

Committed to
professional excellence

IIBF VISION

Volume No. : 1

Issue No. : 01

August 2008



Top Stories

First quarter review of the Monetary Policy-2008-09

Some of the highlights of the First Quarter Review of Annual Statement on Monetary Policy for 2008-09 are :

- Bank Rate kept unchanged.
- Reverse Repo Rate under LAF kept unchanged.
- Repo Rate increased by 50 basis points from 8.5 Per cent to 9.00 per cent.
- Cash Reserve Ratio to be increased by 25 basis points to 9.0 per cent with effect from the fortnight beginning August 30, 2008.
- GDP growth projection for 2008-09 revised from the range of 8.0-8.5 per cent to around 8.0 per cent, barring domestic or external shocks.

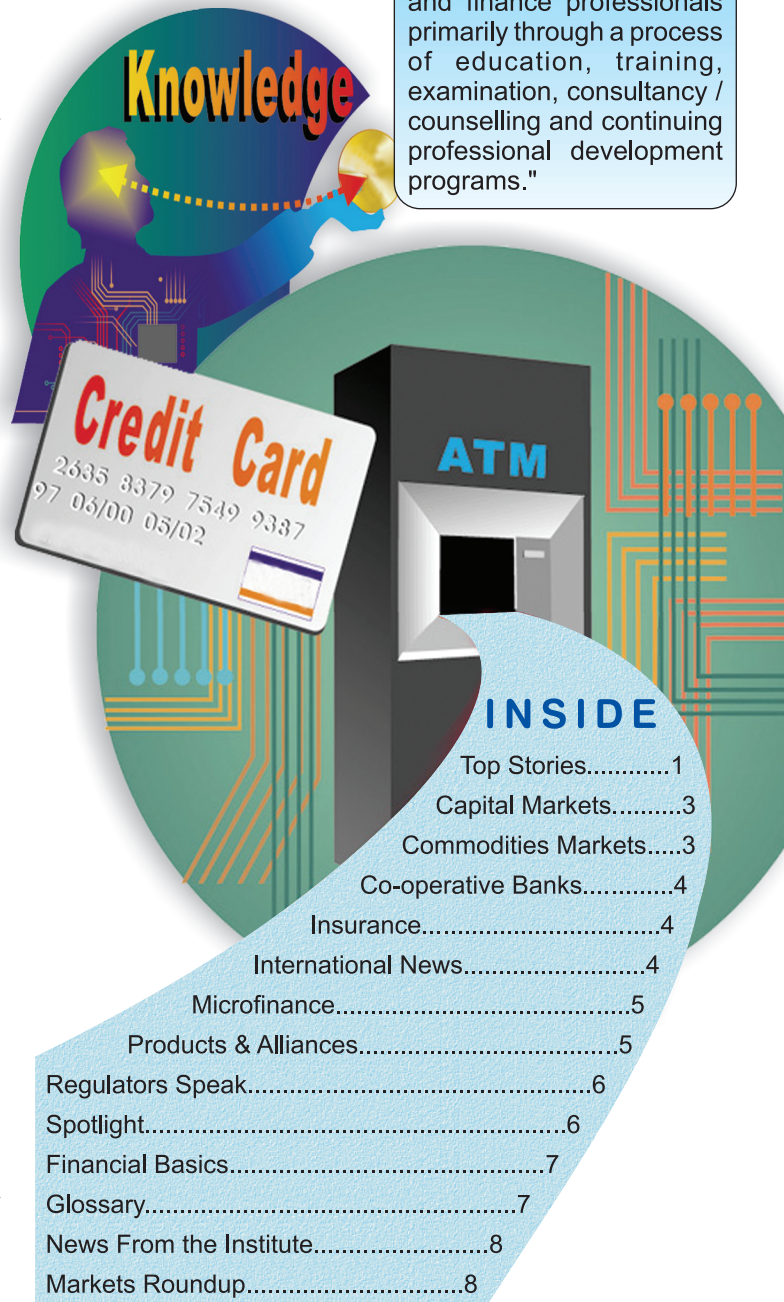
More banks raise benchmark PLRs and deposit rates

Four state-run banks are set to raise their benchmark prime lending rates (BPLRs), or the reference rates for determining all loans and advances. Except for Vijaya Bank that will raise its PLR by 25 basis points (bps) to 13.25%, the increase is 50 bps for the remaining banks. While Bank of India (BoI) increased its BPLR to 13.25% from 12.75%, Allahabad Bank & Dena Bank have hiked it to 13.50%, w.e.f. July 1, 2008. These banks have increased their deposit rates too. Dena Bank has increased its interest rate on domestic term deposits by 25 to 75 bps for various maturities of 180 days and above w.e.f. July 4, 2008.

Banks encourage prepayment on home loans, waive penalty

With rising interest rates and inflation taking a toll on home loan customers, banks are now encouraging them to partly prepay their loans - that too without charging them prepayment penalty in many cases. State Bank of India (SBI), the country's largest bank, is encouraging prepayment without penalty clauses even if the consumer

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."



INSIDE

Top Stories.....	1
Capital Markets.....	3
Commodities Markets.....	3
Co-operative Banks.....	4
Insurance.....	4
International News.....	4
Microfinance.....	5
Products & Alliances.....	5
Regulators Speak.....	6
Spotlight.....	6
Financial Basics.....	7
Glossary.....	7
News From the Institute.....	8
Markets Roundup.....	8

has crossed the bank's annual prepayment limit, said Mr. P. Nandakumaran, Chief General Manager, Personal Banking, SBI.

HSBC Bank tops Banker Magazine's survey

HSBC Bank has aced the list of the world's top 1,000 banks in terms of Tier-I capital and profit before tax in the latest annual Banker Magazine survey. HSBC is the first non-US company since 1999 to lead the survey which found that US banks now account for just 14% of the aggregate top 1,000 pre-tax profits, down from 24% last year. On the other hand, Asian banks now account for 19% from the 12% earlier. However, that the profits of European banks remain flat at 41%.

Cabinet okays SBI, State Bank of Saurashtra merger

With the Left parties no longer in the picture and new allies coming into its fold, the UPA Government has been encouraged to take a legislative route to facilitate SBI's acquisition of State Bank of Saurashtra (SBS), the smallest of its associate banks. The Union Cabinet has agreed to issue an order sanctioning the acquisition transaction under the aegis of State Bank of India Act, 1955. "The merger of State Bank of Saurashtra with SBI will enable it to scale up in terms of foot-print, manpower and other resources. It will also enable it to face competition, arising from globalization of the economy apart from augmenting efficiency and enabling better management of risk", feels Mr. Priyaranjan Dasmunshi, Information & Broadcasting Minister.

Hedge funds see rate hike

Offshore hedge funds operating through multinational banks in India have stepped up the action in India's unregulated **overnight index swap** (OIS) market in recent months. These players are convinced that rates will rise, even as the economy is showing signs of slowing down. Activity in the OIS market has surged as these funds are building huge short positions, while simultaneously hedging this bet with long positions too.

A. C. Mahajan becomes CMD of Canara Bank

Mr. A. C. Mahajan, has taken charge of Canara Bank as Chairman & Managing Director (CMD) w.e.f. 1st July, 2008. Earlier he was the CMD of Allahabad Bank for about two years.

SEWA Bank to float arm for home loans

SEWA Bank, which has presence in the small & micro finance segment, now plans to start a full fledged housing finance arm and is mulling to float a separate company to handle the segment. The company will focus on women who cannot get loans from nationalized banks due to their weak financial status. "We will offer housing loans to our

members who have a good track record and are refused loans from other banks. Most women associated with SEWA come from economically backward class and work in the unorganized sector," said a SEWA office bearer.

Indian banks risk-appetite on an upswing

Indian banks are getting into a potentially risky situation, given the massive increase in unsecured loans as a percentage of their loans. The Indian banks' unsecured loan portfolio has increased fivefold in the last five years to Rs.504,266 crore, while the share of unsecured loans in advances has risen from 13.5% in 2003-04 to 21.8% in 2007-08. Private sector banks, which are more liberal in providing unsecured loans, have been creating more NPAs than their public sector counterparts. The 14 private banks added net NPAs of Rs.2,600 crore, while 27 PSBs witnessed an increase of Rs.3,260 crore in net NPAs in two years.

RBI moves forex assets to 'safer' avenues

The Reserve Bank of India (RBI) seems to have shifted its foreign currency assets to safer investment avenues. As per a report released by RBI its deposits with foreign banks and external asset managers have come down considerably as on March, 2008. At the same time, its deposits with other central banks, Bank for International Settlement (BIS) and IMF have increased substantially. Deposits with foreign commercial banks and external asset managers declined to \$6.01 billion as on March 31, 2008 from \$35.39 billion a year ago. During the same period, deposits with other central banks, BIS and IMF increased to \$189.64 billion, from \$137.34 billion.

Infosys fortifies treasury operations at HPB

Infosys has announced the successful implementation of Finacle treasury management solution at Hrvatska Postanska Banka (HPB) - the largest state owned bank in Croatia. Finacle treasury will enable HPB with comprehensive and integrated front to back office functionality for its treasury operations. The implementation has enabled the bank to streamline and integrate operations, reduce manual workload as well as enhance control and monitoring mechanisms in the back office.

SBI to hire 3,000 recovery officers

State Bank of India (SBI), is planning to hire 3,000 marketing & recovery officers. This is the second such recruitment drive in less than a year amidst displeasure expressed by the regulators and the judiciary on the high-handedness of agents hired by banks to recover loans. Seeking applications by August 16, 2008, SBI said that the position of officer (marketing & recovery) for its rural

operations would have a contract period for two years. In October 2007, SBI had announced plans to hire 3,000 marketing & recovery officers whose job profile would include “soft recovery” of loans. According to SBI's latest annual report, the bank had a total of 1,79,205 employees as on March 31, 2008 making it the biggest employer in the country's banking space.

Singapore welcomes banks from India

Singapore's central bank has extended a warm welcome to banks from India and will review applications from entities which meet the requisite prudential standards. “We welcome the presence of Indian banks in Singapore. In fact, there are already eight Indian banks with a total of 14 branches, operating in Singapore, making it one of the highest here in terms of banking entities from a single country,” said a spokesperson for the Monetary Authority of Singapore (MAS).

HDFC Bank to review branches in North

As part of its strategy to increase penetration in rural areas, HDFC Bank will be carrying out a rationalization and integration of branch structure in the northern region in view of a merger with Centurion Bank of Punjab (CBoP) this year, said HDFC Bank's Regional Head North, Mr. Govind Pande.

BoB opens 21 new branches

Bank of Baroda (BoB) has opened 21 new branches across the country - as announced by BoB CMD Mr. M. D. Mallya on the occasion of 'The Baroda Sun Awards' hosted during the centenary celebrations of the bank held in Mumbai. “Furthermore, the bank has opened 10 Baroda Grameen Paramarsh Kendras, which are specialized counselling centres to provide assistance to farmers, small entrepreneurs, women, SHGs, and other areas for availing formal bank services,” said Mr. Mallya. The bank has also joined the payment gateway of the Indian Railway's reservation system, enabling the customers to book tickets directly by debiting their accounts. An online home loan scheme has also been launched on the occasion.

Indians prefer to transact in cash

Even as electronic modes of settlement are becoming popular, cash still dominates the bulk of transactions made in India. Currency with the public, in the form of cash notes and coins has gone up sharply this year. This could partly reflect a better performance by the agricultural sector generating higher purchasing power in rural India. Figures released in the RBI's weekly statistical supplement (WSS) say that the currency with the public has gone up by Rs.33,199 crore since April this year

compared to a growth of Rs.15,287 crore in the same period a year ago.

RBI nominee's powers on SBI board to be redefined

The Government seeks to redefine the powers of the RBI nominee director on the board of SBI. The decision to bring about this change through amendments in the State Bank of India (amendment) Bill, 2006, was taken at the meeting of the Union Cabinet. The Government has also decided to bring about enabling amendments in the State Bank of India (Subsidiary Banks) Act, 1959, following transfer of ownership of the SBI from the Reserve Bank to the Central Government. “The amendments would bring the operations of the SBI and its subsidiaries in tune with the changed scenario and modern business practices,” said Information and Broadcasting Minister, Mr. P. R. Dasmunshi.

Capital Markets

Funds adopt active strategy to beat bear market

Even in the volatile equity markets, some equity schemes of mutual funds are outperforming their benchmark indices. Fund managers say that this has been achieved by proactive churning of portfolios. It mitigates the downside risks associated with sectors that are getting affected by higher interest rates, commodity prices and inflation. Thus, the exposure constantly shifts to safer quarters. Equity funds are increasing their exposure to healthcare, telecom services or consumer non-durables, as they see them to be a safe bet.

Commodities Markets

MCX increases special margin on mentha oil contracts

Multi Commodity Exchange (MCX) has, as a risk management measure, increased the special margin on all net-long positions of mentha oil contracts from 7.5% to 17.5%. India's mentha oil futures jumped to 41% in July 2008. The most active August futures have hit the maximum upper limit of 4% touching new highs of Rs.785 per kilogram in early trade.

First-ever silver ETF set to make a debut

Even as investor appetite for equity funds seems to have dried up, the market for exchange-traded funds (ETFs) is getting interesting, going by the slew of Benchmark asset management company's (AMC) product filings with Securities and Exchange Board of India (SEBI). Benchmark AMC has filed an offer document with SEBI

for a silver exchange-listed fund, the first ever in India. The fund will invest in units of overseas mutual fund schemes, including ETFs investing in silver or securities / instruments linked to silver and exchange traded notes whose returns are linked to silver. The fund can't invest directly in silver since SEBI's (Custodian of Securities) Regulations do not provide for custodial services in respect of silver and silver related instruments. In fact, this was what had delayed the introduction of gold ETFs in India.

FMC asks India Bulls to reduce stake in Commex

The Forward Markets Commission (FMC) has asked India Bulls Financial Services to reduce its stake in the proposed national commodity exchange to 40% to meet regulatory requirements. The consumer affairs ministry had recently given an in-principle approval to the proposal of India Bulls & MMTC, to set up the country's fourth national level commodity exchange. In the new exchange, India Bulls was to hold 74%, with MMTC holding the rest.

MCX to launch coriander futures

Strengthening its foothold in agri-commodities after the success of non-agri futures, Multi Commodities Exchange (MCX), has launched coriander seed (coriander) futures. The whole machine cleaned variety of Badami coriander will be delivered at ex-Kota mandi with base price quoted in rupees per quintal inclusive of all taxes and expenses but excluding value added tax (VAT). Initially, trading will be available for three months for delivery in September, October and November with a lot size of 10 tonnes and margins of 7 %.

Co-operative Banks

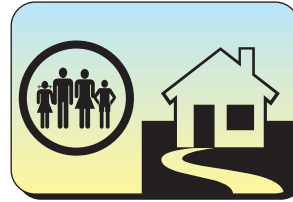
Co-operative Banks can issue preference shares

The RBI has allowed urban co-operative banks (UCBs) to issue preference shares and raise long term deposits with maturity not less than five years to raise funds to comply with capital adequacy norms. The perpetual non-cumulative preference shares will be treated as Tier-II capital, while the deposits will be treated as lower Tier-II capital.

Co-ops to get preference in debt waiver

The Centre will be giving first preference to state co-operative banks (StCBs) while reimbursing the debt waiver amount, as affirmed by Mr. P. Mohanaiah, Chief General Manager, National Bank for Agriculture & Rural Development (NABARD). Co-operative banks across the country are facing an acute fund shortage due to

the surge in kharif loan demands from fresh eligible borrowers following the debt waiver scheme. The Centre has, therefore, issued a directive to the statutory audit departments to complete the audits of state co-operatives as soon as possible.



Insurance

LIC to focus on alternative channels of distribution

Taking a cue from private players, Life Insurance Corporation (LIC) is focusing on bancassurance and other alternative channels for business growth. Bancassurance is a mode of delivery or sale of insurance products through banks. The insurance major generates a mere 2% of its business (in terms of first premium income) through alternative channels which pales in comparison to private players who generate a 30% revenue. In 2008-09, however LIC targets to double its first premium income (FPI) from bancassurance to Rs.1,600 crore. This is against an overall 20% increase in projected business growth to Rs.52,500 crore during this fiscal.

LIC's overseas arm ties up with Doha Bank

LIC's foreign arm, LIC International of Bahrain has tied up with Doha Bank for product distribution. Doha Bank will now market a range of insurance, retirement and investment products in Qatar as well as in the global market. The tie-up is likely to expand the reach of LIC in the Gulf Co-operation Council (GCC) region and bring in huge value addition to international operation.



International News

Australian bank to move 400 jobs to India

The National Australian Bank (NAB) has reportedly decided to outsource nearly 400 new jobs to India by the year end. The bank has commenced its second round of IT outsourcing programme ITO Wave Two and over the next 6-8 weeks, the bank will examine offshoring up to 148 jobs from its Technology Banking, Australia (TBA) and Technology MLC decisions. The review will encompass TRA's three Melbourne-based teams

overseeing business & retail payments, Siebel and accounts services, and MLC's Sydney based mainframe team. In its first outsourcing programme ITO Wave One - announced in March this year, about 264 technology jobs were earmarked for transfer to India based software companies Satyam and Infosys by October. Nearly 100 jobs have already been outsourced to India.

Microfinance

In Vidarbha, farmers prefer MFIs

In rural parts of Vidarbha, farmers prefer to take loans from microfinance institutions (MFIs), which provide loans at a whopping 21% p.a, sidelining the nationalized banks whose rates are a mere 7%. The reason being that unlike banks, MFIs' loans are easily accessible and that too well in time. Interestingly, banks are also thinking of hiring MFIs' personnel for recovery of loans. In Wardha district farmers are ready to pay the interest rates being charged by the micro finance institutions.



Products & Alliances

Allahabad Bank ties up with Tata AIG

Allahabad Bank has tied up with Tata AIG Life Insurance Company to provide mortgage reducing term insurance facilities for housing loan customers of the bank. The insurer will provide cover for both existing and new housing loan customers, said Mr. J. P. Dua, Executive Director of the bank. Under the agreement, the bank will extend Tata AIG Life's housing loan cover to its customers through its network of 2,154 branches across India. The bank further plans to tie up with Kotak Life Insurance for education loans and is scouting for a partner for auto loans, Mr. Dua said.

Indian Bank unveils touch screen kiosks for end-to-end services

Indian Bank has become the first PSB in India to introduce 'Touch Screen Kiosk', an information portal which provides a host of information on the bank's products & services, consumer service initiatives, and general information on loans and other aspects. The kiosk was inaugurated in Chennai by Ms. Usha Thorat, Deputy Governor, RBI. Mr. M. S. Sundara Rajan, CMD, Indian Bank said that the kiosk will have a lot of features and comes with local language support, apart from English and Hindi.

ICICI launches new online facility

The country's largest private sector bank ICICI Bank, has carved a unique online banking platform *viz.*, b2 Branch free Banking. This will enable the bank's customers to avail the benefits of automatic fixed deposits on balances exceeding Rs.5000, apart from the existing services offered online. The bank expects 5 lakh customers to migrate into this virtual banking account over the next year. Customers will not require to maintain a minimum balance to open this account and would be able to opt for personal loans and virtual credit cards online through b2-Branch free banking.

e-stamping Pact

Stock Holding Corporation of India (SHCIL) has entered into a pan-India arrangement with IDBI Bank to provide services for issue of stamp certificates and collection of money on its behalf as Authorised Collection Centre. IDBI Bank is the first bank to have an all India tie-up as an Authorised Collection Centre (ACC) for e-stamping system with SHCIL. SHCIL has established e-stamping system in Gujarat, Karnataka, National Capital Territory of Delhi and is also in the process of implementing e-stamping system in Maharashtra where an agreement has already been executed with the state government.

UBI, KBC of Belgium tie-up for MF venture

Union Bank of India and Belgian firm KBC Asset Management Company have entered into a joint venture (JV) to set up a mutual fund in India. The local bank will have the majority stake in the proposed JV. As per the initial agreement, Union Bank will hold 51% stake while the balance will be with KBC AMC. This will be the first subsidiary of Union Bank of India. The JV will have a share capital of Rs.10 crore and will be operational by the end of this fiscal. Union Bank of India is likely to ask KBC to pay a premium for the stake. Speaking on the tie-up, Union Bank's Chairman Mr. M. V. Nair said, "Disposable income in urban and Tier-II and III cities have been rising. Assets under management by MF in India constitute 13.5% of GDP and are expected to rise to 40% by 2013." At present, Union Bank sells MFs of more than 20 fund houses. Mr. Nair added that bank shareholders would benefit with the JV as the bank would receive dividend from the subsidiary, besides earning fees for selling MFs.

Principal MF, Bajaj Allianz tie-up

Principal Mutual Fund and Bajaj Allianz Financial Distributors Ltd. have announced a strategic partnership for distribution of Principal Mutual Fund's products.

The partnership is likely to help Principal MF enhance the accessibility of their products across the country. As on June 30, 2008, Principal MF has managed assets of over Rs.14,000/- crores for 9,78,000 investors and has served clients through over 40 company locations and 80 investor service centres. Bajaj Allianz Financial Distributors Limited is the third JV between Bajaj Finserv Limited and AllianzSE.

Airtel, SKS Microfinance tie-up

Bharati Airtel, one of country's leading mobile service providers, has forged a strategic tie-up with SKS Microfinance. The association is part of Airtel's ambitious 'Grameena Mobile Kranthi' campaign to make mobile telephony available and affordable for rural consumers. The initiative is aimed at enabling every individual in rural India enjoy the benefits of a robust network, seamless connectivity and innovative services-all matching global telecom standards.

Regulators Speak...

No collateral for loans up to Rs.5 Lakh to SMEs : RBI

The RBI has expressed concern over the fact that banks in the country are asking for collateral while lending to SME sector for amounts as low as Rs.5 lakh. Also, the central bank has observed that banks are not analyzing their SME portfolio in a proper way. Ms. Usha Thorat, Deputy Governor, RBI, has asserted that banks are not supposed to insist on collateral security from SMEs for advances up to Rs.5 lakh but only take into account the viability of their projects while granting loans.

New reporting norms for sovereign funds likely

The RBI and the SEBI are close to finalizing new data reporting norms to capture investment from sovereign wealth funds (SWFs) in India. The issue is expected to be discussed at the next meeting of the high-level committee on capital markets (HLCC) comprising financial sector regulators and representatives from the finance ministry. It will form the basis for a review of the regulatory architecture governing SWFs in addition to addressing basic issues like definition of such funds.

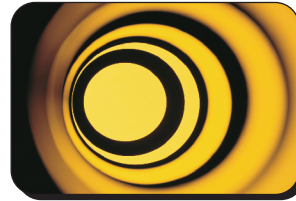
SEBI fast-tracks the resolution of disputes

The market regulator's decision to fast-track the resolution of disputes is working well. In just over a year after announcing rules for consent orders, the SEBI has

settled close to 83 cases. Consent order is a new system of settling disputes in the capital markets by an agreement between a regulator and the accused through a penalty or a fine. SEBI has garnered close to Rs.1.65 crore through consent orders in this calendar year alone. SEBI has also settled close to 60 cases through compounding of offences (criminal cases). The amount collected through these settlements gets deposited into the consolidated fund of India.

MFs to include data on securitized debt

SEBI has directed mutual funds to provide data on securitized debt instruments in the format under debt instruments. The regulator has also prescribed a new format for abridged scheme wise annual report for mutual funds since there was a lack of uniformity in the contents of the abridged scheme-wise annual report prepared by MFs earlier.



Spotlight

Indian investors most optimistic in Asia : ING Survey

Soaring inflation and market volatility notwithstanding, Indian investors have emerged as the most optimistic in Asia and many of them believe that the economy has improved in the second quarter of 2008. According to the survey conducted by Dutch financial services major ING, 76% of Indian investors believe that the economy will improve in the third quarter, while 71% feel that it has improved in the second quarter itself. India's investor sentiment slipped 3% to 163 for the second quarter from the first quarter of 2008. In the Asia Pacific region, India is followed by Hong Kong (123) and China (117) at the second and third places respectively.

ICICI, HDFC AMCs among 20 companies in race for managing EPFO funds

By September 2008, the Government plans to appoint new fund managers for managing the Employees Provident Fund Organisation's (EPFO) with a corpus of more than over Rs.1.55 lakh crore. As many as 20 bids from both Government and private fund managers have been received by EPFO's finance and investment sub-committee. The Central Board of Trustees of the EPFOs is scheduled to meet again to take a final decision on the short listed players. A number of big companies, including ICICI Prudential

Asset Management Company (AMC), HDFC AMC, Sundaram BNP Paribas AMC and UTI AMC have expressed interest in managing funds for the EPFO. The SBI, which has been the sole fund manager for the EPFO for more than 50 years, has fallen out of favour for investing in low yielding securities. "The idea behind having multiple fund managers is to infuse competition which would hopefully lead to better earnings from the corpus," said a senior official in the labour ministry.

SBI-Inauguration of Yuva Parivartan Centre of vocational development for underprivileged

Mr. N. Raja, Chief General Manager, SBI, Mumbai Circle inaugurated a Yuva Parivartan Centre for vocational development of under privileged youth, situated in slum area of Indira Nagar, Kalyan for which SBI has donated Rs.9.53 lakhs to Kherwadi Social Welfare Association, the NGO which runs this centre, located in Bandra, Mumbai. The Centre provides training to the local young boys and girls, in vocational courses for professions like electrician, air-conditioning and refrigeration, plumbing, beautician, tailoring and computer education. Around 500 under-privileged girls and boys are trained by the Centre annually and majority are provided employment, after the completion of their course. SBI has donated the amount for renovation of the centre, purchase of equipments like computers, sewing machines, tools, furniture for handicapped students etc.

Falling rupee creates fresh losses on forex derivatives

Corporate India is staring at fresh losses on foreign exchange derivatives, thanks to the sudden 7% depreciation of the rupee in the quarter ended June 2008, with much of the fall coming in May. After HCL Technologies announced that it will suffer forex losses of \$65-75 million (nearly Rs.278-322 crore) for the quarter ended June 30, 2008, the last two days saw three companies taking a hit on forex derivatives. The losses are a result of the rupee bets going wrong. When the rupee was appreciating, many exporters rushed to cover and sold their dollar receivables forward. Some of them have sold their dollars forward not just for a year, but for three to five years.

NABARD plans farmers' SHGs to expand lending

With an aim to facilitate agricultural lending among small and marginal farmers, the NABARD will help in the setting up of Self-help groups (SHGs) of farmers, which can be directly credit-linked with banks, said Mr. U. C. Sarangi, Chairman, NABARD.

NABARD plans to launch the project on a pilot basis in five to six states to begin with. This will facilitate banks to extend agricultural finance to small and marginal farmers on a group liability basis and can ensure timely repayment of loan, said Mr. Sarangi.

Defaulter by Default : Banks slip in 'surrender letters'

Only a few signatures on some bank loan papers stood between Deepak Kulkarni, a senior executive in a communication firm, and the car he eyed in the showroom on his way to work everyday or so he thought. When he recently approached two leading private sector banks, he was in for a rude shock. Among the many documents he was asked to sign by both banks was a "surrender letter" - a document that declared him a defaulter even before the loan was sanctioned. Kulkarni refused to sign and was flatly told the application would not be considered. "Others do not have a problem signing it," the direct selling agent argued. Surprising though it may sound, banking industry sources admit that most banks have had this "surrender letter" as part of auto loan applications for a while now. As for the RBI, though it is aware of these "surrender letters", it says there are no complaints on the issue with banking ombudsmen. "Consumers must always insist on a copy of all documents that they have signed", added a senior RBI official.

Financial Basics

Federal Open Market Committee (FOMC)

It is the 12-member committee of the Federal Reserve System of the USA responsible for implementing monetary policy. It comprises seven members of the Federal Reserve Board of Governors, the President of the New York Federal Reserve Bank and four other district bank presidents who serve on a rotation basis.

Glossary

Overnight Index Swaps

An Overnight Indexed Swap (OIS) is a fixed / floating interest rate swap with the floating leg tied to a published index of a daily overnight rate reference. The term ranges from one week to two years (sometimes more). The two parties agree to exchange at maturity, on the agreed notional amount, the difference between



Registered with the Registrar of Newspapers for India under No. : 69228 / 98 ● Regn. No. : MH / MR / South - 42 / 2007 - 09
Licence to Post without Prepayment No. South - 116 / 2007 - 09 ● Post at Mumbai Patrika Channel Sorting Office Mumbai - 1 on 25th & 26th of every month.

interest accrued at the agreed fixed rate and interest accrued through geometric averaging of the floating index rate. If cash can be borrowed by the swap receiver on the same maturity as the swap and at the same rate and lent back every day in the market at the index rate, the cash payoff at maturity will exactly match the swap payout : the OIS acts as a perfect hedge for a cash instrument.

Preference Shares

Preference shares are more like bonds because they always offer a fixed return known as dividend. This is in contrast with ordinary shares which may or may not pay out a dividend. However, preference shares rank ahead of ordinary shares in terms of dividend payout. If a company is liquidated, preference shareholders are paid out before ordinary shareholders. In terms of riskiness, therefore, preference shares are less risky than ordinary shares.

News From the Institute

2nd R.K. Talwar Memorial Lecture held

The Institute held the 2nd R. K. Talwar Memorial Lecture on 25th July 2008 at SBI's auditorium at Nariman Point, Mumbai. The lecture 'Human resource as the value driver in Indian banking' was delivered by Shri. Vinod Rai, I. A. S., Comptroller and Auditor General of India.

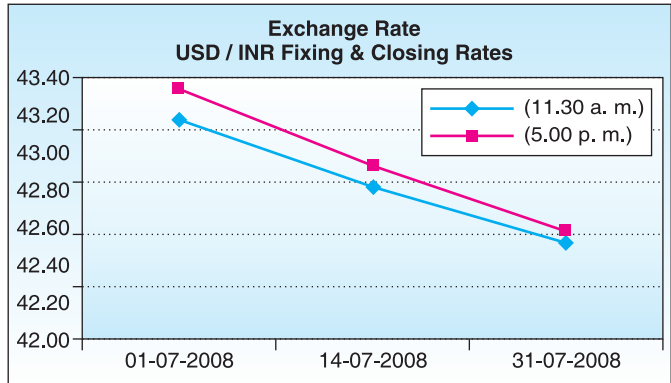
IIBF-IFMR 5th Programme of 'Certificate in 'Project Finance

One week campus training at IFMR, Chennai is scheduled from 3rd November to 8th November 2008. Course fees for Members Rs.13,000/- and Non-Members Rs.15,000/-. Details are available on website : www.iibf.org.in. Applications are being accepted now.

Printed by Shri R. Bhaskaran, published by Shri R. Bhaskaran on behalf of Indian Institute of Banking & Finance, and printed at Quality Printers (I), 6-B, Mohatta Bhavan, 3rd Floor, Dr. E. Moses Road, Worli, Mumbai-400 018 and published from Indian Institute of Banking & Finance, 'The Arcade', World Trade Center, 2nd Floor, East Wing, Cuffe Parade, Mumbai - 400 005.
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

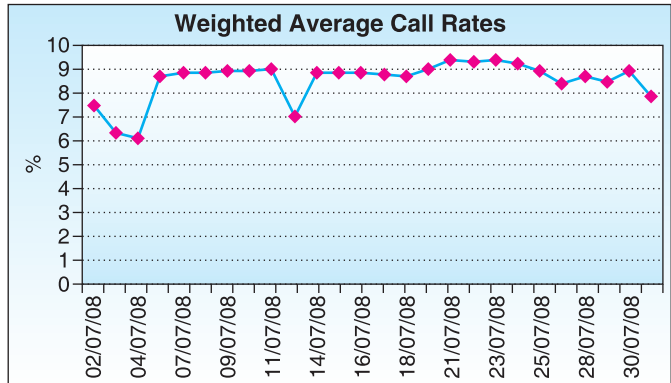
Markets Roundup



Source : FEDAI

Table with 6 columns: Indicators, July 04, 2008, July 11, 2008, July 18, 2008, July 25, 2008, Aug. 01, 2008. Rows include Inflation (%), CCIL MIBOR, 10-yr G-Sec yield (%), 1-10 yr spread (bps), and 6 month USD Libor.

Source : CCIL Newsletters, July 2008



Source : CCIL Newsletters, July 2008