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Shri Y. H. Malegam
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Auditors : M M Chitale & Co.
 Bankers : State Bank of India
 Solicitors : Girish & Dave & Co.
 Registered Office : Indian Institute of Banking & Finance
 The Arcade, Tower 4,
 2nd Floor, World Trade Centre,
 Cuffe Parade, Mumbai - 400 005

REPORT OF THE COUNCIL

Dear Members,

Your Council has pleasure in presenting the Eightieth Annual Report of the Indian Institute of Banking & Finance, including the Audited Statement of Accounts for the year ended March 31, 2007.

DEVELOPMENTS IN THE BANKING & FINANCIAL SECTOR:

Macro-economic Developments:

The year 2006-07 saw the Indian economy grow at 9.2% per annum. Though there were some concerns on the inflation front (the year-on-year inflation rate for 2006-07 was 5.7% as on March 31, 2007 as compared with 4.1% at end March 2006), the fundamentals of the economy were quite strong with agriculture showing a growth rate of 2.7%, industry growing at 10% and services registering a growth rate of 11.2%. There was greater progress towards fiscal consolidation and a strong balance of payments position. A notable feature of the current growth is the sharp rise in the rate of investment in the economy. The latest available estimates for investment growth rate (for 2005-06) puts the Gross Domestic Capital Formation (GDCF) at 33.8% (as share of the GDP).

Banking Developments:

The year 2006-07 saw the banking sector recording a robust growth in the credit - particularly non-food credit by scheduled commercial banks (SCBs) growing by 28%. Aggregate deposits of SCBs increased by 23% during 2006-07 as compared to 18% in 2005-06. Commercial banks' holdings of Government and other approved securities declined from 31.4% of the banking system's net demand and time liabilities (NDTL) in March 2006 to 28% in March 2007.

Money supply (M3) growth, on a y-o-y basis increased by 20.8% in 2006-07 as compared with 17.0% in 2005-06. During the year, the RBI increased CRR to 6.5%. The repo rate increased to 7.75% and reverse repo rate stood at 6.0% in 2006-07. Financial markets shifted from conditions of easy liquidity to occasional spells of tightness necessitating injection of liquidity through the LAF. Financial markets experienced generally stable conditions during the greater part of 2006-07, albeit with some volatility in the second half amidst heightened activity as volumes increased steadily and interest rates firmed up in all segments, particularly in the uncollateralised call/notice money market during the last quarter of the year.

Some of the major highlights of the policy developments for the banking sector in 2006-07 are as follows:

- Announcement of the 'when issued' market in government securities
- SCBs and primary dealers allowed to cover their short positions in Central government securities within an extended period of five trading days
- Existing limits on overseas investment by mutual funds as well as remittance limits for individual residents stand enhanced
- Indian banks having presence outside India and foreign banks to migrate to Basel II framework effective from March 31, 2008 and other scheduled commercial banks to migrate in alignment but not later than March 31, 2009.

The growth of retail portfolio which has been the hallmark in the commercial banks in the last few years continued in this year also. The IT driven initiatives of the banks continued and more and more branches of commercial banks were brought under CBS. Credit cards and other variations were in greater demand. The spread of RTGS increased across the country. Together, these initiatives increased the share of electronic payments / settlements. Efforts towards financial inclusion gathered momentum as banks took focused efforts to open savings account for the targeted population. The business environment was conducive for the growth of credit business.

In this background, banks were concerned with the key issues of structural re-design of organisation, use of technology, thrust in marketing, and skill upgradation. With the automation of bank office and speeding up of transactions, it has become necessary to manage customers more proactively than ever before, as they now want quality service at

reduced cost and have the choice and capacity to choose amongst the best at the same time. As such, having customer centric staff has undoubtedly become the key to progress and a larger market share. It has therefore become equally important to train manpower and utilize them appropriately. The ability of an organization to retain and effectively use knowledge helps in building intellectual capital and eventually in creation of value.

Expanding Role of the Institute:

In the above context, it is important that the Institute plays a significant role in providing professional education and knowledge. Realising this, the Institute has improved its various courses/examinations/courseware and delivery processes to its members. The Institute has used its education, research, consultancy, publication, e-learning and seminar capabilities to effectively disseminate knowledge as also to provide continuous professional development to banking and finance professionals.

The future role of the Institute will be much larger and varied because the banking and finance landscape is changing. Banks are using IT and BPO companies to improve their delivery processes. The DSA and DMA play an important role in the delivery process. Post offices are gearing up to carve for themselves a role in the banking arena. It is evident that business facilitators will play a crucial role in making financial inclusion happen. It is important that these agencies/people are also offered courses in banking and finance. The Institute, with its rich stock of information and knowledge has a definite role in the capacity building of the various participants in the banking and finance sector. It is encouraging employees of such agencies to take up customized or off the shelf courses of the Institute. The Institute is also continuously updating the course to make it relevant to today's banking. The Institute has also taken some steps in the area of financial education.

Details of important activities during the year are presented below:

MEMBERSHIP :

The number of new members enrolled during the year 2006-07 and the total number of active members of the Institute as of 31st March 2007 are given below together with corresponding figures for the previous year.

Table 1: Details of membership

Category	Total Members as of 31.3.2006	Enrolment & Renewal during the 2006-07	Total Members as of 31.3.2007
Fellows	213	2	215
Associates	386	8	394
Ordinary Members	261472	14350 ³	260444 ¹
Institutions	838	40	666 ²

During the previous year the Institute had enrolled 7877 new individual members. As regards new Institutional members it should be added here that some of them are IT and BPO companies which are working in the banking domain and want their employees to take up some of the Institutes' examinations. During the year the Institute had reduced nearly 212 institutions which were not paying the subscription for a long time or not using the services of the Institute, or were merged with other banks.

EXAMINATIONS:

The Institute conducts examinations twice a year. In case of BPO and IT Companies the exams are conducted, if need be, once a quarter. The details of the examinations conducted by the Institute during the year and details of candidates taking up examination are as under:

¹ Excluding 15,378 members who completed 35 years as members as of 31/03/07

² 212 institutional members were either delisted or amalgamated during the year.

³ including 2625 renewals

Table 2 : Particulars of candidates under various courses and examinations during the year:

2005-06			Name of the Examination	2006-07			Increase 5-2
Eligible 1	Appeared 2	Passed 3		Eligible 4	Appeared 5	Passed 6	
44369	13914	1181	Associate Examination (Twice)				
19619	4669	960	JAIIB (old)				-13914
32562	23632	3508	CAIIB (old)				-4669
16311	10391	522	JAIIB	46978	39103	13583	15471
			CAIIB	33066	27082	7016	16691
			Diploma Examinations (Twice)				
71	26	5	DBT	91	35	5	9
622	268	64	DTRIM	403	143	65	-125
162	85	8	DIBF	275	92	18	7
			DTRIM (new)	131	82	34	82
312	156	69	PGDFA (old)	54	23	18	-133
			PGDFA	311	126	89	126
			Certificate Examinations				
50	27	18	BOPH	71	34	25	7
152	134	107	Certificate in Trade Finance	687	589	527	455
			Certificate in AML & KYC	382	310	299	310
			Certified Information System Banker	277	231	57	231
			BPO/IT companies				
			Certificate in Banking (Infosys)	1909	1477	1041	1477
			Certificate in Banking (HCL)	178	154	125	154
			Certificate in Banking (CSC)	59	43	30	43
			Project Management Course	24	24		24
114230	53302	6442	Total	84896	69548	22932	16246

The above table would show that more number of candidates have appeared in the examinations for the current year than the previous year. In the past many candidates who had registered for the examination did not take up the examination. This was because the number of approved attempts were quite high. On account of the reduced number of attempts and other measures taken by the Institute to improve academic support there is an increase in the number of candidates who appear for the examinations. During the year the Institute approached those who had not completed JAIIB and CAIIB in the old syllabus and requested them to take up the revised syllabus examinations. Many members responded to the letters. However there are still a large number of bank officials who have not completed CAIIB. It is necessary that the Institute approach them more often and bring them back to the courses. The Institute will endeavour to improve upon this aspect in the coming years.

At this point it is also necessary to note that many management institutions have tied up with banks offering courses and training. Some institutions are also offering banking diplomas. These developments could impact the efforts of the Institute. There is a need to offer more courses and better service.

Another notable feature is the improvement in the pass percentage as given in table 3. Starting the previous year a number of efforts were taken by the Institute to offer educational and study support to members. During the year the Institute continued these efforts in the form of (a) Virtual Classes in the form of on-line interactive learning programme (b) Contact Classes (c) Updated Finance Quotients (d) Accreditation of Institutions and (e) e-mail support in case of queries by the candidates. The Institute had also published Workbooks for both JAIIB and CAIIB, in the beginning of the year. In addition, the sub-centres also conducted tutorial classes. Another notable feature is removal of negative marking in the examination pattern. It appears that these efforts have had salutary effect on the results. It is, however, possible that the existing support measures have not reached all the candidates and therefore the Institute would take

efforts to launch a well structured e-learning for JAIIB and CAIIB. The Institute would also enhance the reach of the existing support services.

Table 3: Percentage of candidates appearing and passing under various courses and examinations

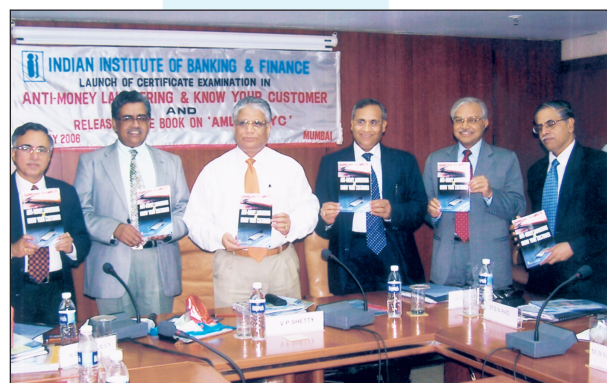
Name of the Course/ Examination	Candidates Appeared as a % to registered for exam.		Candidates Passed as to a % Appeared	
	2005-06	2006-07	2005-06	2006-07
JAIIB	72.56	83.24	14.84	34.74
CAIIB	63.71	81.90	5.03	25.91
DBT	36.62	38.46	19.23	14.29
DTIRM	43.09	35.48	23.88	45.45
DIBF	52.47	33.45	9.41	19.57
DTIRM (new)	-	62.60	-	41.46
PGDFA(old)	50.00	44.23	42.59	78.26
PGDFA	-	40.51	-	70.63
BOPH	54.00	66.67	47.89	73.53
Certificate In Trade Finance (CTF)	88.16	85.74	79.85	89.47
AML & KYC		81.15		96.45
Certified Information System Banker (CeISB)		83.39		24.68
Certificate in Banking (Infosys)		77.37		70.48
Certificate in Banking (HCL)		86.52		81.17
Certificate in Banking (CSC)		72.88		69.77

NEW EXAMINATIONS:

During the year the Institute has launched a certificate examination on AML & KYC. The first batch of examinations for the CTF and CeISB, which were announced in the previous year, were also conducted during the year. In all 1130 candidates appeared for these examinations during the year. AML/KYC exam has good scope and it should be, ideally taken by all banking staff in the branches. The Institute will take up aggressive marketing of these exams for the coming years.

Certificate Course in "Project Finance" in collaboration with IFMR, Chennai:

This is a course/examination specially designed and offered in collaboration with Institute for Financial Management and Research to familiarize candidates with issues arising in financing projects, risk analysis and risk mitigation methodologies with specific emphasis on structured financing. The candidates are also taken through the process of building financial models for infrastructure projects. The programme is offered with a blend of e-learning, campus training, project work, with online testing and certification at the end. In all 24 candidates had undergone the course and attended the first campus programme held at Chennai from 16.1.2007 to 21.1.2007.



Launch of Certificate Examination in 'Anti Money Laundering & Know Your Customer' and release of book

Advanced Management Programme (AMP) in Banking & Finance :

The Institute has launched a management qualification for middle / senior level banking & financial professionals in association with five leading management institutes. This programme aims at equipping middle / senior management officers with appropriate management skills needed to succeed in the emerging competitive global market place.

Objective of the programme:

- Develop a global strategic perspective among the middle management officers.
- Inculcate advanced skills for handling emerging areas of banking & finance.
- Develop leadership and team building attributes among middle / senior executives and equipping them with the latest tools and techniques to assume leadership position.

Five management Institutes associated with this programme are:

1. Institute of Finance and International Management (IFIM), Bangalore
2. Indian Institute of Social Welfare And Business Management (IISWBM), Kolkata
3. Welingkar Institute of Management Development & Research (WIMDR), Mumbai
4. SIES College of Management Studies (SIESCOMS), Navi Mumbai
5. International Management Institute (IMI), New Delhi

The first AMP was launched at SIESCOMS, Navi Mumbai on 4.2.2007 and the second at Welingkar Institute of Management Development & Research on 17.3.2007. Thirty eight persons enrolled for the SIES programme and 21 for the WIMDR programme. The programme would be launched in other centres during the current year.

IIBF-PNBIIT “Advanced Diploma in Banking Technology (ADBT)”:

The Institute has, in collaboration with PNBIIT, launched the course named ADVANCED DIPLOMA IN BANKING TECHNOLOGY (ADBT). This, six months campus course will develop industry-ready technical graduates by giving them knowledge in banking technology and banking theory and practice. All the candidates, who already possess IT qualifications, will be exposed to core banking models as also undergo an internship in PNB. The ADBT envisages generating all round professionals of the highest calibre. The Institute signed an MOU with PNB-IIT on 18th September 2006 and the course was inaugurated on 14.5.2007 at Lucknow with 38 participants in the first batch.

New courses/programmes on the anvil:

The Institute is constantly on the look out for industry specific qualifications and the following initiatives have been taken. It is expected that the courses listed herein will be launched in the year 2007-08.

1. Certified Home Loan Advisor:

This is an initiative taken up in collaboration with NHB with an aim to create a cadre of home loan advisors. Home loans being the most important retail bank product, the advisory service will be a welcome move to the home loan seekers who can hope to get professional advise from the HLA's. It is envisaged that it will be a two paper qualification and will be offered along with an SRO being promoted by NHB with IIBF partnership. It is expected that NHB may mandate the qualification for all home loans issued by banks/NBFCS/home loan companies.

2. Certified Microfinance Professional

This is a qualification being developed in association with Sa-Dhan, a micro finance association. It is expected that this will improve the professionalism among the 95000 and odd employees of the sector and build more MFIs. Later this qualification could be opened up for those who are seeking entry into the sector.

3. Certificate on SME

The courseware for the examination is under preparation. It is expected that this qualification will be launched in the year 2007-08.

4. Course on Commodity Derivatives

The Institute has completed the preparation of a three module courseware for the qualification. An e-coach is also being included as part of the course delivery. The candidates for the course will thus have access to courseware, e-coach and additionally contact classes or virtual classes for 10-15 hours. Commodity derivatives is an important business segment of the financial sector and the course will be a value addition to the sector.

Collaboration between IIBF and FPSB-INDIA

IIBF has entered into a collaboration with Financial Planning Standard Board of India **FPSB-India** on 18.8.2006 for creation of an enabling environment for making available world class financial planning education in the country. As per the arrangement, candidates who have successfully attained the PGDFA qualification from IIBF will be eligible to appear for the final one paper of **FPSB-India**. On successful passing of this, the candidates shall be deemed to have met the CFP certification requirements of FPSB and accordingly be awarded the CFP certification.

Technology Companies and IIBF:

In the previous annual report it was mentioned that the Institute has started a series of examinations for major IT companies working in the banking domain. It is expected that this will lead to more company specific courses being offered to the clients. IIBF has also signed an MOU with the American Bankers' Association (ABA) under which ABA and IIBF will be offering joint certification to employees of Indian IT companies on various courses offered by ABA. As per the MOU, IIBF will take up training in the agreed areas at the end of which the local candidates will get a joint certificate.

Diploma in Banking and Finance (DBF):

There will be a growing demand for qualified manpower for the banking sector in the coming years on account of expansion of volume of business and large scale retirement of personnel. Banking industry would require qualified manpower endowed with banking knowledge and skills together with technology-familiarity, customer-orientation and hands-on application skills with minimal training intervention at the bank level.

Based on the recommendations of the Expert Group under the Chairmanship of Mr. M.V.Nair, Chairman and Managing Director, Union Bank of India the Institute will be launching the DBF course as an entry point qualification for graduation in the country. The conduct of the examinations will be managed by Manipal Universal Learning. The first examination of the course is tentatively scheduled for November – December 2007 with the following three papers.

Paper 1 - Principles & Practices of Banking

Paper 2 - Accounting & Finance for Bankers

Paper 3 - Legal & Regulatory Aspects of Banking

DBF is a programme pitched at graduation-plus level and will give successful candidates extensive and detailed knowledge on banking with a range of skills and techniques in banking operations. The programme will be offered in the distance learning mode with a mix of educational support services such as study kits, contact classes, work books and on-line tutorial support. The key feature of the programme is that it will expose students to real life banking environment through process flow/job cards/workbooks. Candidates passing the examination – on joining the banking sector and becoming a member of the Institute - will be automatically given a JAIB certificate and can proceed directly to CAIB examination. Banks and IT companies have evinced interest in the qualification.

OTHER ACADEMIC ACTIVITIES :

In addition to the design and delivery of the courses and examinations the Institute was actively involved in preparation of material, conduct of seminars etc. as per details below.

Courseware and Books :

During the year, Institute brought out the following publications:

- a) Home Loans
- b) Revised edition of 6 books prescribed for PGDFA course
- c) Revised version of Basics of Banking for IT/BPO Companies

The Institute has completed the preparation of courseware for Advanced Diploma in Cooperative Banking. The work of revising the courseware for the Diploma in International Banking and Finance and Diploma in Banking Technology is also complete. These revised books have been recently published.

The Institute has also brought out a book titled "Readings on Financial Inclusion".

The Institute has also taken up the preparation of special courseware for the proposed Diploma in Banking and Finance.

Table 4: Details of books published during the period July 2006 to April 2007

No.	Name of Book	Publisher	Month of Publication	Price (Rs)
1	Anti-Money Laundering & Know Your Customer (Know Your Banking – III)	Macmillan	July 2006	110.00
2	Readings on Financial Inclusion	Taxmann	November 2006	95.00
3	International Banking Operations	Macmillan	March 2007	265.00
4	International Banking : Legal & Regulatory Aspects	Macmillan	March 2007	230.00
5	International Corporate Finance	Macmillan	March 2007	270.00
6	Banking Products & Services	Taxmann	January 2007	120.00
7	Insurance Products (Including Pension Products)	Taxmann	January 2007	225.00
8	Mutual Funds (Products & Services)	Taxmann	January 2007	170.00
9	Securities Markets & Products	Taxmann	January 2007	425.00
10	Managing & Marketing of Financial Services	Taxmann	January 2007	280.00
11	Introduction to Financial Planning	Taxmann	January 2007	510.00
12	Banking Ek Parichay	Taxmann	January 2007	140.00
13	Home Loans (Know Your Banking – IV)	Taxmann	January 2007	185.00
14	Laws of Co-operative Banking	Macmillan	April 2007	275.00
15	Co-operative Banking Operations	Macmillan	April 2007	325.00
16	Technology, Risk Management & Supervision in Co-operative Banks	Macmillan	April 2007	345.00

Seminars/Conferences :

The Institute organized four seminars on AML & KYC at Lucknow (14.9.06), Bangalore (5.10.06), Guwahati (13.10.06) and Baroda (22.12.06). In all about 400 bankers attended the programmes. These seminars were useful in dissemination of knowledge and highlighting the importance of AML & KYC.

8th Bank Education Conference :

The Institute held its 8th Bank Education Conference on 19th and 20th January, 2007 in Mumbai at Hotel Ambassador. The theme for the conference was, 'Enhancing Performance'. The Conference was inaugurated by Shri M. Balachandran, Chairman & Managing Director, Bank of India. The session tracks at the Conference were on the following sub-themes:

- HRM in Banks and Future of Banking Education
- Motivating Employees-Theory and applications
- Knowledge Management Officers - Role in Banks
- Multitask Outsourcing Challenges-Core Banking Services
- Performance Appraisal Systems

Some of the key speakers at the conference were Mr. Azim Jamal, Corporate Sufi Guru, Canada; Prof. C. S. Venkataratnam, Director, IIM; Mr. Philip Mathew, Senior Vice President, HDFC Bank and Shri Ashwini Kumar Sharma, Deputy Managing Director, State Bank of India. More than 80 participants in the Scale IV and above rank attended the conference.

The Institute recommends good International events to member banks. The details of officials who attended such events from India are as under:

59th International Banking Summer School – 2006 :

59th International Banking Summer (IBSS), was held from 27th August to 6th September, 2006 at Melbourne, Australia with the theme of 'Building Sustainable Growth – Strategies for Success'. The objectives of IBSS 2006 were:

- Advance their careers by gaining a deeper understanding of the major issues affecting contemporary banking and the implications for management, and
- Foster new business relationships on a global scale with up coming banking and finance professionals.

The following persons were nominated for the above programme from India.

1. Mr. S Kannan, AGM (IT) Central Bank of India
2. Mr. Kishore P Kharat, AGM, Bank of Baroda
3. Mr. Sunil Gopal Gugre, DGM, Union Bank of India

The Asian Banker Summit – 2007 :

The 8th Asian Banker Summit was held from 25th to 28th March 2007 at Jakarta, Indonesia. The main theme of the Summit was "Re-affirming Core Values In An Era of Growth". The participants in the Summit, numbering about 400, were given an option to go in for a focused learning on three major topics for which sessions were held concurrently, viz., (i) "The Inter Bank Conference on Cash, Trade & Treasury", (ii) "The Risk Management & Governance"; and (iii) "The Technology & Operations – Enabling Growth and Business Transformation"

The following officials were nominated from India for the above Summit:

1. Mr. R. Murlidharan, Deputy General Manager, Bank of Maharashtra
2. Mr. Javeed Mustafa Rafiqi, Assistant General Manager, Jammu & Kashmir Bank Ltd.



Mr. R. Bhaskaran, CEO, IIBF welcoming the dignitaries at the 8th Bank Education Conference, 2007 at Mumbai

3. Mr. Narayanan Krishnamurty, Manager, Indian Banks' Association
4. Ms. Mariamma Joy, Manager, Indian Banks' Association
5. Mr. A. R. Barve, Director of Examinations, IIBF
6. Dr.(Ms.) Tanushree Mazumdar, Deputy Director, IIBF
7. Mr. Kavan R. Shah, Assistant Director, IIBF

Sir Purshotamdas Thakurdas Memorial Lecture (PTML) for the year 2006 :

The Sir Purshotamdas Thakurdas Memorial Lecture for the year 2006 was delivered by Dr. G. Ortiz Governor, Bank of Mexico on "Growth & Stability in Latin America and Asia " on 10th November 2006 at SBI Auditorium, Mumbai under the Chairmanship of Dr.Y.V.Reddy, Governor, RBI. A large number of distinguished gathering attended the function.

Dr. Zeti Akhtar Aziz, Governor, Central Bank of Malaysia has kindly agreed to deliver the Sir Purshotamdas Thakurdas Memorial Lecture for the current year in November 2007 at Mumbai.

The Retail Bankers' Academy, South Asia :



Dr. G. Ortiz, Governor, Bank of Mexico delivering Sir PTM Lecture on 'Growth & Stability in Latin America and Asia' at Mumbai

The Institute, in collaboration with the Asian Banker, Singapore held a two-day seminar in Mumbai on 16-17 November 2006 at Grand Maratha Sheraton, Mumbai. The theme of the seminar was, 'Charting the Retail Financial Landscape in a Global Market Place'. Some of the sub-themes in the seminar on which discussions took place were:

- Credit cards as a core retail banking proposition- best practices in issuance, acceptance and usage
- Consumer payments as a core revenue and value creating product- proposition for retail banks
- Building a cost-effective and winning multi-channel distribution capability for South Asian Banks
- Key trends in technology as the backbone of a strong retail banking business

- Modern branch operations, workflow and staff empowerment

Some of the key speakers at the seminar were Sir Brian Pitman (former Chairman and CEO of Lloyds TSB), Mr. B. Sambamurthy (CMD, Corporation Bank), Mr. Rajeev Uberoi (Regional Head- Operational Risk, Standard Chartered Bank), Dr. K.C. Chakrabarty (CMD, Indian Bank), Mr. K.N. Prithviraj (CMD, Oriental Bank of Commerce) & Mr. K.R. Kamath (Executive Director, Bank of India) among others. About 100 participants attended the two-day seminar

Journals:

The Institute continues publishing its three journals namely IIB Vision, Bank Quest and Fin@Quest (e-newsletter). The quality and timeliness of the issues have been appreciated by the recipients.

IIB Vision

IIB Vision has been brought out on a monthly basis for all the months in 2006-07 and has been well appreciated by the readers. The newsletter contains the following aspects.

- | | | |
|-------------------|------------------------------|-------------------------|
| i) Top Stories | ii) Commodity Markets | iii) Co-operative Banks |
| iv) Insurance | v) International News | vi) Micro Finance |
| vii) Mutual Funds | viii) Products & Alliances | ix) Regulators Speak |
| x) Speech Corner | xi) Spotlight | xii) Financial Basics |
| xiii) Glossary | xiv) News from the Institute | xv) Markets Roundup |

As candidates to the associate examinations are expected to be abreast of latest developments in the area of banking and finance a few questions in the paper on principles and practice of banking are derived from IIB Vision.

Bank Quest :

In line with the strategy plan Bank Quest has been made thematic. Bank Quest was brought out every quarter of 2006-07 with the following themes:

- CEOs Speak
- Financial Derivatives
- Retail Banking
- Human Resource Management

Many readers have expressed appreciation for the thematic issues of the Journal. Bank Quest also carries about 6 advertisements which has improved its viability.

Both IIB Vision and Bank Quest are available in the portal of the Institute for Member Download.

The Editorial Committee met once during the year and its members are as follows.

Members

Dr. A. Vasudevan (Chairman)

Dr. Sharad Kumar

Mr. V. K. Khanna

Mr. Mohan Sheno

Dr. Rupa Rege Nitsure

Research Activities:

The Research Advisory Committee of the Institute consists of the following members:

Dr. Ajit Ranade (Chairman)

Dr. Brinda Jagirdar

Mr. R. Krishnamurthy

Prof. Subrata Sarkar

Dr. Mridul Sagar

Mr. Madan Sabnavis

The major activities of the RAC pertain to micro-research papers and macro-research (grant based) projects. The Institute had invited micro research papers in May 2006. The Institute had received 21 papers in response to the advertisement out of which the RAC selected 4 papers for award of prizes (first, second, third and one consolation prize).

The details are as follows:

Mr. Abhiman Das (1st Prize) - Labour-Use Efficiency in Indian Banking: A Branch-level Analysis

Mr. Ashutosh Jaiswal (2nd Prize) - Microfinance in India

Dr. Sunando Roy (3rd Prize) - Fat Tails in Indian Debt Market: Implications for Risk Modelling

Mr. Pran Krishna Roy (Consolation Prize) - Microfinance for Weaker Sections

The Institute had also called for proposals for its macro-level research. In response, the Institute had received 32 proposals of which the following were chosen for the award of research grant:



Mr. M. B. N. Rao, Chairman & Managing Director, Canara Bank, inaugurating the Seminar on 'Anti Money Laundering & Know Your Customer' at Bangalore

- Real Estate Exposure and Risks to Commercial Banking in India - Dr. Sunando Roy, Reserve Bank of India
- Retail Banking - Models, Strategies, Performance and the Future – The Indian Scenario- Dr. J Sethuraman, Senior Manager, Indian Overseas Bank
- Retail Banking - ICFAI Business School, Goregaon, Mumbai under a team led by Dr. K.M. Bhattacharya

Accreditation of Institutions:

The Institute had introduced a scheme of accreditation of institutions in 2005 for providing educational support service in the form of tutorial classes for the revamped JAIIB/CAIIB courses and other diplomas of the Institute. In all seven

institutions were granted accreditation, provisionally for the period up to 31-12-2006 after carrying out Due Diligence Study on the institutions.

Conduct of Online Interactive Learning Programme (Live – Virtual Classes) for JAIIB and CAIIB :

Owing to popular demand from students appearing for JAIIB / CAIIB examinations, the Institute organized country-wide on-line tutorial classes for the benefit of candidates of the JAIIB/CAIIB examination held in May and December 2006. The lectures were broadcast across more than 170 fusion centers across the country and about 700 students availed of the online learning experience for the December examination, whilst the comparative figure for the May examination was 360. The feedback from students was quite encouraging.

Contact Programmes for students of JAIIB / CAIIB for May and December 2006 examinations :

The Institute has organized one day contact classes at the four metros and important state capitals for the benefit of candidates appearing for the JAIIB/CAIIB examination with a view to give them a brief overview of the subjects to equip them to face the objective-type examination with confidence. There was very good response from the student community to avail of this facility. Classes were organized at Mumbai, Kolkotta, Chennai, New Delhi, Lucknow, Guwahati, Coimbatore, Bangalore, Bhopal, Hyderabad, Chandigarh, Thiruvananthapuram, Bhubaneswar, Jaipur, etc. On an average about 600 candidates attended the JAIIB classes and 500 students for the CAIIB classes for both the May 2006 and December 2006 examinations.

Training for Post Office Staff for outsourcing of banking activities :

IIBF has been given an assignment to impart training to the postal staff. Union Bank of India has recently signed a MOU with Department of Post for engaging postal staff for acting as facilitator in respect of some of the banking products. This will help to penetrate rural areas through the net working of post offices. Accordingly IIBF conducted four training programme at Pune (15.4.2007), Solapur (29.4.2007), Nasik (6.5.2007) and Jalgaon on (13.5.2007). Nearly 300 postal staff attended the training programme and they have expressed happiness over this initiative of the Institute.

STAFF & PERSONNEL :

Appointment:

Three Officers in Scale I (General Category) on contract basis were appointed and posted each to three zones. One Officer in Scale III was appointed on contract basis as Zonal Head and posted to the Northern Zonal Office. One Consultant for IT was appointed for one year.

Retirement/Resignation :

As of 31st March 2007, two officers in Scale I and an officer in Scale III resigned from the services of the Institute.

Staff Strength :

After taking into consideration the appointment, retirement and resignation of the staff members, the strength of the Institute as of 31st March 2007 stood at 99 as against 98 as on 31st March 2006.

Training/Workshop for the Development of Human Resources :

As a part of the Human Resource Development, the Institute had arranged Management Development Program for the officers of the Institute conducted by S.I.E.S. College of Management Studies in which topics like Interpersonal Skills & Effectiveness, Performance Management, Feedback and Counseling skills, Motivating Team Members, Time Management, Delegation and Empowerment, Conflict Resolution, Transformational Leadership, Communication & Negotiation Skills etc. were covered. A training program was also arranged for the award staff on topics like team building and on job training. The Institute also continued to depute its Officers to various training programs conducted by various Management Institutions in India and abroad.

Governing Council:**(i) New Members:**

During the year, the Council appointed the following Executives as Members of the Council in casual vacancies.

- (a) Mr. O P Bhatt
- (b) Ms H A Daruwalla
- (c) Mr. C P Swarnkar
- (d) Dr Asish Saha
- (e) Mr. P K Gupta
- (f) Mr. Bhaskar Ghose

(ii) Resignation of Members :

The following members resigned/retired from the membership of the Council since last Annual General Meeting:

- (g) Mr. Uday Kotak
- (h) Mr. O N Singh
- (i) Mr. K N Prithviraj
- (j) Mr. M Balachandran

(iii) Governing Council Members with materially significant related party transaction, pecuniary or business relationship with the Institute:

There have been no materially significant related party transaction, pecuniary transaction or relationships between Institute and its Council members that may have potential conflict with the interest of the Institute at large.

(iv) Remuneration of Council Members: Sitting Fees, Salary, Perquisites, and Commissions:

Fourteen non-executive Council Members had taken sitting fees, amounting to Rs 1,47,000/- in total for the meetings they attended.

(v) Frequency of Governing Council and Standing Committee meetings:

During the year, the Governing Council met three times.

The number of meetings of three Standing Committees of the Council held during the year was as follows:

- Executive Committee – 2
- Committee on Education & Training - 2
- Examination Committee - 3

(vi) Information supplied to the Governing Council:

Information under the following heads were presented to the Council:

Review/reports on:

- Income & Expenditure of the Institute
- Income Tax matters
- Academic activities
- Examination matters
- Office Automation
- General administration
- Collaborations with Institutions
- Strategic Action Plan

Finance and Accounts including Responsibility Statements:

The Auditor's Report and Accounts of the Institute are annexed to this Report. We confirm that in the preparation of the annual accounts, the applicable accounting standards have been followed and appropriate explanations relating to material departures are provided. The Council had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Institute at the end of financial year and of Income and expenditure of the Institute for that period. The Council further states that it had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. The Council confirms that the accounts have been prepared on a going concern basis.

Appreciation and Acknowledgements:

The Council is grateful to the Institutional Members for their continued support and advice. The Council would also like to take this opportunity to express sincere thanks to its valued members, for their continued co-operation and patronage. The Council also takes this opportunity to thank all employees for rendering valuable services to every constituent of the Institute.

On behalf of the Governing Council



(S. C. Gupta)
President

Place : Mumbai
Date : 30th May 2007

Auditors' Report to the Members of Indian Institute of Banking & Finance

1. We have audited the attached Balance Sheet of Indian Institute of Banking & Finance as at 31st March, 2007 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, is not applicable to Companies licensed to operate under Section 26 of the Indian Companies Act, 1913, no report has been made on the matters specified therein.
4. We report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Institute so far as appears from our examination of those books, and proper returns adequate for the purposes of our audit have been received from the sub-centres not visited by us;
 - (iii) the Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet and Income and Expenditure Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the Members of the Governing Council (Directors) as on 31st March, 2007, and taken on record by the Governing Council, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Institute as at 31st March, 2007; and
 - (b) in the case of the Income and Expenditure Account, of the surplus for the year ended on that date.

For Mukund M. Chitale & Co.
Chartered Accountants

S. M. Chitale
Partner
M. No. 111383

Place: New Delhi
Date : 30.05.2007

Balance Sheet as

31st March 2006 Rs.	Liabilities	Schedule	31st March 2007 Rs.
739,534,203	Reserves And Surplus	1	812,177,193
77,487,824	Current Liabilities and Provisions	2	103,314,586
817,022,027	Total Rupees		915,491,779

Significant Accounting Policies - Schedule 13.

Notes to accounts - Schedule 14.

As Per our report attached.

For Mukund M Chitale & Co.
Chartered Accountants

S. M. Chitale
Partner
M. No. 111383

Place: New Delhi
Date: 30th May 2007

at 31st March 2007

31st March 2006 Rs.	Assets	Schedule	31st March 2007 Rs.
66,331,631	Fixed Assets	3	54,921,954
479,928,980	Investments	4	530,381,173
270,761,416	Current Assets, Loans And Advances	5	330,188,652
817,022,027	Total Rupees		915,491,779

R. Bhaskaran
Chief Executive Officer

S. C. Gupta
President

P. J. Lonappan
Deputy Chief Executive Officer

H. N. Sinor
Vice President

Income and Expenditure Account

2005-2006 Rs.	EXPENDITURE	Schedule	2006-2007 Rs.
32,333,469	Staff expenses	6	34,401,504
7,844,636	Premises expenses	7	8,415,368
28,962,040	Administration expenses	8	27,191,272
36,072,308	Examination expenses		33,585,828
12,688,678	Educational expenses	9	13,476,265
146,789	Library books expenses	10	116,096
-	Loss on sale/write off of fixed assets		18,426
18,922,290	Depreciation/amortisation		16,603,939
4,104,270	Amortisation of premium on Investments		3,467,907
175,500	Prizes awarded		106,000
67,023,776	Surplus carried down to Income and Expenditure appropriation account		66,779,421
208,273,756	TOTAL RUPEES		204,162,026

Income and Expenditure Appropriation Account

2005-2006 Rs.		2006-2007 Rs.
	Transfers to :	
	Staff welfare fund :	
1,201,569	Against opening General Reserve	-
308,203	Against brought forward Surplus	655,888
66,715,573	General Reserve	66,123,533
68,225,345	TOTAL RUPEES	66,779,421

Significant Accounting Policies - Schedule 13.

Notes to accounts - Schedule 14.

As Per our report attached.

For Mukund M Chitale & Co.

Chartered Accountants

S. M. Chitale

Partner

M. No. 111383

Place: New Delhi

Date: 30th May 2007

for the Year Ended 31st March 2007

2005-2006 Rs.	INCOME	Schedule	2006-2007 Rs.
50,790,140	Subscription	11	39,974,140
42,962,893	Examination fees		77,947,686
58,092,436	Income from Investments, etc.	12	61,376,160
-	Educational income		2,091,516
376,342	Tutorial class/Seminar fees		1,254,850
1,495,770	Study kit fees		105,613
638,835	Provision for expenses written back		-
13,597,190	Profit on sale/write off of fixed assets (net)		-
3,217,733	Royalty on Publications		4,062,587
6,411,000	Life Membership fees written back		15,378,000
27,991,066	Advance Examination fees written back		619,400
2,700,351	Miscellaneous income		1,352,074
208,273,756	TOTAL RUPEES		204,162,026

for the Year Ended 31st March 2007

2005-2006 Rs.		2006-2007 Rs.
	Surplus brought forward from	
67,023,776	income and expenditure account	66,779,421
1,201,569	Transfer from opening General Reserve	-
68,225,345	TOTAL RUPEES	66,779,421

R. Bhaskaran
Chief Executive Officer

S. C. Gupta
President

P. J. Lonappan
Deputy Chief Executive Officer

H. N. Sinor
Vice President

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2007

SCHEDULE 1 - RESERVES AND SURPLUS

	As at 1st April 2006	Additions	Transfer from Income & Expenditure Account	Utilisation / Transfer during the year	As at 31st March 2007
	Rs.	Rs.	Rs.	Rs.	Rs.
Prize funds	1,584,650 (1,584,650)	- (-)	- (-)	- (-)	1,584,650 (1,584,650)
Staff welfare fund	6,042,260 (4,532,488)	- (1,201,569)	655,888 (308,203)	291,938 (-)	6,406,210 (6,042,260)
Life membership fund	263,850,032 (259,966,032)	21,533,507 (10,295,000)	- (-)	15,378,000 (6,411,000)	270,005,539 (263,850,032)
General Reserve	468,057,261 (402,543,257)	- (-)	66,123,533 (65,514,004)	- (-)	534,180,794 (468,057,261)
TOTAL	739,534,203 (668,626,427)	21,533,507 (11,496,569)	66,779,421 (65,822,207)	15,669,938 (6,411,000)	812,177,193 (739,534,203)

Figures in brackets indicate corresponding figures for the previous year.

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2007

SCHEDULE 2 - CURRENT LIABILITIES AND PROVISIONS

31st March 2006 Rs.			31st March 2007 Rs.
	A. CURRENT LIABILITIES		
	Sundry creditors (No amount due to small scale Industrial undertakings)	1,076,167	
374,571			
8,296,376	Excess examination fees received	8,568,515	
134,525	Advance Membership Subscription	2,338,558	
40,963,693	Examination fees received in Advance	59,749,785	
49,769,165			71,733,025
	B. PROVISIONS		
22,080,000	Staff retirement benefits	24,023,208	
5,638,659	Provision for expenses	7,558,353	
27,718,659			31,581,561
77,487,824	TOTAL RUPEES		103,314,586

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2007

SCHEDULE 3 - FIXED ASSETS

Particulars	As at 01.04.2006		GROSS BLOCK Additions		Deductions		As at 31.03.2007		DEPRECIATION/AMORTISATION For the year		On dedu- ctions		As at 31.03.2007		NET BLOCK As at 31.03.2006	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
TANGIBLE ASSETS																
Office premises	24,757,940	-	-	-	24,757,940	15,845,467	445,624	-	16,291,091	8,466,849	8,912,473					
Leasehold premises	2,977,281	-	-	-	2,977,281	1,443,193	49,487	-	1,492,680	1,484,601	1,534,088					
Residential flats *	40,166,455	-	-	-	40,166,455	7,797,227	1,618,461	-	9,415,688	30,750,767	32,369,228					
Room air conditioners	3,017,167	43,244	38,000	3,022,411	2,171,695	121,735	24,446		2,268,984	753,427	845,472					
Furniture, fittings and office equipment	21,954,710	925,754	94,505	22,785,959	16,988,339	1,015,350	62,311		17,941,378	4,844,581	4,966,371					
Electrical installations	3,218,295	339,480	-	3,557,775	2,272,904	178,725	-		2,451,629	1,106,146	945,391					
Motor cars	2,695,485	-	-	2,695,485	1,105,326	411,692	-		1,517,018	1,178,467	1,590,159					
Data processing systems- Hardware	33,239,690	2,074,075	177,292	35,136,473	28,408,525	2,777,652	172,060		31,014,117	4,122,356	4,831,165					
SUB TOTAL-TANGIBLE ASSETS	132,027,023	3,382,553	309,797	135,099,779	76,032,676	6,618,726	258,817		82,392,585	52,707,194	55,994,347					
INTANGIBLE ASSETS																
Computer Software	21,191,423	1,223,200	-	22,414,623	12,429,899	9,984,724	-		22,414,623	-	8,761,524					
SUB TOTAL - INTANGIBLE ASSETS	21,191,423	1,223,200	-	22,414,623	12,429,899	9,984,724	-		22,414,623	-	8,761,524					
TOTAL RUPEES	153,218,446	4,605,753	309,797	157,514,402	88,462,575	16,603,450	258,817		104,807,208	52,707,194	64,755,871					
31.03.2006	125,892,716	38,413,497	11,087,767	153,218,446	79,688,449	18,922,290	10,148,164		88,462,575	-	46,204,267					
Advances on Capital Account and Capital work in progress at cost										2,214,760	1,575,760					
										54,921,954	66,331,631					

* Residential flats includes Rs 5,750/- being the cost of shares in Co-operative Housing societies, which comprise shares of Rs.250/- in Twin Star Jupiter Co-operative Housing Society Ltd, transferred in the name of Institute on 22nd May, 2006.

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2007

SCHEDULE 4 - INVESTMENTS (At cost, long term and non trade; unquoted unless otherwise stated)

31st March 2006 Rs.	PARTICULARS	31st March 2007 Rs.
	Units of Unit Trust of India :	
	Unit Trust of India-6.75% US-64 Bonds: quoted	
10,010,000	100,100 bonds of Rs.100/- each	10,010,000
	Fixed deposit with :	
30,000,000	Housing Development Finance Corporation Limited	30,000,000
	Bonds :	
	IDBI Regular Income Bonds	
20,000,000	4000 bonds redeemed during the year (7500 bonds redeemed in the previous year)	-
	IFCI Limited	
20,000,000	200 bonds of Rs.100,000/- each	20,000,000
	ICICI Bonds	
-	12 bonds of Rs.1,000,000/- each	12,169,093
	Indian Overseas Bank Bonds	
-	25 bonds of Rs.1,000,000/-each	25,360,853
	Indian Railway Bonds	
-	15 bonds of Rs.1,000,000/-each	15,127,438
	State Bank of India Bonds	
-	11 bonds of Rs.1,000,000/-each	11,000,000
	Syndicate Bank Bonds	
-	3 bonds of Rs.1,000,000/-each	3,051,455
	Union Bank of India Bonds	
-	8 bonds of Rs.1,000,000/-each	8,065,333
	Uco Bank Bonds	
-	9 bonds of Rs.1,000,000/-each	9,098,911
	Investment in Government Securities (Quoted) :	
10,460,811	Rs.10,000,000 13.85% Government of India Loan 2006	-
21,532,434	Rs.20,000,000 11.99% Government of India Loan 2009	21,024,867
11,068,098	Rs.10,000,000 11.30% Government of India Loan 2010	10,821,198
4,832,676	Rs.4,000,000 11.50% Government of India Loan 2011	4,685,354
51,093,981	Rs.40,500,000 11.50% Government of India Loan 2015	49,935,562
3,219,754	Rs.2,900,000 10.80% Government of India Loan 2008	3,081,308
3,378,310	Rs.2,900,000 12.25% Government of India Loan 2008	3,182,369
14,332,916	Rs.11,600,000 12.32% Government of India Loan 2011	13,767,432
	Investment in Government of India 8% Savings (Taxable)	
	Bonds - 2003	
280,000,000	280,000 bonds of Rs. 1,000/- each	280,000,000
399,918,980		386,498,090
479,928,980	TOTAL RUPEES	530,381,173
129,928,980	Aggregate cost of quoted investments	230,381,173
	[Aggregate market value of quoted investments is Rs.497,854,890 (as at 31.03.2006 : Rs.131,360,176)]	
350,000,000	Aggregate cost of unquoted investments	300,000,000
479,928,980	TOTAL RUPEES	530,381,173

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2007

SCHEDULE 5 - CURRENT ASSETS, LOANS AND ADVANCES

31st March 2006 Rs.			31st March 2007 Rs.
A. CURRENT ASSETS			
	Interest accrued on :		
6,052,989	Staff loans	6,420,424	
9,489,014	Bank deposits	10,186,572	
54,868,505	Investments	73,816,909	
<u>70,410,508</u>		<u>90,423,905</u>	
172,185	Stock of study kits	250,860	
	Sundry debtors (unsecured, considered good)		
4,209,437	Outstanding less than six months	5,840,080	
-	Outstanding for more than six months	-	
17,433	Cash on hand	27,076	
1,232,255	Cheques on hand	647,417	
	Balances with scheduled banks :		
29,343,337	On current accounts	28,624,871	
575,290	On savings accounts	363,243	
140,642,958	On fixed deposit accounts	183,142,958	
<u>170,561,585</u>		<u>212,131,072</u>	
246,603,403			309,320,410
B. LOANS AND ADVANCES			
	Advances recoverable in cash or in kind or for value to be received : (Considered Good)		
11,033,320	Secured loans to employees	9,186,819	
4,157,899	Income tax paid (includes paid under protest Rs. 2,500,000)	7,220,772	
4,966,794	Unsecured advances recoverable in cash or kind or for value to be received	4,460,651	
	Application money for purchase of UCO Bank Bonds	-	
<u>4,000,000</u>			
24,158,013			20,868,242
270,761,416	TOTAL RUPEES		330,188,652

Schedules Annexed to and Forming Part of the Income and Expenditure Account for the Year Ended 31st March 2007

2005-2006 Rs.		Rs.	2006-2007 Rs.
SCHEDULE 6 - STAFF EXPENSES			
23,280,911	Salaries		25,426,582
3,038,225	Contribution to provident fund		1,722,091
1,659,034	Staff recruitment/ training/other related expenses		2,868,432
1,646,181	Provision for staff retirement benefits		2,371,060
2,709,118	Staff welfare expenses		2,013,339
<u>32,333,469</u>	TOTAL RUPEES		<u>34,401,504</u>
SCHEDULE 7 - PREMISES EXPENSES			
3,671,316	Rent		3,011,024
1,897,974	Electricity charges		1,776,777
	Outgoings in respect of premises		
103,945	Ground Rent	105,433	
206,911	Rates and taxes	207,141	
<u>1,964,490</u>	Others	<u>3,314,993</u>	
<u>2,275,346</u>			<u>3,627,567</u>
<u>7,844,636</u>	TOTAL RUPEES		<u>8,415,368</u>
SCHEDULE 8 - ADMINISTRATION EXPENSES			
4,208,997	Printing and stationery		3,672,505
5,457,693	Postages, telephone and telegram expenses		4,573,721
2,980,469	Web Portal expenses		2,663,655
73,750	Insurance		82,998
	Repairs :		
1,391,144	Building	366,397	
1,920,050	Machinery	2,670,289	
<u>285,662</u>	Others	<u>771,129</u>	
3,596,856			3,807,815
4,036,539	Travelling expenses		2,964,191
1,052,660	Conveyance		1,012,918
1,036,180	Motor car expenses		1,154,133
1,797,047	Sundry expenses		2,793,736
2,208,106	Advertisement expenses		600,051
403,866	Corporate Development Expenses		167,386
571,255	Honorarium to Local Hon. Secretaries		291,515
	Auditors' remuneration :		
224,480	Audit fees	505,620	
448,960	Taxation matters	-	
-	Other matters	200,000	
<u>4,749</u>	Out of pocket expenses	<u>-</u>	
678,189			705,620
696,203	Legal & professional charges		2,548,131
<u>164,230</u>	Platinum Jubilee Medical Benefit Scheme		<u>152,897</u>
<u>28,962,040</u>	TOTAL RUPEES		<u>27,191,272</u>

Schedules Annexed to and Forming Part of the Income and Expenditure Account for the Year Ended 31st March 2007

2005-2006 Rs.		2006-2007 Rs.
	SCHEDULE 9 - EDUCATIONAL EXPENSES	
1,073,327	Correspondence course/Study Kit expenses	2,496,067
3,144,260	Tutorial class/Seminar expenses	4,003,743
7,000	Diamond jubilee overseas banking research fellowship expenses	-
323,030	Sir Purshotamdas Thakurdas memorial lecture expenses	737,969
<u>4,547,617</u>		<u>7,237,779</u>
6,168,606	Journal expenses	905,870
1,972,455	Vision expenses	5,332,616
<u>12,688,678</u>	TOTAL RUPEES	<u>13,476,265</u>
	SCHEDULE 10 - LIBRARY BOOKS EXPENSES	
35,072	Library books	59,667
<u>111,717</u>	Subscription to papers & periodicals	<u>56,429</u>
<u>146,789</u>	TOTAL RUPEES	<u>116,096</u>
	SCHEDULE 11 - SUBSCRIPTION	
	Annual subscription :	
49,201,850	Institutional members	39,942,820
<u>1,588,290</u>	Enrolment/re-enrolment fees	<u>31,320</u>
<u>50,790,140</u>	TOTAL RUPEES	<u>39,974,140</u>
	SCHEDULE 12 - INCOME FROM INVESTMENTS, ETC.	
57,155,865	Interest and dividend on Investments/Fixed deposits	60,446,766
<u>936,571</u>	Interest on staff loans	<u>929,394</u>
<u>58,092,436</u>	TOTAL RUPEES	<u>61,376,160</u>

Schedules Annexed to and Forming Part of the Balance Sheet As At 31st March 2007 and the Income and Expenditure Account for the Year Ended on that date

SCHEDULE – 13

SIGNIFICANT ACCOUNTING POLICIES:

1. ACCOUNTING CONVENTION:

The accounts are drawn up on historical cost basis and have been prepared in accordance with the applicable Accounting Standards and are on accrual basis unless otherwise stated.

2. FIXED ASSETS / DEPRECIATION

- 2.1 Tangible/Intangible fixed assets are stated at cost less depreciation/amortization.
- 2.2 Depreciation on Tangible assets is provided on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956. Leasehold premises are amortized over the period of lease. Computer software is amortized over the period of 3 years.
- 2.3 In case of liabilities in foreign currency incurred for the acquisition of fixed assets from a country outside India, the exchange differences are adjusted in the carrying cost of Fixed Asset.
- 2.4 Additions to Tangible/Intangible fixed assets are depreciated/amortized for the full year in the year of addition. No depreciation is charged on assets sold during the year.

3. INVESTMENTS

All investments are treated as long term and stated at cost. Provision is made for diminution to recognize a decline, other than temporary, where required, in the value of each investment. With effect from 1st April, 2005, the difference between the cost price (being higher) and the face value of such investments (where maturity date is fixed) is amortized over the remaining period upto the date of maturity or date of disposal, whichever is earlier.

4. STOCK OF STUDY KITS:

The stock of study kits has been valued at lower of cost or net realizable value. Cost for this purpose is ascertained based on appropriate share of development and printing cost.

5. RETIREMENT BENEFITS :

Provision for gratuity and leave encashment benefits payable to staff is made on the basis of actuarial valuations as at the balance sheet date.

6. REVENUE RECOGNITION

- 6.1 Subscriptions are accounted for as income. With effect from 1st April, 2005, Life Membership Fees received from members, which hitherto was credited directly to "Life Membership Fund" infinitely, continues to be credited to "Life Membership Fund" and is written back as income in the Income and Expenditure Account upon completion of specified life membership period as decided in the resolution passed by the Annual General Meeting dated 26th August, 2005. Accordingly, a sum of Rs. 15,378,000 is written back from Life Membership Fund to the Income and Expenditure Account, during the current year.
- 6.2 Examination fees collected in advance for a block of consecutive attempts (one time examination fees) are accounted for under the proportionate completion method in accordance with the rules framed. The balance of such fees is treated as 'Advance Examination Fees'. Study kits sold (which do not form part of examination fees) are disclosed under 'Study Kit Fees'.
- 6.3 Interest on Investments is booked on a time proportion basis taking into account the amount invested and the rate of interest. Dividend Income on Investment is accounted when the right to receive payment is established.
- 6.4 Income from Investment (including from investment earmarked for funds) is credited to the Income and Expenditure Account and utilized for the general/prizes/fellowship expenses incurred during the year.

Schedules Annexed to and Forming Part of The Balance Sheet As At 31st March 2007 and the Income and Expenditure Account for the Year Ended on that date

SCHEDULE - 14

NOTES TO ACCOUNTS:

- 1) In view of the omission of Section 10(22) of the Income Tax Act, 1961 (Act) with effect from the financial year ended 31.3.1999 (under which the Institute was exempt from income tax), the Institute has applied for exemption in respect of the assessment years 1999-2000 to 2007-2008 under the amended provisions of Section 10(23C)(vi) of the Act. Response from the authorities is awaited. The Institute is also registered under Section 12A of the Act, whereby its income, subject to compliance of conditions laid down, is exempt from income tax. Accordingly, also, as the Institute intends to comply with the necessary conditions laid down, no provision for taxation has been made in the accounts for the year ended 31st March, 2007.
- 2) In respect of Investments the difference between the cost price (being higher) and the face value of such investments (where maturity date is fixed) as referred to in note 3 on schedule 13, amounting to Rs. 3,467,907 has been amortised during the year.
- 3) The Institute is in the process of reconciliation of Excess fee account and the subsidiary records, for some earlier years. Also the Institute is in process of completion of analysis/ matching of unexplained debits/ credits appearing in the Bank Reconciliation statement. The Institute has initiated correspondence with the concerned banks and on completion of the said exercise necessary entries will be made in the books of accounts.
- 4) The Institute has appropriated Rs.655, 888 to staff Welfare Fund consisting of Rs.100, 000 as the annual contribution and Rs.555, 888 as interest earned on investments held for this purpose. An amount of Rs.291, 938 spent towards staff welfare has been shown as utilization during the year.
- 5) Advance Examination fees of Rs. 619,400 received in earlier year towards Diploma examination old syllabus have been written back to the Income and Expenditure Account as the said examination is discontinued.
- 6) Income in foreign currency:

	2006-07 Rs.	2005-06 Rs.
Membership fees	6,954.50	-
Fees for designing & development of courseware	667,290.00	370,820

- 7) Expenditure in foreign currency (payment basis)

	2006-07 Rs.	2005-06 Rs.
Educational expenses	806,897.00	-
Traveling/Training expenses	693,519.00	696,716
Honorarium	45,470.00	-
License fees	491,040.00	11,070

- 8) Managerial Remuneration:

- 8.1 Paid/payable to the Chief Executive Officer (CEO) as a Council Member during the year (excluding contribution to gratuity fund and provision for leave encashment on retirement):

	2006-07 Rs.	2005-06 Rs.
Salary	829,160	560,125
Perquisites	115,659	90,957
Contribution to Provident Fund	63,200	45,443
Total	1,008,019	696,525

- 8.2 Sitting fees to Council Members
- 9) In the opinion of the Institute, there is no impairment of assets (to which Accounting Standard 28 applies) as at March 31, 2007 requiring recognition in terms of the said standard.

10) Movement of Provisions for Employee benefits

Particulars	Amount in Rs.	
	F.Y. 2006-07	F.Y. 2005-06
Opening Balance	22,080,000	21,368,000
Add: - Provided during the year	2,371,060	1,646,181
Less: amount utilised during the year	427,512	934,181
Closing Balance	24,023,208	22,080,000

11) Contingent Liability:

In respect of assessment years 1996-97, 1997-98 and 1998-99, the Income Tax Department has treated the Institute as not eligible for exemption under Section 10(22) of the Income Tax Act, 1961 (the Act) and has assessed its income as chargeable to tax. Consequently, demands of Rs. 55,204,320 (as at 31.03.2006: Rs. 55,204,320) have been raised. The Institute has paid Rs. 2,500,000 (as at 31.03.2006: Rs. 2,500,000) in line with the stay orders granted by the Income Tax Appellate Tribunal (ITAT).

For the assessment years 1996-97 and 1998-99, the Institute has received favorable orders from the ITAT. However, the Department's appeal for these years before the Bombay High Court is pending. For assessment year 1997-98, the Institute has received favorable order from ITAT. For assessment years 1999-2000, 2000-01, 2002-03, notice under Section 143(2) of the Act for scrutiny assessment has not been issued.

Pending approval under Section 10(23C) (vi) of the Act from the Central Board of Direct Taxes (CBDT) for assessment years 1999-2000 to 2001-02, the Income Tax Department has denied exemption to the Institute under Section 10(23C) (vi) of the Act and assessed its income of Rs. 65, 011,641 (as at 31.03.2006 Rs. 65, 011,641) as chargeable to tax for assessment year 2001-02. Consequently, demand of Rs. 32, 260,727 (as at 31.03.2006: Rs. 32, 260,727) covering tax and interest has been raised for assessment year 2001-02.

Against the appeal filed by the Institute, the CIT (Appeals) has held the Institute is entitled for exemption under Section 10(23C) (VI) of the Act subject to notification by the CBDT. Pending CBDT approval, CIT (Appeals) confirmed the additions made by assessing officer and deleted interest levied under Sections 234A and 234C of the Act. The revised demand after giving effect to the order of CIT (Appeals) is awaited. The Institute has filed an appeal against the order of the CIT (Appeals) before the ITAT, which is pending for the disposal. Further, Institute had also made a claim for exemption under Section 11 of the Act by way of rectification of application under Section 154 of the Act, which was rejected by the assessing officer. Against the order of the assessing officer rejecting Institute's rectification, the Institute has filed an appeal before the CIT (Appeals) for grant of exemption under Section 11 of the Act which is pending for disposal.

The assessment under section 143 (3) of the Act for assessment year 2003-04 had been completed in the financial year ended 31st March 2006 determining income of Rs. 62,530,820 subject to tax. Accordingly, demand of Rs. 26,900,939 (as at 31.03.2006: Rs. Nil) covering tax and interest has been raised. The Institute filed an appeal with CIT (Appeals) against this order in April, 2006 and also sought stay of demand. The CIT (A) vide his order dated 20th October 2006 directed the assessing officer to examine the claim under section 11 of the Act and decide on eligibility. Therefore till the time AO decides on this issue, demand does not survive.

During the year the assessment under section 143(3) of the Act for assessment year 2004-05 had been completed determining the income of Rs. 1,48,42,512 subject to tax and consequently a demand of Rs. 6,509,624 had been raised .

- 12) Estimated amount of contracts remaining to be executed on capital account and not provided as at 31.03.2007 Rs. 1,141,980 (Previous year 502,980).
- 13) The Company's significant leasing arrangements are in respect of operating leases for residential/office premises. These leasing arrangements which are not non-cancellable range between 11 months and 3 years. The aggregate lease rentals Rs. 3,011,024 (Previous year Rs. 3, 671,316) are charged as rent under Schedule 7.
- 14) Previous year's figures have been regrouped/restated wherever necessary.

Signatures to Schedules 1 to 14

MUKUND M. CHITALE & CO.
Chartered Accountants

S.M. Chitale
Partner M.No. 111383

R. BHASKARAN
Chief Executive Officer

P. J. LONAPPAN
Deputy Chief Executive Officer

S.C. GUPTA
President

H.N. SINOR
Vice President

Place: New Delhi

Date: 30th May, 2007

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	1391	State Code	11
Balance Sheet Date	31.03.2007		

II Capital raised during the year (Amount in Rs. Thousands) Not Applicable

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total liabilities	915,492	Total Assets	915,492
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Sources of Funds

Paid- up Capital	Nil	Reserves & Surplus	812,177
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Secured Loans	Nil	Unsecured Loans	Nil
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Application of funds

Net Fixed Assets	54,922	Investments	530,381
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Net Current Assets	226,874	Misc Expenditure	-
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Accumulated Losses	Nil
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IV Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Inc.	204,162	Total Expenditure	137,383
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Surplus	66,779
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V Generic Names of the three Principal/Services of the Company(as per monetary terms)

Item Code No(ITC Code)	—
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Service Description	Education and conduct of examinations in banking and related subjects
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Notice of the 80th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 80th Annual General Meeting of the members of the Indian Institute of Banking & Finance will be held at 4 p.m. on Monday, the 17th September 2007, in 'CENTRIUM', 1st Floor, World Trade Centre, Cuffe Parade, Mumbai - 400 005 to transact the following business:

Ordinary Business:

1. To receive and adopt the Income and Expenditure Accounts of the Institute for the financial year ended on March 31, 2007, the Balance Sheet as at that date and Reports of the Governing Council and the Auditors.
2. To elect a member of the Council in place of Shri M. B. N. Rao, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
3. To elect a member of the Council in place of Dr. Y. S. P. Thorat, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
4. To elect a member of the Council in place of Shri P. K. Gupta, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
5. To elect a member of the Council in place of Shri Abhijit Datta, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
6. To elect a member of the Council in place of Shri T. S. Narayanasami, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
7. To elect a member of the Council in place of Shri M. D. Mallya, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
8. To elect a member of the Council in place of Shri H. N. Sinor, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
9. To consider and, if thought fit, to pass with or without modification, the following resolution:
 "RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Mukund M. Chitale & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Institute from the conclusion of this meeting till the conclusion of the next Annual General Meeting and that their remuneration be and is hereby fixed at Rs.4,50,000/- apart from service tax and reimbursement of out-of-pocket and actual travelling expenses incurred by them for the purpose of audit".

Special Business:

10. To appoint Dr. Anil K. Khandelwal, Chairman & Managing Director, Bank of Baroda, as the President of the Institute from the conclusion of 80th Annual General Meeting to the conclusion of the next Annual General Meeting.
11. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:
 "RESOLVED THAT the existing Articles of Association of the Institute be and hereby amended as under, that is to say:
 - (1) The existing Article 5 be and is hereby deleted and in its place and stead a new Article 5 as under be and is hereby substituted, namely:
 - "5(a) Fellows shall be elected by the Council.
 - An applicant to be eligible to be considered for election must –
 - (i) be an Officer in a bank or financial institution mentioned in Article 8(b)
 - (ii) have passed CAIIB Examination of the Institute;
 - (iii) be a continuing member of the Institute and has participated in the seminars held by the Institute and/or presented or published papers on subjects of interest in the field of banking and finance and/or passed any other diplomas of the Institute and/or presented thesis to be approved by the appropriate authority;
 - (iv) have completed minimum of two years after becoming an Associate;
 - (v) apply for Fellowship through his/her employer with their recommendation.

- (b) The Council shall have powers to waive by a general or special order any or all the above conditions from time to time as it deem appropriate.
 - (c) The Council shall have powers to elect, as Honorary Fellows, men of distinction in the field of banking, finance, economics, management, etc., waiving all the conditions stipulated under 5(a);
 - (d) All Fellows elected under Clauses (a), (b) and (c) above shall have all the rights of Fellow members provided in the Articles of Association.
 - (e) Fellows elected under Clauses (a), (b) and (c) will be entitled to use the title "FIIBF" (Fellow of Indian Institute of Banking & Finance) after his/her name.
- (2) The existing Article 6 be and is hereby deleted and in its place and stead a new Article 6 as under be and is hereby substituted, namely:
- "6(a) Associates shall be elected by the Executive Committee/Council. An applicant to be eligible to be considered for election must –
- (i) be an Officer for a period of 5 years in a bank or financial institution mentioned in Article 8(b);
 - (ii) have passed the CAIIB Examination of the Institute;
 - (iii) have completed such number of years after passing CAIIB Examination as would be determined by the Council from time to time;
 - (iv) be a continuing member of the Institute and has participated in the seminars held by the Institute and/or presented or published papers on subjects of interest in the field of banking and finance and/or obtained any other diploma/certificate of the Institute and/or fulfil such other criteria as the Council may lay down from time to time;
 - (v) apply for Associate Membership through his/her employer with their recommendation.
- (b) The Council shall have powers to waive by a general or special order any or all the above conditions from time to time as it deem appropriate.
- (c) An Associate elected under the provisions of this Article will be entitled to use the title "AIIBF" (Associate of Indian Institute of Banking & Finance) after his/her name.
- (3) The existing Article 8 be and is hereby deleted and in its place and stead a new Article 8 as under be and is hereby substituted, namely,
- "8(a) Individuals who are employees of a banking establishment or financial institution or any other institution approved by the Council will be admitted by the Chief Executive Officer as Ordinary Members in accordance with rules prescribed from time to time by the Executive Committee.
- (b) Institutional members shall consist of banking establishments and financial institutions registered in India both in the public as well as private sector including the Reserve Bank of India, State Bank of India, other financial institutions both Central and State, Co-operative Banks and any other Institution as may be approved by the Council. The Institutional members will be elected by the Council".

By Order of the Council



(R. Bhaskaran)
Chief Executive Officer

Mumbai
Date: August 16, 2007

Registered Office:
Indian Institute of Banking & Finance
"The Arcade", Tower 4, 2nd Floor
World Trade Centre, Cuffe Parade
Mumbai 400 005

NOTES:

- (a) Individual Members who are Fellows and Associates and Institutional Members are entitled to attend and vote at the General Meetings. Certificated Associates and Ordinary Members are entitled to attend all General Meetings but are not entitled to vote thereat. Persons who attend and vote at the meetings on behalf of the Institutional Members will have to produce a proper authorization from such members.
- (b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
- (c) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- (d) A copy of the Memorandum and Articles of Association referred to in Item Nos.2 to 8 and 11 above will be open for inspection by the members from 1030 hours to 1230 hours on any working day at the Registered Office of the Institute.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Resolution No.10

The Council has decided to propose the name of Dr. Anil K. Khandelwal, Chairman & Managing Director, Bank of Baroda, as the President of the Institute under Article 69 of the Articles of Association and he has kindly consented to be elected as the President of the Institute from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting.

The Council recommends that the proposal at Item No.10 be approved.

Dr. Anil K. Khandelwal be deemed to be concerned or interested in the resolution at Item No.10.

Resolution No.11

- (1) **Amendment to Article 5:** Article 5 deals with election of Fellow Members of the Institute. It is proposed to amend the Article with a view to (i) making one of the compulsory eligibility criteria, viz., "presenting thesis to be approved by the appropriate authority" as optional for Fellowship to enable more eligible Associate Members to become Fellow Members;; (ii) giving the Council discretionary powers to relax/waive any of the eligibility criteria stipulated for Fellowship in really deserving cases; and (iii) making Life Membership for unlimited period instead of 40 years as at present.
- (2) **Amendment to Article 6:** Article 6 deals with election of Associate members. It is proposed to amend the Article to make Life Membership for unlimited period instead of 40 years as at present.
- (3) **Amendment to Article 8:** Article 8 deals with election of Members. It is proposed to amend the Article to make Life Membership for unlimited period instead of 35 years as at present.

The Council recommends that the proposal at Item No.11 be approved.

No Member of the Council has any interest in the Resolution No.11. Ordinary Members, Certificated Associates, Associates and Fellows may be deemed to be concerned or interested in the Resolution No.11.

