a total of 4,463 employees as of March 31, 2009. The bank also plans to add about 30 branches in this financial year.

BoB to hire 3,500 by March 2010

Bank of Baroda (BoB), the country's third-largest PSB, is planning to recruit 3,500 people including officers during the current financial year. "We are going to recruit about 3,500 people by March 2010, including 2,000 clerks and 1,000 probationary officers," Bank of Baroda Chairman and Managing Director Mr. M. D. Mallya has affirmed. Further, the bank is also going in for campus recruitment this time. Mr. Mallya has revealed that "We are planning to go to reputed institutes like IIMs and IITs." As many as 200 management students and engineers will be hired during the year. In addition to this, the bank will also recruit 250 agriculture officers.

S. Bhandari appointed MD of ING Vysya Bank

ING Vysya Bank has appointed Mr. Shailendra Bhandari, as the Managing Director and Chief Executive Officer (MD & CEO) of ING Vysya Bank, following the RBI's approval. Mr. Bhandari has taken charge of the bank on August 6, 2009 and will be based in Bangalore. He was most recently the head of private equity at Tata Capital, a private equity start-up to build a new business franchise for the Tata Group.

Alok Misra appointed BoI chief

The government has appointed Mr. Alok Kumar Misra as the CMD of the Bank of India (BoI). Mr. Misra, who until now was the CMD of Oriental Bank of Commerce (OBC), succeeds Mr. T. S. Narayansami, who retired earlier this year.

RBI sets up financial stability unit

The RBI has established a financial stability unit (FSU) to conduct macro prudential surveillance of

the financial system on an ongoing basis. The unit has become operational from July 17. In its Annual Policy Statement for 2009-10, RBI had proposed to set up a FSU, drawing upon inter-disciplinary expertise from supervisory, regulatory, statistics, economics and financial markets departments for carrying out periodic stress testing and for preparing financial stability reports.

RBI's surplus rises 67% to Rs.25,000 crore

It may be crunch time for the economy but the RBI has seen its profit soaring by 67% to about Rs.25,000 crore in 2008-09. RBI said it would pay a surplus profit of Rs.25,009 crore to the government for the year ended June 30, 2009. Last year, the RBI had transferred Rs.15,011 crore for the year ended June 30, 2008. The central bank has approved the dividend amount to be paid to the government. The components of the surplus profit paid to the government are being worked out. "This year, we estimate a large portion of the government securities (Gsecs) transactions to be a large part of the surplus transferred. The interest income should happen mainly from the daily LAF operations and discounting of treasury bills," an RBI official has said.

Kotak Bank to limit unsecured loans

Hit by rising bad loans, Kotak Mahindra Bank has decided to reduce its unsecured loans in the months ahead, but has ruled out the possibility of winding up the portfolio completely. Of its Rs.17,200 crore loan book, nearly 15% of the advances currently are in the unsecured category. The proportion came down significantly in FY10 from 20% in the year-ago period.

Self-certified syndicate bankers to get fee for IPO applications

The Securities and Exchange Board of India (SEBI) has directed companies planning initial public offerings (IPOs) and their merchant bankers to pay commission to self-certified syndicate bankers (SCBs) who process IPO applications for subscribers. In a recent review of "applications supported by blocked amount (ASBA)," the regulator noticed that the reason for the poor response was a lack of incentives to SCBs for accepting such applications. Once the system stabilises, SEBI plans to make institutional investors pay 100% amount with their applications, as opposed to the current 10%. Apart from IPOs, ASBA is also applicable for rights issue.

LIC Housing Finance Care Homes to senior citizens

LIC Housing Finance Care Homes plans to offer ownership rights to buyers of properties developed by it for senior citizens. Till now it offered only occupation rights (tenancy) but not ownership rights.

This has resulted in its projects not growing as expected. LICHF Care Homes, a subsidiary of LIC Housing Finance, was launched with an investment of Rs.25 crore in 2005. LICHF Care Homes now plans to develop properties in Jaipur and Bhubaneswar. The properties will be apartments, as opposed to the cottages in Bangalore.

SBI plans to roll out 600,000 points of sale

SBI plans to set up 600,000 point of sale (PoS) terminals as part of its plans to foray into merchant acquiring business (MAB). This is at least 27% more than the 473,000 PoS terminals presently operating across the country. While SBI plans to set up the PoS business through a joint venture, the 600,000 machines are proposed to be rolled out over five years, by which time the PoS population will have also increased. At present, a bulk of the terminals are located in metros, large cities and a few tourist destinations.

Retired teachers, traders may make it to banks' business correspondents list

Grocers, petrol pump owners and retired teachers may soon be able to function as business correspondents for banks. The move forms part of the RBI's attempt to bring more of rural India into the organised credit fold. Apart from these constituents, RBI has proposed to expand the definition of business correspondent (BC) to include small saving schemes and insurance company agents too. BCs are allowed to function as banking agents in areas devoid of bank branches. Besides enabling opening of accounts for new customers, BCs are permitted to undertake activities such as disbursement of small value credit, recovery of dues, collection of small-value deposits, sale of micro insurance, mutual funds, pension products and other third-party products, and receipt and delivery of small-value remittances / other payment instruments.

Banks looking at tech-based financial inclusion

Kolkata-based banks will look at adopting technology-based financial inclusion model and will appoint business correspondents and business facilitators in order to make banking facility accessible in every village by 2011, according to the recommendations of a highlevel committee set up by the RBI. The committee has suggested a sub-committee of the District Consultative Committee to draw up a roadmap for providing banking services in any form to every village with a population of over 2,000 at least once a week on regular basis by March 2011. Mr. T. M. Bhasin, Executive Director, United Bank of India, has said, "Banks will adopt a multi-pronged approach by opening branches in

the un-banked gram panchayats (GPs), and will issue biometric cards to connect to the customers in rural areas apart from appointing BCs to enhance banking in these areas."

Banks step up issue of certificates of deposit

After a long lull, banks have stepped up short-term resource mobilization through issue of certificates of deposit (CD). The increased activity in CD markets stems from anticipation that the RBI is likely to begin exiting the process of monetary expansion. CD rates that dropped to below 5% in July are now close to 6%. Banks have already raised around Rs.3,000 crore. However, it is being said that, even at these rates, mutual funds (MFs) are not very enthusiastic about investing in CDs. MFs and non-life insurance companies are the largest investors in certificates of deposit.

Public sector banks flooded with cash

With the Centre and States raising money upfront but back-ending budgetary expenditure for the current financial year, PSBs are saddled with large floating funds. The Centre has raised Rs.2.25 lakh crore or 49.89% of its gross borrowing programme in this financial year so far. In addition, States have also raised close to Rs.32,000 crore during the same period, through issuance of 10-year state development loans. The funds are currently parked with the PSBs, as both the Centre and States' expenditure programmes, (Plan and non-Plan), are yet to take off, more so in view of the monsoon deficit. The draw down of the funds is likely in October, when the peak season begins.

Banks see increase in mobile banking

Banks have seen an increase in the number of customers opting for mobile banking services in the last two months due to a steep rise in small-value transactions. SBI has added more than 20,000 customers in mobile banking in the last two months and expects the number to rise further. "Both, customers and bank branches have realized the immense potential of this service, especially when it comes to small value transactions. We have seen more number of customers availing this service in the July-August period," says an official.

Capital Markets

IndusInd raises Rs.480 crore via QIP

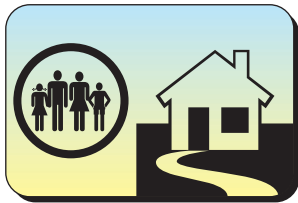
IndusInd Bank has raised Rs.480 crore (around \$100 million) through a **qualified institutional placement (QIP)**. Post issue, the bank's capital adequacy ratio (CAR) will improve to 15-16% from 12-14% as was on June 30.

The issue price has been fixed at Rs.87.50 for a share with a face value of Rs.10. Post offer, the share capital of the bank will increase by 13.39% to Rs.410 crore. The share price closed at Rs.93.1 - nearly 3% up from its previous close of Rs.90.05.

Commodities Markets

India to import 400,000 tonnes of pulses after crop failure

With half of the area under pulses witnessing a failure due to lack of rain in the current sowing season, India is planning to import 400,000 tonnes of different varieties of pulses in the next three months to meet the deficit. Indian traders have already imported 373,000 tonnes of yellow peas to meet the raising domestic demand ahead of the festive season. However, the quantity seems insufficient to meet the overwhelming domestic demand and hence another 400,000 tonnes of pulses have been required to bridge the demand gap, said the Mumbai based Pulses Importers' Association (PIA).



Insurance

LIC will not sack non-performing agents for first three years

Life insurance behemoth Life Insurance Corporation (LIC), now revamping its marketing strategies to regain its lost market share, has decided not to sack any agents for the first three years despite non-performance. Currently, the corporation has 14 lakh agents and is planning to increase the agency force by 20% by the end of this fiscal. Confirming the development, LIC MD Mr. D. K. Mehrotra has said that the corporation has amended its Agents' Rule 1972 to bring about the change. "The new norms have come in to effect since August 1. Agents can't be terminated even if they are unable to achieve their target on completion of one year. An agent is normally asked to cover at least 12 lives and collect the first year premium of Rs.1 lakh in one year. But now we are asking them to cover 36 lives and collect Rs.3 lakhs in 3 years. Now we want to nurture the agents and give them time to grow. An agent will not be terminated because of non-performance for the first three years. We will provide all kinds of support to him / her for three years," he has affirmed.

Non-life premium collection up, courtesy rising auto sales

Riding on the back of rising auto sales last month, the non-life insurance industry has recorded a marginal rise in premium collection. The general insurance industry has recorded a growth of 6.72% in premium collection to the tune of Rs.11,684 crore in April-July 2009 as against Rs.10,947.8 crore in the corresponding period last year. The industry has grown at 4.57% during the April-June 2009.

International News

ECB, Bank of England hold interest rates steady

The European Central Bank (ECB) has kept its main interest rate steady at a record low of 1.0%, despite tight credit and concern that the eurozone could be hit by deflation. In London, the Bank of England (BoE) has left its key lending rate unchanged at 0.50% but has surprised markets by saying it will pump an extra £50 billion into the economy. The British central bank has decided to continue with its programme of asset purchases financed by the issuance of central bank reserves and increase its size by £50 billion to £175 billion.

BoJ keeps interest rate unchanged

Bank of Japan (BoJ) has kept its key interest rate unchanged at 0.1% and maintained a cautious view on the strength of recovery in the world's second-largest economy. The BoJ's policy board has voted unanimously to keep the overnight call rate unchanged. Markets had expected no change in the rate. The BoJ said "economic conditions have stopped worsening" but warned unemployment remained high and consumer spending was lagging.

US Colonial Bank shuts down, largest failure this year

Colonial Bank of Montgomery Ala, was shuttered and its assets sold to southeast regional bank BB&T, marking the largest bank failure this year. The bank closure - the 74th this year - brings an end to the Alabama lender - which has seen its problems mount amid the financial crisis. The failure of Colonial Bank, which had total assets of \$25 billion, is expected to cost the Federal Deposit Insurance's insurance fund \$2.8 billion. BB&T, Winston Salem, will buy about \$22 billion of Colonial's assets, according to the FDIC. The FDIC and BB&T have agreed to share losses on about \$15 billion of those assets. The bank had deposits of about \$20 billion as on June 30.

Japan exits recession but outlook shaky

Japan's economy has returned to growth in the second quarter, pulling out of its longest recession since World War-II, but analysts warn of a rocky road ahead as the nascent recovery is based on short-term stimulus efforts around the world. The growth was mostly in line with forecasts and added to evidence that Japan was clawing back after being hardest hit among the major economies due to its reliance on exports. Growth in the world's second largest economy is likely to continue in the coming quarters as companies restock inventories due to exports and government stimulus spending around the world.

Bernanke is Fed chairman

US President Mr. Barack Obama has nominated Mr. Ben Bernanke to a second term as Federal Reserve Chairman entrusting him with guiding the economy out of the worst downturn since the Great Depression. "Ben approached a financial system on the verge of collapse with calm and wisdom with bold action and outside the box thinking that has helped put the brakes on our economic freefall," Mr. Obama has said of Mr. Bernanke.



Products & Alliances

Canara Bank, Crisil in pact for rating MSMEs

Canara Bank has entered into a memorandum of understanding (MoU) with Crisil Ltd. The MoU envisages credit rating of the bank's existing and prospective customers under micro, small and medium enterprise (MSME) sector for three years till March 31, 2012, or till the validity of the National Small Industries Corporation (NSIC) scheme.

Corporation Bank launches MoneyGram

Corporation Bank has launched MoneyGram remittance service in association with UAE Exchange & Financial Services Ltd. It is a member of the UAE Exchange group which facilitates global money transfers in India. The facility has been launched at 300 branches of the bank in the first phase.

PNB, HMT tie up

Punjab National Bank (PNB) and Hindustan Machine Tool Ltd (HMT) have entered into a MoU. Under this MoU, PNB will provide hassle free loans at its BPLR to the farmers for purchase of HMT tractors. HMT Limited will also provide an incentive / discount of Rs.8000 to the

farmers who will be purchasing HMT tractors with this loan assistance.

Tax paying via CorpBank ATMs

Corporation Bank has launched a special product enabling registered assesses to pay their taxes through its ATMs. To avail of this facility, Corporation Bank customers first need to register one time at their branch with the details such as name and address of the assessee, debit card number, PAN / TAN number, challan number, major head code, minor head code and sub-head.

'Street to School' programme

Aviva Insurance has announced launch of its 'Street to School' programme in India, in partnership with CRY and Save the Children of India. The corporate responsibility programme's objective is to provide education to 50,000 underprivileged children over the next 3 years. At the start of this programme, Aviva India employees have volunteered a day's salary, amounting to Rs.24 lakh.

M&M, Vijaya Bank tie up

Auto maker Mahindra & Mahindra has entered into an agreement with public sector lender Vijaya Bank for vehicle finance. The bank will now be a preferred financier for the company's commercial and passenger vehicles.

Regulators Speak...

Credit gates to stay open for now

RBI governor Dr. D. Subbarao has said that RBI will roll back the soft interest rate regime when the economy recovers and the government firmly commits to reduce the gap between receipts and spending. Although reversing the expansionary policies is definitely on the agenda, the central bank will maintain an accommodative stance until demand conditions improve and credit flow takes hold. Dr. Subbarao has also said that development of the financial sector in the country should be a means to achieve higher and more secure growth in the economy and not an end in itself.

IRDA seeks 5-year lock-in period for insurance promoters

The Insurance Regulatory & Development Authority (IRDA) has prescribed a minimum lock-in period of five years from the date of certificate of commencement of business of an insurer for the promoters of the insurance company. No transfer of shares of the promoters will be permitted within this period. The IRDA has unveiled the final norms on corporate governance guidelines for insurers. The Insurance Act stipulates prior approval of IRDA for registration / transfer of shares exceeding 1%

and / or which involve holding of share capital, after such transfer, in excess of 5% of the paid-up capital of the company (2.5% for banking or investment company).

SEBI sets limit for legal help to investor groups

SEBI has released guidelines related to monetary aid that investor associations may seek for legal proceedings. Accordingly, aid for a legal proceeding will now not exceed Rs.20 lakh if the case was before the Supreme Court and Rs.10 lakh if it was before any other forum. The guidelines will come into force after the SEBI Investor Protection and Education Fund Regulations are notified. SEBI will reimburse only up to 75% of the expenses incurred and endeavour to reimburse the amount within 15 days of the receipt of the claim.

Banks can deduct floating provision from gross NPAs

RBI has agreed to a request from banks for reversal its guidelines on floating provisions. The regulator will now allow banks, at least in the current financial year, to deduct floating provisions from gross-NPAs, as affirmed by Dr. Chakrabarty, Deputy Governor, RBI. Floating provisions are part of profits kept for contingencies. RBI will be notifying the revised guidelines shortly. RBI is of the view that since banks will shift to the International Financial Reporting Standard (IFRS) from 2011-12, till then they can deduct floating provisions from gross NPAs.

Private banks should play bigger role in expanding banking reach : RBI

RBI has called for more involvement by the private sector banks for extending financial services in the un-banked areas of the country. A high-level committee of the central bank, headed by Deputy Governor Ms. Usha Thorat, has set the target of providing financial services to every village by March 2011. The central bank expects private sector banks to bring in their expertise in strategic planning and leveraging on information technology. Lead banks at the district level have also been asked to ensure that private sector banks are more closely involved in the lead bank scheme while drawing up and implementing annual credit plans.

IRDA cautions insurers against politically exposed persons

The IRDA has asked insurance companies to be more cautious while concluding contracts with "high risk customers", particularly the proposals of Politically Exposed Persons (PEPs). "Insurers should devise procedures to ensure that proposals for contracts with high risk customers are concluded after approval of senior management, not below head (underwriting) chief risk officer level,". Elaborating the anti-money laundering (AML) guidelines to be followed by the

insurers, IRDA stated that while carrying out the know-your-customer (KYC) norms, special care has to be exercised to ensure that the contracts are not anonymous or under fictitious names.

Financial Basics

Tier One Capital

Tier One Capital (also called core equity) consists of common stockholders' equity, qualifying noncumulative perpetual preferred stock and minority interest in equity accounts of consolidated subsidiaries, less goodwill and other disallowed tangibles. In addition, perpetual preferred stock can be included up to 25 per cent of Tier One capital.

Glossary

Qualified Institutional Placement

Qualified institutional placement is a capital raising tool by a listed company which can issue equity shares, securities other than warrants, partly and fully convertible debentures which can be converted into equity shares to a Qualified Institutional Buyer (QIB). This can be seen as a method that companies use to raise money quickly other than preferential allotment. This method does not involve many procedures to work out to bring it to life with the market regulator. QIP was introduced in 2006 by SEBI which would enable the listed companies to raise money from the domestic markets within a short time frame. Another advantage with this method was to prevent the Indian companies from being over dependent on foreign capital. Before the introduction of the QIP there were many complications that were associated in raising the funds from the domestic markets.

Corporate Debt Restructuring

Corporate debt restructuring is a mechanism offered by banks to corporates who are unable to repay their debts because of genuine difficulties. This mechanism was put in place by RBI for two purposes - help the revival of the corporates as well as the safety of the funds lent by banks and financial institutions. The objective of the Corporate Debt Restructuring (CDR) framework is to ensure timely and transparent mechanism for restructuring the corporate debts of viable entities facing problems, outside the purview of BIFR, DRT and other legal proceedings, for the benefit of all concerned. Guidelines of CDR in India was evolved and put in place by RBI in 2001. CDR in India is divided into two categories. Category 1 is for accounts which are standard or sub-standard. Accounts which are in the 'doubtful' category are restructured under Category 2.



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The CDR mechanism is administered through a three tier system viz., CDR Standing Forum and its Core Group, CDR Empowered Group and CDR Cell.

News From the Institute

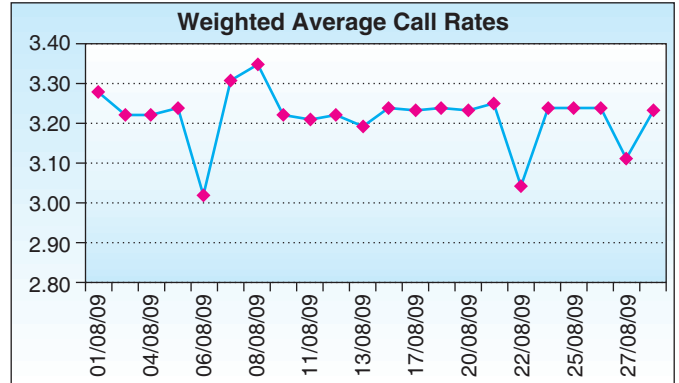
IIBF hopes to create foot soldiers to take bank products to the hinterland

Sensing that financial inclusion could generate gainful employment for thousands of rural youth, the Indian Institute of Banking and Finance (IIBF) has started a training and certification course in financial inclusion. The institute expects microfinance bodies, NGOs, NBFCs and others to absorb the job-ready candidates on completion of the course. These candidates could, in the long run, prove to be the means to reach financial services to those excluded, especially in the hinterland. Moreover, the National Bank for Agriculture and Rural Development (NABARD) is supporting the initiative by reimbursing the course fee for successful candidates. "Given the extent of financial exclusion, we want to create an army of foot soldiers for microfinance institutions, NGOs, NBFCs etc., so that they can act as a bridge between a bank branch and the rural populace. It is a win-win situation as the youth get employment even as the cause of financial inclusion is furthered," said Mr. R. Bhaskaran, CEO, IIBF.

62nd International Banking Summer School held in New Delhi-Agra

The Institute held the 62nd International Banking Summer School in New Delhi-Agra between 30th August and 10th September. The topic for the school was 'Strategies for coping in the era of turbulence and the changing contours of banking'. The inaugural address for the School was delivered by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India. The School was attended by 46 participants from 16 countries around the world, including India.

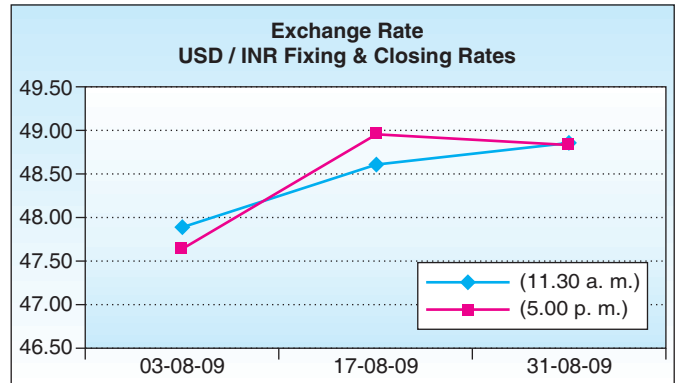
Markets Roundup



Source : CCIL Newsletters, August 2009, various issues

Market Snapshot (Amount in Rs. Mn.)				
Indicators	Aug. 07, 2009	Aug. 14, 2009	Aug. 21, 2009	Aug. 28, 2009
Inflation (%)	-1.58 (July 25, 2009)	-1.74 (Aug. 01, 2009)	-1.53 (Aug. 08, 2009)	-0.95 (Aug. 15, 2009)
Avg. LAF Rev. Repo Vol.	1,182,340	1,247,410	1,222,900	1,339,490
Avg LAF Repo Vol.	0	0	0	100
Avg. Repo Rates (%)	2.56	2.24	2.96	2.28
10-yr G-Sec Yield (%)	7.2425	7.3042	7.4364	7.5542
1-10 yr spread (bps)	305	262	257	282
6 Month Forward Premia (%)	2.57	2.81	2.56	2.47
6 month USD LIBOR (%)	0.91	0.85	0.81	0.77

Source : CCIL Newsletters, August 2009, various issues



Source : Fedai

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Editor : Shri R. Bhaskaran.

INDIAN INSTITUTE OF BANKING & FINANCE

'The Arcade', World Trade Center, 2nd Floor, East Wing, Cuffe Parade, Mumbai - 400 005.
Tel. : 2218 7003 / 04 / 05 ● Fax : 91-22-2218 5147 / 2215 5093
Telegram : INSTIEXAM ● Email : iibgen@bom5.vsnl.net.in
Website : www.iibf.org.in