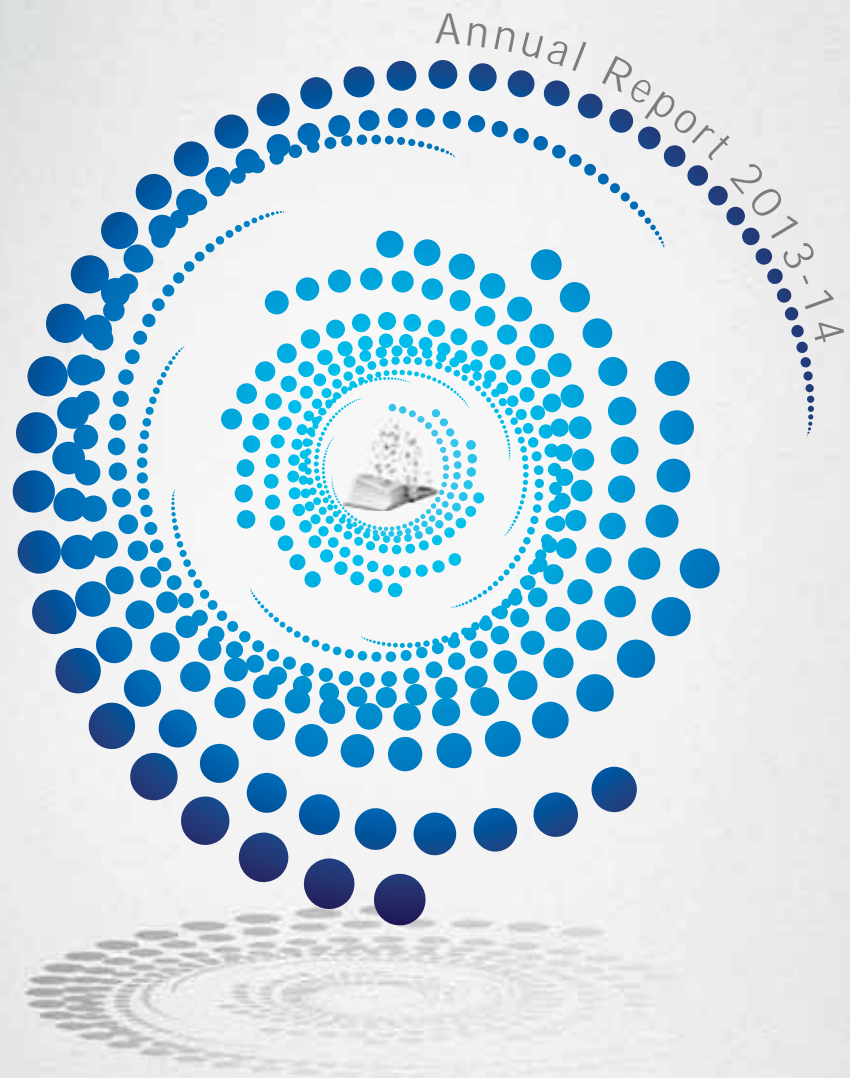




CAFRAL

CENTRE FOR ADVANCED FINANCIAL
RESEARCH AND LEARNING

Promoted by Reserve Bank of India



**Enriching Knowledge
through Research**



Excerpts from the transcript of the Inaugural Speech delivered by former Finance Minister, Shri P. Chidambaram at the CAFRAL-IPD Conference on January 13, 2014:

...Let me compliment and thank CAFRAL and Columbia University for jointly organizing this conference on Capital Account Management and Macro Prudential Regulation for Financial Stability and Growth....

...Since 1992, we have weathered the global crisis of 2008. In the period immediately after the bankruptcy of Lehman Brothers, India was one of the most affected emerging markets....

...I wish to congratulate all the people who worked on understanding and addressing that crisis with rapid thinking and responses, day after day, and sometimes through the night, through that difficult period. Contrary to popular perception, the Government and the RBI worked together closely at that time....

...There is profound need for more scientific knowledge and more experience. We should make the most of our limited data on systemic risk and we should be constantly sceptical and questioning about the evidentiary base, based on such a short time. I think we should apply a Hippocratic Oath, "Above all, do no harm". We should be mindful when we use the new powers in the field of systemic risk....

CAFRAL Governing Council



Rajan, Raghuram G. (Chairman)
Governor,
Reserve Bank of India



Patel, Urjit
Deputy Governor,
Reserve Bank of India



Gandhi, R.
Deputy Governor,
Reserve Bank of India



Ganguly, Ashok
Chairman,
ABP Pvt. Ltd.



Irani, J. J.
Ex-Director,
Tata Sons, Tata Steel
and Tata Motors



Malegam, Y. H.
Fellow and Past
President,
Institute of Chartered
Accountants of India



Mallya, M. D.
Former Chairman and
Managing Director,
Bank of Baroda



Pai, T. V. Mohandas
Chairperson of the Board,
Manipal Global Education
Services Pvt. Ltd.



Thorat, Usha
Former Deputy
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Reserve Bank of India



Gopalakrishna, G.
Director, CAFRAL

Research Advisory Council



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(Chairman)**

Governor,
Reserve Bank of India



Acharya, Viral

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Stern School of Business, New York
University, New York City, USA



Akyuz, Yilmaz

Chief Economist,
South Center, Geneva,
Switzerland



Duan, Jin-Chuan

Director of Risk Management
Institute and Cycle & Carriage,
Professor of Finance, National
University Singapore, Singapore



Gopinath, Shyamala

Chairperson, Clearing
Corporation of India Ltd. (CCIL)



Kochhar, Chanda

Managing Director & CEO,
ICICI Bank, India



Kotak, Uday

Executive Vice-President &
Managing Director,
Kotak Mahindra Bank, India



Kudva, Roopa

Managing Director & CEO,
CRISIL, India



Mor, Nachiket

Chairman of Boards,
Sughavazhvu Health Care, India



Puri, Manju

Professor of Finance,
Fuqua School of Business,
Duke University, Durham, USA



Ranade, Ajit

Senior President &
Chief Economist,
Aditya Birla Group, India



Sheng, Andrew

President,
Fung Global Institute, Hong Kong



Turner, Philip

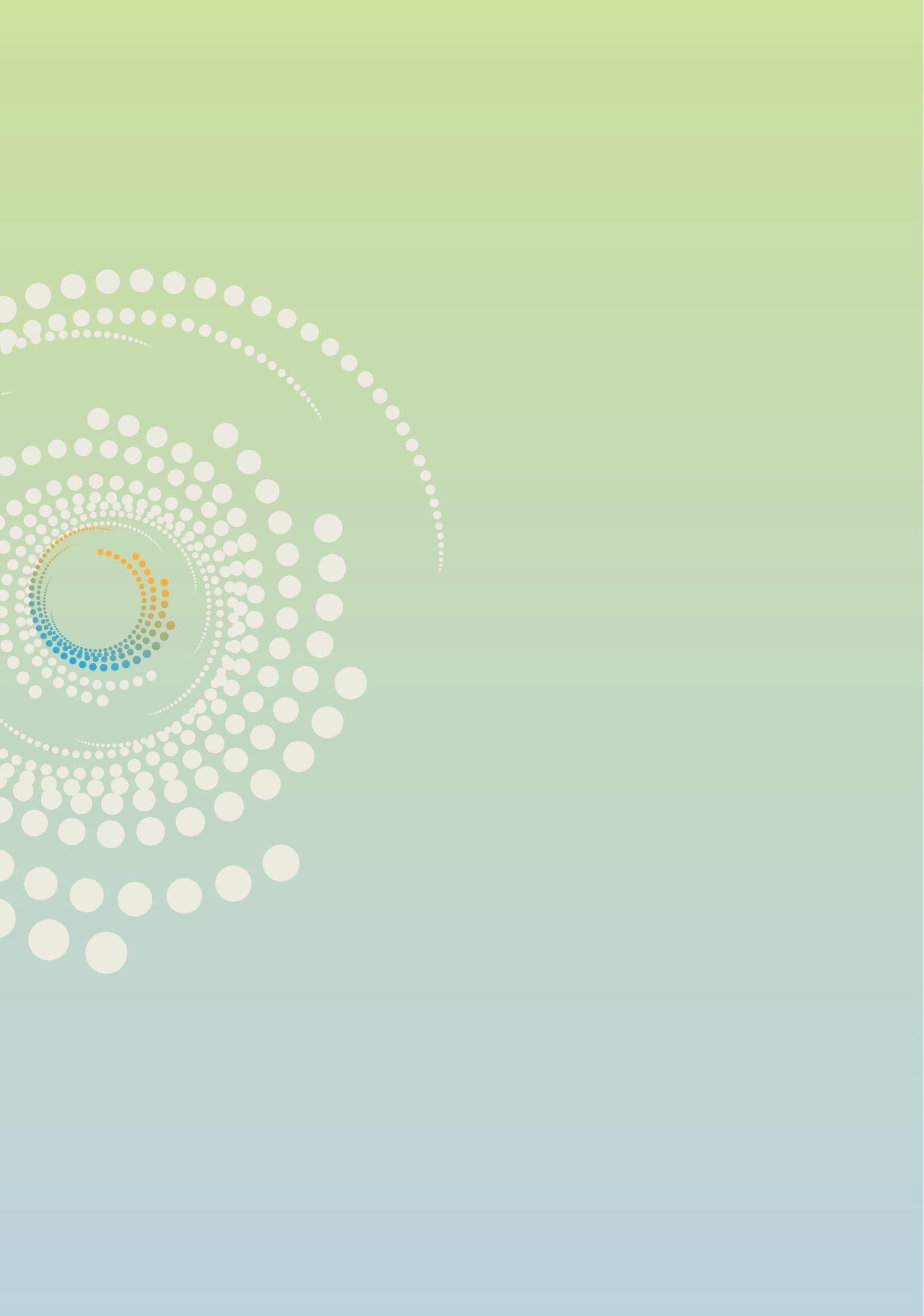
Director of Policy, Coordination
and Administration & Deputy
Head of Department, Bank of
International Settlements, Basel,
Switzerland



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About CAFRAL

The Centre for Advanced Financial Research and Learning has been set up by the Reserve Bank of India against the backdrop of India's evolving role in the global economy, in the financial services sector and its position in various international fora, to develop into a global hub for research and learning in banking and finance. CAFRAL is a not-for-profit organization established as a Society and a Trust; it is an independent body promoted by RBI. CAFRAL became operational in January 2011 and is now headed by G. Gopalakrishna, former Executive Director, RBI, as its new Director. It is engaged in conducting seminars, conferences and other learning programs for central banks, regulators, senior management in the financial sector, industry and government on matters related to banking and finance. CAFRAL undertakes research in areas of interest to the financial sector. It aims to provide a platform for academics, researchers and practitioners to explore issues in banking and finance so as to develop relevant policy and strategies. In carrying forward its objectives, CAFRAL also explores collaboration with other institutions and academics for its research and learning programs.

Mission

To evolve as a global center of excellence for policy research and advanced learning in banking and finance

Objectives

- Enhance our understanding of how the financial sector contributes to real sector growth through in-house and collaborative research that is useful and relevant
- Enhance professional capabilities in the banks, financial sector, and among central bank regulators and policy makers through learning events and programs
- Provide a platform for dialogue between policy makers, regulators, financial sector practitioners and academics on issues of topical relevance and systemic importance
- Communicate and disseminate the conclusions and results of the research and learning activities of CAFRAL to policy makers, central banks, regulators and public at large
- Collaborate and network with domestic and global institutions with a similar mandate for mutually beneficial arrangements

Abbreviations

ABBCFF	Advisory Board on Bank, Commercial & Financial Frauds
ARC	Asset Reconstruction Company
BCSBI	Banking Codes and Standards Board of India
BSE	Bombay Stock Exchange
BTPN	Bank Tabungan Pensiunan Nasional
CALP	CAFRAL Advanced Leadership Program
CBI	Central Bureau of Investigation
CMD	Chairman & Managing Director
CVC	Central Vigilance Commission
CVO	Chief Vigilance Officer
CCIL	Clearing Corporation of India Ltd.
CDR	Corporate Debt Restructuring
DBS	Department of Banking Supervision
FMC	Forward Markets Commission
FMD	Financial Markets Department
FSA	Financial Stability Authority
HR	Human Resource
HSBC	Hongkong & Shanghai Banking Corporation
IBA	Indian Banks' Association
ICAAP	Internal Capital Adequacy Assessment Process
ICAI	Institute of Chartered Accountants of India
IES	Indian Economic Services
IIM	Indian Institute of Management
IPD	Initiative for Policy Dialogue
IT	Information Technology
JNU	Jawaharlal Nehru University
NABARD	National Bank for Agriculture & Rural Development
NIBM	National Institute of Bank Management
NSE	National Stock Exchange
RAC	Research Advisory Committee
RBI	Reserve Bank of India
RBSC	Reserve Bank Staff College
SBI	State Bank of India
SEBI	Securities & Exchange Board of India
SME	Small & Medium Enterprise
SPARC	Society for Promotion of Area Resource Centers
SREP	Supervisory Review and Evaluation Process

Chairman's Message

Central banks the world over necessarily need a training establishment. This is more so in an economy like India where the change that the banking and financial sector has undergone, especially in the last two decades, has been extraordinarily rapid and all-pervasive.

The Centre for Advanced Financial Research & Learning (CAFRAL) that the Reserve Bank of India has helped set up represents an important instrument in our capacity building efforts. The task that CAFRAL has before it is undoubtedly challenging. As innovation and growth transform our banking sector, CAFRAL has the mission to build an environment of continuous and experiential learning and generate an energetic dialogue with the banking and financial institutions, policy makers and researchers on the entire gamut of relevant issues.

I am glad to learn that last year CAFRAL has conducted programs on various key areas such as Risk Management, Policy & Regulation, Leadership & Strategy, Governance, Business Strategy and Financial Markets. These programs must have afforded excellent opportunities to people in these fields to brainstorm on a range of crucial issues and provided useful insights.

I am hopeful that in the days ahead CAFRAL will continue its efforts to stimulate discourse on various themes that the banking and finance



"I am hopeful that in the days ahead CAFRAL will continue its efforts to stimulate discourse on various themes that the banking and finance sector is currently grappling with"





CAFRAL's Governing Council

sector is currently grappling with, keeping in view the direction that the central bank would broadly like the constituents to take in the foreseeable future. Such deliberations would add to the preparedness of the banks and financial institutions for taking on the future.

My best wishes to the entire faculty and staff of CAFRAL on their journey to evolve as a vital resource for competency development and research on banking and finance in India.

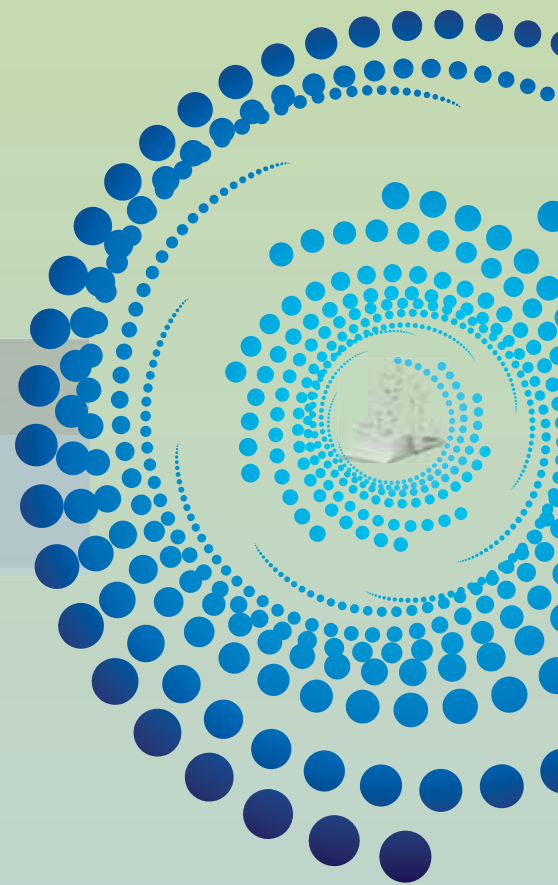
Raghuram G. Rajan

Chairman, Governing Council, CAFRAL
and Governor, RBI



DIRECTOR'S REPORT

Activities 2013-14





G. Gopalakrishna
Director, CAFRAL

Director's Report

It has been three years since CAFRAL started its operations and in keeping with our tradition, we have been successful in providing a platform to experts in various fields as well as regulators and senior functionaries in the banking and financial sector to provide perspectives for policy making. CAFRAL has been conducting programs on a wide gamut of issues such as Regulation, Risk Management, Leadership & Strategy, Governance, Business Strategy and Financial Markets.

POLICY AND REGULATION

CAFRAL collaborated with Levy Economics Institute of Bard College and IDEAs to organize the CAFRAL-Levy-IDEAs Workshop on "Macroeconomic Management and Financial Regulation in Core Countries and the Periphery". The objective was to discuss issues related to implications of central bank crisis resolution policies, macroeconomic management and financial regulation in core countries and the periphery, mainly from the perspective of emerging and developing economies. There were 25 international participants from Bangladesh, Bahrain, Cambodia, Iraq, Kenya, Kuwait, Oman, Philippines,

CAFRAL-Levy-IDEAs Workshop on Macroeconomic Management and Financial Regulation in Core Countries and the Periphery

January 6-10, 2014, New Delhi



Conference on Financing Strategies for Urban Infrastructure

July 18-19, 2013, Mumbai

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1. Mario Tonveronachi and Arturo O'Connell
2. C. P. Chandrasekhar, Usha Thorat, Jan Kregel
3. L-R: S. Ramanujam, Arvind Shrivastava, Rajiv B. Lal, Usha Thorat, Malini Shankar, Kamran Khan
4. L-R: K. Phanindra Reddy, Arundhati Bhattacharya, M. Ramachandran, Kamran Khan



IPD & CAFRAL Joint Conference
on Capital Account Management
and Macro-Prudential Regulation for
Financial Stability and Growth

January 13-14, 2014, New Delhi



Riyadh, Sudan, Sri Lanka, UAE and Vietnam, apart from participants from the World Bank, International Monetary Fund (IMF), IDEAs and Government of India.

Another prestigious international conference was held in collaboration with Initiative for Policy Dialogue (IPD), Columbia University, in January 2014 with an objective to discuss how systemic risk can build up in the financial sector and ways to prevent it from rising excessively. The two-day conference was inaugurated by Shri P. Chidambaram, the then Finance Minister, and was also attended by Nobel Laureate Prof. Joseph Stiglitz. The conference was designed to generate active interactions with a galaxy of academicians, policy makers, regulators across the globe including IMF, IPD, Columbia University, central banks of Ghana, Malaysia, Universities of Boston and Chile, China Society of World Economics, Planning Commission, RBI, etc. The conference also had a panel discussion on 'Inflation and Role of RBI and the Government' involving former RBI Governors, Dr BimalJalan, Dr Y.V. Reddy and Dr D. Subbarao.

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1. Shri P. Chidambaram, former Minister of Finance, Government of India
2. L-R: Shri P. Chidambaram, Joseph Stiglitz, Stephany Griffith-Jones
3. L- R: Y. V. Reddy, Duvvuri Subbarao, Bimal Jalan
4. L- R: Deepak Mohanty, Louis Kasekende, Sukhdave Singh, Usha Thorat, Manuel Agosin, Amar Bhattacharya
5. L- R: Jose Antonio Ocampo, Paulo Nogueira Batista, Stephany Griffith-Jones, Yu Yongding, Kevin Gallagher
6. L- R: Adair Lord Turner, Montek Singh Ahluwalia, Joseph Stiglitz, Nemat Shafik
7. Conference participants

RISK MANAGEMENT

Management and mitigation of various types of risk like operational, market and credit risk, incorporating systematic and professional methods, especially those defined by the Basel II, has become an essential requirement for banks today. Looking at the present business environment and sustainability, we had programs for treasury heads responsible for management of funds and investments in their banks, Operational Risk Management and Credit Risk Management, particularly internal ratings based Basel II advanced approaches.

The Basel II Framework, apart from the minimum capital requirement under Pillar 1, has two additional Pillars, that is, Supervisory Review Process and Market Discipline. We conducted a program on the Internal Capital Adequacy Assessment Process (ICAAP) and Supervisory Review and Evaluation Process (SREP), specifically designed for the officers of banks responsible for implementation and validation of the ICAAP document as well as Inspectors in the Banking Supervision departments of RBI who undertake SREP exercise. When RBI released the Discussion Paper on Distressed Assets, we held a seminar involving various stakeholders and forwarded the views gathered therein to the regulator.

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1. Bharan Kumar
2. B. Mahapatra and Usha Thorat
3. L- R: Pawan Agrawal, Susobhan Sinha, Usha Thorat, Prithvi Haldea, N. S. Venkatesh
4. Gangadhar Dharba
5. G. Padmanabhan
6. L-R: C. V. R. Rajendran, Parvathy V. Sundaram, Amit Tandon
7. Manoranjan Mishra
8. G. Jaganmohan Rao

Program on Operational Risk Management
June 27-28, 2013, Mumbai



Program for Credit Risk Officers on Basel II
Advanced Approaches - IRB
July 11-12, 2013, Mumbai



Program on Treasury Management
September 5-6, 2013, Mumbai



Program on ICAAP and SREP
August 13-14, 2013, Mumbai



LEADERSHIP AND STRATEGY

CAFRAL's flagship program CAFRAL Advanced Leadership Program (CALP) was held with the objective of providing a unique opportunity to the whole-time directors of banks in India to expand their strategic thinking and equip them to be effective leaders and lead their banks in an increasingly competitive environment. This time, we had 24 participants from public as well as private sector banks. The program included a two-week stint at Lonavla comprising behavioral, management, strategy and governance inputs apart from inputs on urban inclusion, agricultural strategies, risk management, Board oversight, Information Technology (IT) and Human Resources (HR) related issues. Advanced case studies and role plays were extensively used and helped in internalizing the learning process. The one-week overseas visit was aimed at focused studies in the areas of retail, agriculture banking, small and medium enterprise (SME) financing, mass retail banking models in Thailand and Indonesia. In all, a host of experienced bankers and industry leaders helped in conducting the program in India and overseas.

CAFRAL Advanced Leadership Program

November 17-December 7, 2013

Lonavla & Bangkok/Jakarta



CALP Follow-up Program

April 6-7, 2013, Ali Baug



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1. The CAFRAL team with Raghuram G. Rajan, Governor, RBI and Usha Thorat

2. CALP 2013 participants with the Governor

3. Raghuram G. Rajan, Governor, RBI and Usha Thorat

4, 5, 6, 7, 8, 9 Eminent speakers at CALP 2013

10. CALP 2012 participants with Usha Thorat

Speaker Sound Bytes

"The fact that it brought a new set of issues and perspective on central banking on the management of monetary policy and potential regulation and the management of cross-border capital flows."

Nobel Laureate Joseph Stiglitz
on the CAFRAL-IPD Conference
on "Capital Account Management
and Macro-Prudential Regulation for
Financial Stability and Growth"

GOVERNANCE

We held four conferences under this segment. The conference on decision making and accountability was held to enable a better understanding of the perspectives of the Boards, bank management, CBI and CVC which are required to examine the quality of decision making. Another conference was held for non-executive members on Boards of commercial banks to equip and enable them to perform their role more effectively and enhance governance standards. It also gave the directors the opportunity to share their experiences and interact with experts in the field. The conference of heads of compliance of commercial banks discussed regulatory compliance in letter and spirit from the prudential, consumer protection and financial integrity perspective. The conference of chief customer service officers focused on issues relating to fair treatment of bank customers.

Conference of Non-Executive Directors on the Boards of Commercial Banks

May 13-14, 2013, Mumbai



Conference of Chief Customer Service Officers

May 24, 2013, Mumbai



Conference of Heads of Compliance

April 15-16, 2013, Mumbai



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1. K. C. Chakrabarty addressing the conference participants
2. L-R: S. S. Mundra, G. Gopalakrishna, Shyamala Gopinath
3. L- R: Narayan Raja, K. Ramakrishnan, Deepali Pant Joshi, Rajiv Sabharwal, S. S. Bhandare
4. Ravi Duvvuru
5. Shikha Sharma
6. J. M. Garg
7. Ranjana Kumar

Conference on Decision Making and Accountability

June 3-4, 2013, Mumbai



BUSINESS STRATEGY

CAFRAL conducted four programs to enable banks to utilize strategies for acquiring and retaining assets from new as well as existing customers by organizing a roundtable on channelizing private sector investment flow into urban infrastructure projects in India, as this area needs infusion of funds. To enable financial inclusion by providing viable opportunities to the banks and to share, discuss and ideate on the opportunities and challenges of having a sustainable banking proposition for the mass retail market customer, we brought together international participants from countries such as Bangladesh, Kenya, Indonesia, Philippines, Sri Lanka, South Africa and Vietnam for the Roundtable on Mass Retail Banking. When RBI came out with the recommendations of Nachiket Mor Committee on “Comprehensive Financial Services for Small Businesses and Low Income Households” and the discussion paper on “Banking Structures in India”, we got together various stakeholders to deliberate on the need for and implications of the various aspects of these important issues.

Mass Retail Banking Roundtable

October 3-4, 2013, Udaipur



Conference on Banking Structure for India

March 20, 2014, Mumbai



Speaker Sound Bytes

“I think that this session or rather this entire Roundtable that we had, it had a lot of value mainly because we started with the Regulator telling us what are our Regulatory concerns and what are the Regulatory trends, so that we can make an assessment as to how we need to do this every day in mass banking business.”

Arundhati Bhattacharya

Managing Director and Chief Financial Officer, State Bank of India, during Mass Retail Banking Roundtable

Roundtable on Nachiket Mor Committee Report

February 4, 2014, CAFRAL office



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1. Conference participants with K. C. Chakrabarty and S S Mundra and Usha Thorat

2. L- R: M. Balachandran, Usha Thorat, Shyamala Gopinath, M. V. Nair, Rohit Wahi, Vijayalakshmi Das, K. Mahesh

3. L-R: Shyam Srinivasan, Anand Sinha, Uday Kotak

4. P. Vijay Bhaskar

5. L-R: Paresh Sukthankar, T. T. Srinivasraghavan, P. Vijay Bhaskar, Rajiv Lall

FINANCIAL MARKETS

A program on financial markets was organized to provide an overview of the financial markets, with an emphasis on strategic issues that impact and shape policy making, to 20 officers of the IES.

Financial Markets Program for IES Officers

September 16-21, 2013, Mumbai



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1. Program participants with
Subir Gokarn and Usha Thorat
2. Program participants at
BSE Towers

Speaker Sound Bytes

"The cross-border discussions between the regulators and the players; the commercial players was very insightful."

Dr. James Mwangi

CEO and Managing Director,
Equity Bank Group, Kenya during
Mass Retail Banking Roundtable

RESEARCH

2013-2014 was a year in which CAFRAL set foundations for significant growth in its research mandate. Building an iconic research institution requires institutional processes to house quality data, analytic capabilities, and an environment that would attract top scholars and let their research thrive. Areas of excellence were identified in discussion with RBI and local financial market participants with the view of building long-term research capacity in these areas. CAFRAL's focus areas include corporate debt markets, debt restructuring, credit risk, financial stability, international monetary transmission, macroeconomics of inclusion, and growth and financial constraints faced by SMEs. As in previous years, CAFRAL will engage in outreach by hosting seminars and conferences. Highlights of key events and research publications in 2013-2014 are briefly overviewed in the following pages.

Research Events and Publications

Research Advisory Council Meeting

July 31, 2013, RBI Headquarters, Mumbai



RAC members

CAFRAL had its second annual Research Advisory Committee (RAC) meeting to consider the growth strategy for research. The committee recognized the need for CAFRAL to have access to data with appropriate confidentiality conditions to fulfill the research agenda and to play its role adequately. Correspondingly, it highlighted the necessity of a larger understanding between CAFRAL and RBI to make available historical data and requested the Governing Council to take a view on the same. On the HR front, discussions were held on the nature of the internal research team and the need for competitive compensation to attract international researchers.

CAFRAL Conference on Contemporary Issues in Banking and Finance

August 1, 2013, Mumbai

CAFRAL held a conference on Contemporary Issues in Banking and



Gangadhar Darbha, T. Sabri Oncu and Usha Thorat

Speaker Sound Bytes

"...Somewhere we need to establish a procedure which can stand the test of scrutinyCredibility is built up over years. If that credibility is destroyed it will take that many years to regain.... it is very easy to stand up or take the call if you know that you don't have any skeleton in your cupboard...."

Vinod Rai
former CAG of India,
during CALP 2013

Speaker Sound Bytes

"The range of issues covered in the agenda, the high quality of presentations and following discussions, I found this to be a remarkably rewarding experience."

D. Subbarao

Former Governor, RBI
on the CAFRAL-IPD Conference
on "Capital Account Management
and Macro-Prudential Regulation for
Financial Stability and Growth"

Finance. The following papers were presented at the conference:

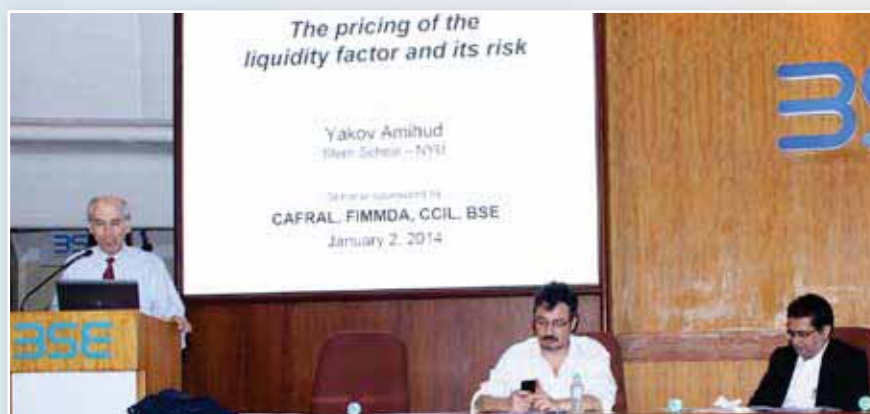
1. "Bankruptcy Code, Optimal Liability Structure and Secured Short-Term Debt" by Jun Kyung Auh and Suresh Sundaresan, Columbia University. Presented by Dr Suresh Sundaresan and discussed by Dr Madhu Kalimipalli.
2. "Increased Access to Financing and Firm Productivity" by Karthik Krishnan (Bentley College), Debarshi Nandy (Boston College), and Manju Puri (Duke University). Presented by Karthik Krishnan and discussed by Dr Ajit Ranade.
3. "CDS Auctions and Informative Biases in CDS Recovery Rate" by Sudip Gupta and Rangarajan Sundaram, Stern School of Business, New York. Presented by Rangarajan K. Sundaram and discussed by Dr Jugnu Ansari.
4. "The Growth of Shadow Banking System in Emerging Markets: Evidence from India" by Viral V. Acharya, New York University, Hemal Khandwala and T. Sabri Oncu, CAFRAL. Presented by Dr T. Sabri Oncu and discussed by Dr Gangadhar Darbha.

Other Seminars and Workshops

1. "Pricing of International 144A Debt: Evidence from the U.S. Secondary Bond Market" by Madhu Kalimipalli, Wilfrid Laurier University, December 13, 2013.
2. "Why and when to go public: Evidence from structural estimation," by Sudip Gupta, NYU, December 20, 2013.
3. "Liquidity factors and risk," Yakov Amihud, NYU, January 2, 2014
4. "Pricing Liquidity," Yakov Amihud, NYU, December 31, 2013, January 1, 2014 and January 3, 2014.



Madhu Kalimipalli



Yakov Amihud, T. Sabri Oncu and Ashish Kumar Chauhan



Left: Participants at the Symposium on Liquidity Factors and Risk; above: Marti Subramanyam and Usha Thorat at the Seminar on Liquidity Effects in U.S. Bond Market

5. "Liquidity effects in the U.S. bond market," Marti Subramanyam, NYU, January 17, 2014.

Research Articles

1. Ansari, J., Dhal, S., Kumar, P. 2013. Financial Stability, Economic Growth, Inflation and Monetary Policy Linkages in India: An Empirical Reflection. *RBI Occasional Papers*. 32 (3).
2. Ansari, J. 2013. A New Measure of Competition in Indian Loan Markets. *International Journal of Finance and Banking Studies*. 2 (4).
3. Ansari, J. 2013. A Theoretical and Empirical Analysis of Interest Rate Pass-Through with Regulatory Requirements in India. *Journal of Social Sciences*. 6 (2).
4. Oncu, S. T., Ananth, S. 2013. A Critical Look at the Expansion of Banking Services through the Business Correspondent Model: Observations from Andhra Pradesh. *Economic and Political Weekly*. September 17, 2013.
5. Acharya, V. V., Oncu, S. T., Khandwala, H. 2013. The Growth of a Shadow Banking System in Emerging Markets: Evidence from India. *Journal of International Money and Finance*, 39.
6. Ansari, J., Goyal, A. 2014. Banks Competition, Managerial Efficiency and the Interest Rate Pass-through in India. *Economic Bulletin*. 34 (3).

Other Articles

1. Oncu, S. T. December 21, 2013. Are Indian NBFCs Shadow Banks? Do They Pose Systemic Risks? H T Parekh Finance Column. *Economic and Political Weekly*. XLVIII (51).

Speaker Sound Bytes

"The last session which I chaired, all the panel members were very good and they spoke about their perspective and the participants were also very active."

B. Mahapatra

Executive Director, RBI
during the Conference on Banking
Structure for India

ADMINISTRATION AND HR

The past year saw many new faces joining CAFRAL, both in research and learning, as well as some leaving CAFRAL for other opportunities. Jugnu Ansari, deputed from RBI to CAFRAL, was conferred with a PhD degree during the year. As on March 2014, CAFRAL had 19 staff on contract and 6 from RBI as compared to 12 and 9, respectively, in the previous year. Smt Usha Thorat, demitted office as Director, CAFRAL and the undersigned has taken over from her with effect from April 21, 2014. Dr N. R. Prabhala joined CAFRAL as Chief Mentor and Head of Research with effect from April 2, 2014, to steer CAFRAL in its growth strategy and expand its research footprint. We have hired a Web Content Manager and a Technical Support Officer. In research, we hired two additional research associates besides hiring 26 research interns in two batches in the summer of 2013 for data digitization of the CDR project.

The revamped website of CAFRAL has been receiving good response since its launch in January 2014 with new features like blogs, e-learning, online nomination for various programs, etc. As an HR initiative, we went for an outing to Adlabs Imagica on January 26, 2014 with our staff.

The names of staff attached to CAFRAL are given in Annex 2.



ACKNOWLEDGEMENTS

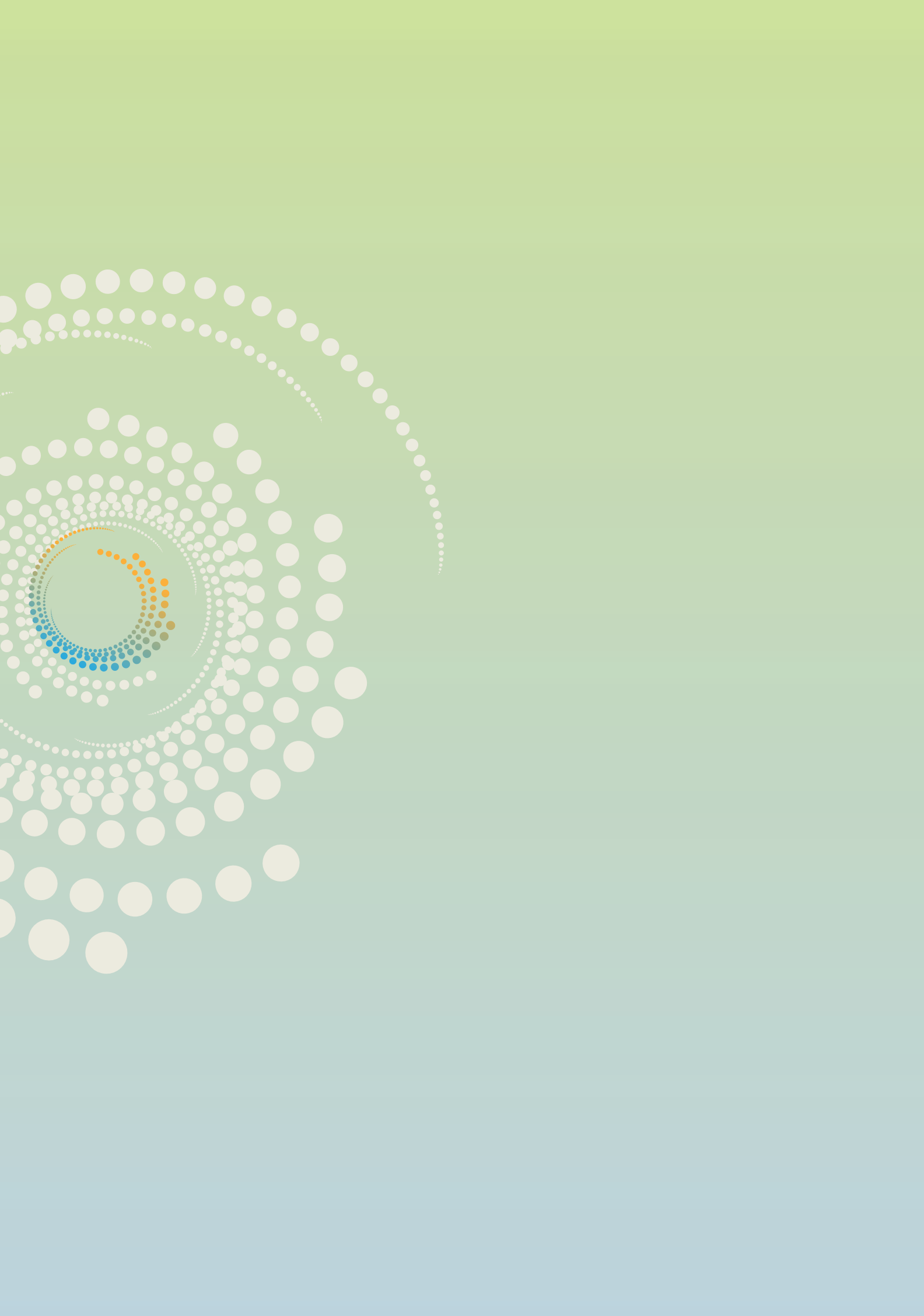
We would like to acknowledge the valuable guidance given to us by our Governing Council and Research Advisory Council members. We are also thankful to the management and officials of the Reserve Bank of India, various financial services institutions, consulting organizations, academics and professionals from various fields for their support to our activities. Without their unstinted support and encouragement, we could not have been able to reach this far in our journey to achieve our objectives.

We also acknowledge the contribution of M/s Sarda Pareek & Company, our internal auditors, M/s Mukund M. Chitale & Company, our statutory auditors, Ms. Ananda Swaroop who conceptualized our Annual Report and other service providers.

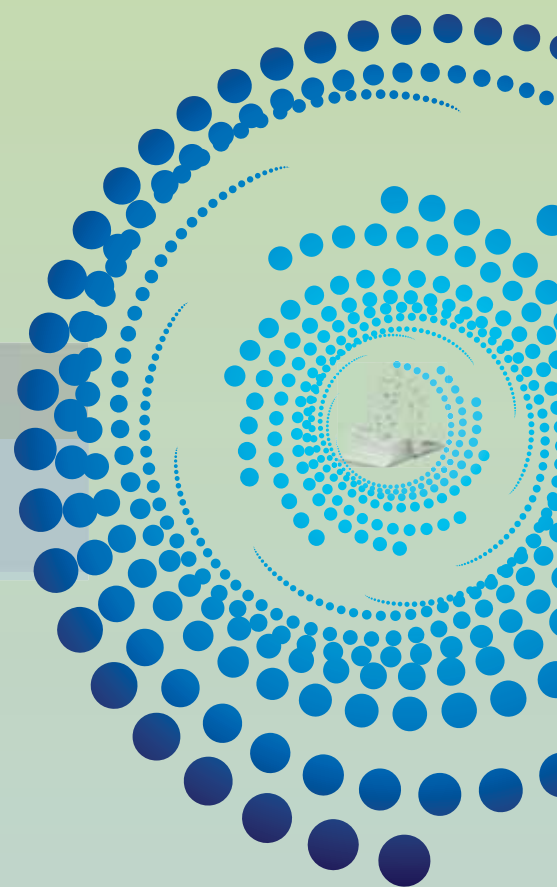


G. Gopalakrishna
Director, CAFRAL





Balance Sheet
2013-14



Independent Auditor's Report

To

The Trustees of Centre for Advanced Financial Research and Learning

Report on the Financial Statements

We have audited the accompanying financial statements of the **Centre for Advanced Financial Research and Learning (The Trust)**, which comprise the Balance Sheet as at 31st March 2014, the statement of Income and Expenditure of the Trust for the year ended on that date, and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

The Trust's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Trust in accordance with Section 32 of the Bombay Public Trust Act 1950. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Trust's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the financial statements give the information required by the Act in the manner so required:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of account as required by law have been kept so far as appears from our examination of those books;
3. The Balance Sheet and Statement of Income and Expenditure dealt with by this report are in agreement with the books of account;
4. The financial statements 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 Trust as at 31st March, 2014; and

(b) in the case of the Statement of Income and Expenditure, of the income and expenditure of the Trust for the year ended on that date.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Reg No. 106655W

(K. H. Kanade)
Partner

M. No.: 106952

Place : Mumbai

Date : 13/06/2014



The Bombay Public Trusts Act, 1950

SCHEDULE - VIII [(Vide Rule 17 (1))]

Name of the Public Trust: CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING

Balance Sheet as at: 31st March, 2014

FUNDS & LIABILITIES	As at 31st March 2014	As at 31st March 2013	
	P.	P.	
Trusts Funds or Corpus:			
Balance as per last Balance Sheet	50,00,000.00	50,00,000.00	
Other Earmarked Funds:	-	-	
(Created under the provisions of the Trust Deed or Scheme or out of the Income)			
Loans (Secured/Unsecured):	-	-	
Liabilities:-			
As per Schedule "A"	36,54,607.75	1,02,49,121.03	
Income And Expenditure Account:			
Balance as per last Balance Sheet	-	-	
Add : Surplus/(Deficit) as per Income and Expenditure A/c	-	-	
TOTAL	86,54,607.75	1,52,49,121.03	

Notes to Accounts - Schedule 'F'
As per our report of even date
For MUKUND M. CHITALE & CO.
CHARTERED ACCOUNTANTS
FIRM REG NO.106655W

(K.H.KANADE) PARTNER
M. NO. : 106952

Place: Mumbai
Date: 13/06/2014

Registration No. F - 33749 (Mum)

	PROPERTY & ASSETS	As at 31st March 2014	As at 31st March 2013
		P.	P.
	Immovable Properties: (At Cost)	-	-
	Balance as per last Balance Sheet		
	Add: Additions during the year		
	Less: Sales during the year		
	Less: Depreciation up to date		
	Investments:		
	Fixed Deposit with Bank	-	50,00,000.00
	Movable Properties (Schedule B):		
	Balance as per last Balance Sheet - Cost	76,35,175.42	48,24,227.62
	Add: Additions during the year	16,47,160.60	29,25,137.80
	Less: Deduction/Sales during the year	-	1,14,190.00
	Less: Depreciation up to date	70,94,178.21	40,79,790.23
		21,88,157.81	35,55,385.19
	Unsecured and Good		
	Sundry Debtors	-	16,854.00
	Advances:	62,75,597.69	36,35,613.55
	Income Outstanding:		
	- Interest Accrued on Fixed Deposit	-	21,262.31
	Cash And Bank Balances :		
	(a) Cash Balance	-	-
	(b) Bank Balance		
	Bank of India	1,90,852.25	30,20,005.98
	Saving Accounts		
	TOTAL	86,54,607.75	1,52,49,121.03

The above Balance Sheet to the best of our belief contains a true account of the Funds and Liabilities and of the Property and Assets of the Trust.

CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING

TRUSTEE

TRUSTEE

TRUSTEE

Place: Mumbai

Date: 13/06/2014

The Bombay Public Trusts Act, 1950

SCHEDULE - IX (Vide Rule 17 (1))

Name of the Public Trust: CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING

Income and Expenditure Account for the year ended 31st March 2014

Expenditure	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013	Income	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013
	P.	P.		P.	P.
To Expenditure in respect of Properties	-	-	By Contribution From RBI	7,25,52,445.10	3,82,38,723.38
To Establishment Expenses As per Schedule "D"	11,84,957.82	28,82,387.17	By Bank Interest	8,46,403.23	4,02,163.31
			By Dividend	-	-
To Audit Fees	1,00,000.00	70,000.00	By Donations in Cash or Kind	-	-
			By Grants:	-	-
To Contribution and Fees	-	-	By Income from Other Sources	-	-
To Amount written off	-	-			
(a) Bad Debts					
(b) Loan Scholarship					
(c) Irrecoverable Rents					
(d) Other Items					
To Depreciation	30,14,387.98	25,09,934.69	By Transfer from Reserve	-	-
As per Schedule "B"					
To Expenditure on the object of the trust					
- Educational	6,90,99,502.53	3,31,78,564.83			
As per Schedule 'E'					
To Surplus carried over to Balance Sheet	-	-			
Total	7,33,98,848.33	3,86,40,886.69	Total	7,33,98,848.33	3,86,40,886.69

Notes to Accounts - Schedule 'F'

As per our report of even date

For MUKUND M. CHITALE & CO.
CHARTERED ACCOUNTANTS
FIRM REG NO.106655W

CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING

(K.H.KANADE) PARTNER
M. NO. : 106952

TRUSTEE

TRUSTEE

TRUSTEE

Place: Mumbai
Date: 13/06/2013

Place: Mumbai
Date: 13/06/2013

CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING

Schedule A: Liabilities

Particulars	As at 31st March 2014	As at 31st March 2013
	P.	P.
Expenses Payable	13,23,593.00	5,07,771.18
Advances received from Reserve Bank of India	15,95,239.75	86,47,684.85
Advance received for Programmes	-	1,80,000.00
Service Tax payable	-	1,25,667.00
Tax Deducted at Source	7,35,775.00	7,74,798.00
Profession Tax Payable	-	13,200.00
Total	36,54,607.75	1,02,49,121.03

Schedule B: Movable Properties

Name of the Asset	Rate of Depreciation	COST				
		As on 1st April 2013	Additions	Deletions	As on 31st March 2014	
		P.	P.	P.	P.	
Tangible						
Computer Hardware Including Printers	33.33%	20,13,002.72	5,98,077.00		26,11,079.72	
Other Electrical Equipment	33.33%	4,52,625.50	2,26,400.00		6,79,025.50	
Furniture	20.00%	2,61,585.00	3,37,707.00		5,99,292.00	
Intangible						
Computer Software	33.33%	49,07,962.20	4,84,976.60		53,92,938.80	
Total		76,35,175.42	16,47,160.60	-	92,82,336.02	
Previous Year		48,24,227.62	29,25,137.80	1,14,190.00	76,35,175.42	

Schedule C: Advances

Particulars	As at 31st March 2014	As at 31st March 2013
	P.	P.
Advance to Employees	-	17,066.00
Advance against Research Project	15,75,360.00	11,98,680.00
Service Tax Input Credit	5,80,751.19	3,64,655.05
Advance to Creditors	-	1,74,750.00
Other Receivables	6,618.00	5,618.00
TDS for AY 2013-14	15,56,842.50	15,56,842.50
TDS for AY 2014-15	20,48,956.00	-
Prepaid Expenses	5,07,070.00	3,18,002.00
Total	62,75,597.69	36,35,613.55

	DEPRECIATION				W.D.V.	
	Up to 1st April 2013	During the Year	Deletions	As on 31st March 2014	As on 31st March 2014	As on 31st March 2013
	P.	P.	P.	P.	P.	P.
	9,23,357.14	8,70,348.61	-	17,93,705.75	8,17,373.97	10,89,645.58
	2,57,013.63	2,26,351.05		4,83,364.68	1,95,660.82	1,95,611.87
	52,317.00	1,19,858.40		1,72,175.40	4,27,116.60	2,09,268.00
	28,47,102.46	17,97,829.92		46,44,932.38	7,48,006.42	20,60,859.74
	40,79,790.23	30,14,387.98	-	70,94,178.21	21,88,157.81	35,55,385.19
	16,07,915.07	25,09,934.69	38,059.53	40,79,790.23	35,55,385.19	-

Schedule D: Establishment Expenses

Particulars	For the Year Ended 31st March 2014	For the Period Ended 31st March 2013
	P.	P.
Administrative Expenses	9,10,623.82	24,49,124.77
Sitting Fees Paid to Council Members	1,48,891.00	1,00,000.00
Facilities Management Expenses	1,25,443.00	3,33,262.40
Total	11,84,957.82	28,82,387.17

Schedule E: Expenditure on Object of the Trust - Educational

Particulars	For the Year Ended 31st March 2014			
	Learning	Research	Total	
	P.	P.	P.	
Administration Expenses	15,20,201.00	16,28,874.53	31,49,075.53	
Computer/fax/Printer Consumables	1,22,128.00	1,22,128.00	2,44,256.00	
Event Related Expenses	76,27,027.00	1,90,362.00	78,17,389.00	
Honorarium - Guest Faculty	15,34,563.00	-	15,34,563.00	
Online Data Service	-	28,03,998.00	28,03,998.00	
Paper/ Conference registration fees	-	78,948.00	78,948.00	
Photography/videography	22,35,147.00	31,964.00	22,67,111.00	
Printing & Stationery	10,17,274.00	86,197.00	11,03,471.00	
Professional Fees	3,84,475.00	10,22,500.00	14,06,975.00	
Research Projects	-	15,45,000.00	15,45,000.00	
Salaries & Staff Expenses *	2,35,73,468.50	2,45,45,159.50	4,81,18,628.00	
Stay Expenses- Guest Faculty and Participants	88,42,048.00	1,11,586.00	89,53,634.00	
Training Fees to Employees	2,05,535.00	50,500.00	2,56,035.00	
Travel Expenses- Guest Faculty and Participants	31,79,295.00	6,09,091.00	37,88,386.00	
Travelling & Halting Expenses - Staff	21,69,257.00	33,45,486.00	55,14,743.00	
Website Maintenance and subscription	6,98,645.00	6,98,645.00	13,97,290.00	
	5,31,09,063.50	3,68,70,439.03	8,99,79,502.53	
Less: Training Programme Fees Recovered	2,08,80,000.00	-	2,08,80,000.00	
Total	3,22,29,063.50	3,68,70,439.03	6,90,99,502.53	

* Salaries includes remuneration to Director of Rs 33,63,735/-
(P.Y. Rs 36,12,865/-) who is also one of the trustees of the trust.

For the Year Ended 31st March 2013		
Learning	Research	Total
P.	P.	P.
36,827.00	66,113.00	1,02,940.00
31,740.00	-	31,740.00
67,32,445.80	-	67,32,445.80
36,85,863.00	-	36,85,863.00
-	-	-
-	-	-
20,38,095.00	-	20,38,095.00
8,64,945.00	300.00	8,65,245.00
-	7,50,000.00	7,50,000.00
-	4,46,416.00	4,46,416.00
85,31,494.00	85,31,495.00	1,70,62,989.00
80,37,045.65	-	80,37,045.65
-	-	-
44,40,813.00	-	44,40,813.00
25,24,800.88	13,27,982.50	38,52,783.38
3,03,382.50	3,03,382.50	6,06,765.00
		-
3,72,27,451.83	1,14,25,689.00	4,86,53,140.83
1,54,74,576.00	-	1,54,74,576.00
2,17,52,875.83	1,14,25,689.00	3,31,78,564.83

Schedule F

Centre for Advanced Financial Research and Learning

Notes on Accounts annexed to and forming part of the Balance Sheet as at 31st March 2014 and Income and Expenditure Account for the year ended 31st March 2014.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of preparation of financial statement:

The financial statements have been prepared as a going concern under the historical cost convention in accordance with generally accepted accounting principle.

1.2. Recognition of Income/Expenditure:

Income and Expenditure are accounted on accrual basis. The contribution received from Reserve Bank of India has been recognized as income.

Training program fees are recognized as income on completion of the program and these are shown as recovery towards cost of conducting programs. Expenses on outsourced research projects are recognized on completion of the project and submission of final report.

1.3. Fixed Asset and Depreciation:

Fixed Assets are stated at cost less depreciation. All costs relating to acquisition and installation of Fixed Assets are capitalized. Assets costing less than Rs 10,000/- are not capitalized.

Depreciation on assets is charged on the Straight Line Method for the full year as follows:

Name of the Assets	Rate of Depreciation (%)
Computer Hardware Including Printers	33.33
Other Electrical Equipments	33.33
Furniture	20.00
Computer Software	33.33

2. The activities of the Trust have been funded by Reserve Bank of India. The deficit arising from the activities of the trust is met by contribution from Reserve Bank of India.
3. During the year the cost of staff deputed by Reserve Bank of India amounting to Rs. 1,39,07,805/- (Previous Year – Rs Nil) has been reimbursed to Reserve Bank of India and shown as salaries and staff expenses in Schedule 'E'
4. Previous year figures have been regrouped wherever necessary.

Signature to Notes A to F

For Centre for Advanced Financial Research and Learning

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Reg No. 106655W

(Trustee)

(Trustee)

(Trustee)

(K.H. Kanade)
Partner
M No.: 106952

Place: Mumbai
Date:13/06/2014

Annex 1

Programs 2013-14

CALP Follow up Program

Date: April 6-7, 2013

Venue: Fountainhead Leadership Centre, Ali Baug

Participants: 19

Objective: To reinforce the learnings from the main program conducted in November-December 2012

SPEAKERS

- Malini Bansal, Chief General Manager, CDR Cell
- Pawan Agrawal, Senior Director, CRISIL
- Prasad Kaipa, Executive Director, Centre for Leadership, Innovation and Change

Conference of Heads of Compliance

Date: April 15-16, 2013

Venue: Taj Mahal Palace, Gateway Room

Participants: 35

Objective: To have a dialogue with the Heads of Compliance of commercial banks on the key aspects of their role in ensuring regulatory compliance in letter and spirit from prudential, consumer protection and financial integrity perspective.

SPEAKERS

- K N Vaidyanathan, Chief Risk Officer Mahindra & Mahindra
- Parvathy V. Sundaram, Chief General Manager, RBI, DBS
- R N Kar, Chief General Manager, RBI, FED
- Rajesh Verma, Chief General Manager, DBOD, RBI
- Ravi Duvvuru, Head, Compliance, Standard Chartered Bank
- Sandeep Batra, Group Compliance Officer, ICICI Bank
- Sanjay Chougule, Head, Internal Audit, ICICI Bank
- Shikha Sharma, Chief Executive Officer, Axis Bank
- Vinay Baijal, Former Chief General Manager, RBI

Conference of Non-Executive Directors on the Boards of Commercial Banks

Date: May 13-14, 2013

Venue: Garden View Room, Taj Lands End, Bandra (W)

Participants: 26

Objective: To equip non-executive members on Boards of commercial banks to enable them to perform their role more effectively and enhance governance standards; also to give the directors the opportunity to share their experiences and interact with experts in the field.

- K C Chakrabarty, Deputy Governor, RBI
- Shyamala Gopinath, Chairperson (CCIL Ltd) and Former Deputy Governor
- G Gopalakrishna, Executive Director, RBI
- A V Sardesai, Former Executive Director, RBI
- Ashwin Parekh, Partner, Earnst & Young Pvt. Ltd.
- M D Mallya, Former Chairman and Managing Director (Bank of Baroda)
- Ranjana Kumar, Former Vigilance Commissioner
- S S Mundra, Chairman & Managing Director, Bank of Baroda
- Sanjay Sharma, Chief Executive Officer, IDBI Intech Ltd.

Conference of Chief Customer Service Officers

Date: May 24, 2013

Venue: Taj Mahal Palace, Gateway Room

Participants: 31

Objective: To bring into focus, the issues relating to fair treatment of bank customers and to give the participants an opportunity to share their experiences and interact with the various stakeholders.

SPEAKERS/PANELISTS

- Deepali Pant Joshi, Executive Director, RBI
- A C Mahajan, Chairman, BCSBI
- K Ramakrishnan, Chief Executive, IBA
- Monika Halan, Editor, *Mint Money*
- M Rajeshwara Rao, CGM, RMD
- Narayan Raja, Chief Executive Officer, BCSBI
- Rajiv Sabharwal, Executive Director, ICICI Bank
- Rama Bijapurkar
- Rosemary Sebastian, Banking Ombudsman, Mumbai
- S S Mundra, Chairman & Managing Director, Bank of Baroda
- S S Bhandare, President, All India Bank Depositors Association



Conference on Decision Making and Accountability

Date: June 3-4, 2013

Venue: Hotel Taj Mahal Palace, Apollo Bunder, Mumbai

Participants: 23

Objective: To enable a better understanding of the perspectives of the Boards, bank management, CBI and CVC which are required to examine the quality of decision making, and to enable exchange of experience amongst decision makers.

SPEAKERS

- Shyamala Gopinath, Former Deputy Governor, RBI & Chairperson, ABBCFF
- Arpinder Singh, Ernst & Young
- D G Patwardhan, Chief Executive Officer, FEDAI, Former CVO, SBI
- J M Garg, Vigilance Commissioner
- M S Raghavan, Executive Director, Bank of India
- Rajiv Sharma, Jt. Director, Banking Security and Fraud Zone, CBI Delhi
- Ranjana Kumar, Former Chairman & Managing Director, Indian Bank, CMD, NABARD and Vigilance Commissioner
- S K Jain, Executive Director, Union Bank of India
- T N Manoharan, Founder Partner, Manohar Chowdhry & Associates

Program on Operational Risk Management

Date: June 27- 28, 2013

Venue: Hotel Trident, Nariman Point, Mumbai

Participants: 32

Objectives: To hold a thorough discussion on operational risk management looking to the business environment and sustainability; specifically designed and targeted at the Chief Risk Officers of banks and their senior level team, who are responsible for management of Operational Risk in the banks.

SPEAKERS

- Anupam Sonal, General Manager, RBI
- Ashvin Parekh, Partner, Ernst & Young
- B Banerji, General Manager, RBI
- Bharan Kumar, Deputy General Manager, ICICI
- Sandipan Ray, Assistant General Manager, ICICI
- Srinivasan Iyengar, Group Head Operational Risk, Functions, Standard Chartered Bank
- Srinath M, Head Operational Risk Management, Axis Bank
- V Murali, Deputy Managing Director, SBI

Program for Credit Risk Officers on Basel II Advanced approaches - Internal Ratings Based Approach (IRB)

Date: July 11-12, 2013

Venue: Malabar, Taj Lands End, Bandra (W)

Participants: 24

Objective: To hold a thorough discussion on the issues related to credit risk management particularly internal rating based advanced approaches and implementation thereof; specifically designed and targeted at the senior officers of banks who are responsible for Credit Risk Management and also those who are responsible for/engaged in implementation of advanced approaches.

SPEAKERS

- B Mahapatra, Executive Director, RBI
- Benjamin Frank, Executive Vice President, HDFC Bank
- Anirban Basu, Assistant General Manager, RBI
- Arindam Bandyopadhyay, Associate Professor (Finance), NIBM
- Goutam Sanyal, Jt. General Manager, Risk Management, ICICI Bank
- G Srinivas, Sr. General Manager, Risk Management, ICICI Bank
- Sugata Nag, VP, Credit Risk, Axis Bank

Conference on Financing Strategies for Urban Infrastructure

Date: July 18-19, 2013

Venue: Hotel Trident, BKC, Mumbai

Participants: 50

Objective: To bring together bankers, financial intermediation companies, concessionaire companies and policy makers to focus on how private sector investment can flow into urban infrastructure projects in India.

SPEAKERS/PANELISTS

- H R Khan, Deputy Governor, RBI
- Amit Mittal, Chairman, A2Z Infrastructure Private Limited
- Amrit Pandurangi, Senior Director, Deloitte Touche Tohmatsu India Private Limited
- Anouj Mehta, Director, eSIIG Partnership
- Arundhati Bhattacharya, Managing Director and Chief Executive Officer, SBI Capital Markets Limited
- Arvind Shrivastava, Secretary, Budget and Resources, Government of Karnataka
- Atul Joshi, Managing Director and Chief Executive Officer, India Ratings and Research
- B K Batra, Deputy Managing Director, IDBI Bank
- G S Sandhu, Principal Secretary, Urban Development, Government of Rajasthan
- Hari Sankaran, Vice Chairman and Managing Director, Infrastructure Leasing and Financial Services Limited
- J Ravikumar, Chief Financial Officer, L&T Metro Rail (Hyderabad) Limited
- Kamran Khan, Program Director, World Bank-Singapore Urban Hub
- K Phanindra Reddy, Secretary, Municipal Administration and Water Supply, Government of Tamil Nadu
- Malini Shankar, Principal Secretary, Water Resource Management, Government of Maharashtra
- Mohit Batra, Executive Director, ICICI Ventures
- M Ramachandran, Former Secretary, Urban Development Ministry, Government of India
- N Sivasailam, IAS, Managing Director, Bangalore Metro Rail Corporation
- Rajiv B Lall, Executive Chairman, IDFC Limited
- S Ramanujam, Director, Samatva Infrastructure Advisors
- Sundar Burra, Advisor, Society for Promotion of Area Resource Centers (SPARC)

Contemporary Issues in Banking and Finance II

Date: August 1, 2013

Venue: Taj Lands End, Mumbai

Participants: 120

Objective: Contemporary Issues in Banking and Finance, CAFRAL's Annual Conference, was designed to facilitate discussion on a wide range of topics, covering the diverse nature of academic enquiry. The second annual conference initiated the discussion on a broad spectrum of contemporary issues in banking and financial markets

SPEAKERS/DISCUSSANTS

- Ajit Ranade, Senior President & Chief Economist, Aditya Birla Group, India
- Gangadhar Darbha, Executive Director, Nomura Securities, India
- Jugnu Ansari, Assistant Advisor, CAFRAL Research
- Karthik Krishnan, Assistant Professor of Finance, Northeastern University
- Madhu Kalimipalli, Assistant Professor, Wilfrid Laurier University
- Rangarajan K Sundaram, Professor of Finance at New York University's Stern School of Business
- Suresh Sundaresan, Chase Manhattan Bank Professor of Economics and Finance, Columbia Business School
- T Sabri Öncü, Head of Research, CAFRAL

Program on ICAAP and SREP

Date: August 13-14, 2013

Venue: Salon Valliere-Dubarry, Hotel Sofitel, BKC, Bandra (E)

Participants: 47

Objective: To hold a thorough discussion on the issues related to Internal Capital Adequacy Assessment Process (ICAAP) and Supervisory Review and Evaluation Process (SREP); specifically designed and targeted at the senior officers of banks who are responsible for implementation and validation of the ICAAP document as well as Inspectors in the Banking Supervision departments of RBI who could undertake SREP.

SPEAKERS

- Amit Tandon, Managing Director, IIAS
- C V R Rajendran, Executive Director, Bank of Maharashtra
- D Gupta, Former Managing Director & Chief Financial Officer, SBI
- G Jaganmohan Rao, Principal Chief General Manager, DBS, RBI
- Justin Koon Soon Teo, Asstt. Director, Monetary Authority of Singapore
- Manoranjan Mishra, General Manager, DBS, RBI
- Parvathy V Sundaram, Chief General Manager, RBI, DBS
- Ravi Kumar, General Manager, Member of Faculty, RBSC, Chennai
- Ripujit Chaudhuri, General Manager, ICICI Bank

Program on Treasury Management

Date: September 5-6, 2013

Venue: Hotel Taj Mahal Palace, Colaba

Participants: 28

Objective: To hold a thorough discussion on the various issues in Treasury Management; specifically designed and targeted at the Heads of Treasuries of banks and their senior level team who are responsible for management of funds and investments in their banks.

SPEAKERS

- G Padmanabhan, Executive Director, RBI
- Ajay Marwah, Head of Trading, Treasury, HDFC Bank
- Gangadhar Darbha, Executive Director, Nomura Securities
- G Mahalingam, Chief General Manager-in-Charge, FMD, RBI
- N S Kannan, Executive Director & Chief Financial Officer, ICICI Bank
- N S Venkatesh, Chief General Manager & Head Treasury, IDBI Bank
- Pawan Agarwal, Sr. Director, CRISIL
- Prithvi Haldea, Chairman & Managing Director, Prime Data Base
- Shyam Sunder, Advisor, Kotak Mahindra Bank
- Susobhan Sinha, General Manager, RBI

Financial Markets Program for IES Officers

Date: September 16-21, 2013

Venue: BSE Towers, Dalal Street and SEBI, Mumbai

Participants: 20

Objective: To provide senior officials from the Indian Economic Service an overview of the financial markets, with an emphasis on the strategic issues that impact and shape policy making.

SPEAKERS/PANELISTS

- Subir Gokarn, Former Deputy Governor, RBI
- Ananth Narayan, Co-Head, Wholesale Banking, South Asia, Standard Chartered Bank plc.
- Ashish Kumar Chauhan, Managing Director & Chief Executive Officer, BSE
- Ajay K Chaudhary, General Manager, RBI
- Ajit Ranade, Senior President and Chief Economist, Aditya Birla Group
- Ajay Marwaha, Head, Treasury, HDFC Bank
- Chandan Sinha, Principal Chief General Manager, RBI
- Chitra Ramkrishna, Managing Director & Chief Executive Officer, NSE
- Deepak Mohanty, Executive Director, RBI
- Dimple Bhandia, General Manager, RBI
- Gangadhar Darbha, Head of Algorithmic Trading Strategies, Nomura Structured Finance
- G Padmanabhan, Executive Director, RBI

- G Anantharaman, Former Member, SEBI
- G S Hegde, Principal Legal Adviser, RBI
- Himanshu Mohanty, General Manager, RBI
- Monika Halan, Editor, *Mint Money*
- Naresh Takkar, Managing Director & Chief Executive Officer, ICRA
- Nagendraa Parakh, Member, FMC
- Nilesh Shah, President, Corporate Banking, Axis Bank
- Prashant Saran, Whole Time Member, SEBI
- P J Nayak, Former Managing Director & India Country Head, Morgan Stanley
- Ramesh Abhishek, Chairman, FMC
- Randip Singh Jagpal, IRDA
- Saswath Mahapatra, Assistant General Manager, RBI
- Shyamala Gopinath, Chairperson, CCIL
- S B Mathur, Chairman, NSE
- Vijay Chugh, Chief General Manager, RBI

Mass Retail Banking Roundtable

Date: October 3-4, 2013

Venue: The Oberoi Udaivilas, Udaipur

Participants: 23

Objective: To get like-minded Bank CEOs from across the world to share, discuss and ideate on the opportunities and challenges of having sustainable banking proposition for the retail mass market customers.

SPEAKERS/PANELISTS

- K C Chakrabarty, Deputy Governor, RBI
- Arundhati Bhattacharya, Managing Director & Chief Financial Officer, SBI
- B D W Ananda Silva, Deputy Governor, Central Bank of Sri Lanka
- Francis Rozario, Vice-Chairman, Maritime Bank, Vietnam
- James Mwangi, Chief Executive Officer & Managing Director, Equity Bank Group, Kenya
- Jerry Ng, President and Chief Executive Officer, Bank BTPN, Indonesia
- Jonathan Alles, Managing Director & Chief Executive Officer, Hatton National Bank, Sri Lanka
- K R Kamath, Chairman & Managing Director, Punjab National Bank
- M S Raghavan, Chairman & Managing Director, IDBI Bank
- Muliaman D Hadad, Chairman of Indonesia Financial Services Authority (FSA)
- Nestor V Tan, Director & President, BDO Unibank Inc., Philippines
- Nkosana Samuel Mashiya, Deputy Registrar of Banks, South African Reserve Bank
- Pramit Jhaveri, Chief Executive Officer, Citibank
- Renny Thomas, Partner, McKinsey & Co
- Romesh Sobti, Managing Director & Chief Executive Officer, IndusInd Bank
- S M Moniruzzaman, Executive Director, Bangladesh Bank
- S S Mundra, Chairman & Managing Director, Bank of Baroda
- Shikha Sharma, Chief Executive Officer & Managing Director, Axis Bank
- Shyam Srinivasan, Managing Director & Chief Executive Officer, Federal Bank

- Syed Mahbubur Rahman, MD and CEO, BRAC Bank Ltd., Bangladesh
- Tri Wintarto, Head, Micro Banking Monitoring & Supervision Division, Bank Rakyat Indonesia
- Vishwavir Ahuja, Managing Director & Chief Executive Officer, Ratnakar Bank

CAFRAL Advanced Leadership Program

Date: November 18-December 7, 2013

Venue: L&T Management Development Center, Lonavla & Bangkok/Jakarta
(for the overseas leg)

Participants: 24

Objective: To provide a unique opportunity to the whole-time directors of banks in India to expand their strategic thinking and equip them to become effective leaders and lead their banks in an increasingly competitive environment.

SPEAKERS

- Raghuram G Rajan, Governor, RBI
- K C Chakrabarty, Deputy Governor, RBI
- Anand Sinha, Deputy Governor, RBI
- Ananth Narayan, Co-Head Wholesale Banking, South Asia Standard Chartered Bank
- A Krishna Kumar, Managing Director & Group Executive, SBI
- B K Batra, Deputy Managing Director, IDBI Bank
- Bharat Doshi, Executive Director & CFO, Mahindra & Mahindra
- C N Ram, Co-founder & Executive Director, Rural Shores
- Diwakar Gupta, Former Managing Director, SBI
- Gangadhar Darbha, Executive Director, Nomura Securities
- G S Sunderajan, Managing Director, Shriram Capital
- Homi R Khusrokhhan, Former Managing Director, Tata Chemicals, Tata Tea & Glaxo India
- Ira Duggal, Resident Editor, *Financial Express*
- K V Kamath, Chairman, ICICI Bank
- Kishore Biyani, Chief Executive Officer, Future Group
- K Ramkumar, Executive Director, ICICI Bank
- Manoranjan Mishra, General Manager, RBI
- N R Narayanamurthy, Executive Chairman, Infosys
- O P Bhat, Former Chairman SBI Group
- Prasad Kaipa, Executive Director, Centre for Leadership Innovation & Change in India School of Business
- Prashant Saran, Whole-time Member SEBI
- Pravesh Sharma, Managing Director, SFAC
- P Sudhir Rao, Founder, Indus Age Advisors Ltd.
- Rakesh Jha, Chief Financial Officer, ICICI Bank
- Ramesh Ramanathan, Chairman, Janalakshmi
- Renny Thomas, Director, McKinsey & Co.
- Roopa Kudwa, Managing Director & CEO, CRISIL
- Tabassum Inamdar, Managing Director, Goldman Sachs (India) Securities Pvt. Ltd.
- Uday Kotak, Vice Chairman & Managing Director, Kotak Mahindra Bank

- Vinod Rai, Former Comptroller & Auditor General of India
- Y H Malegam, Director Central Board, RBI
- Y S P Thorat, Former Chairman, NABARD

Seminar on Pricing of International 144a Debt: Evidence from the U.S. Secondary Bond Market

Date: December 13, 2013

Venue: CAFRAL, Mumbai

Participants: 40

Objective: Dr Kalimipalli delivered the seminar and presented the paper “Pricing of International 144A Debt: Evidence from the U.S. Secondary Bond Market.” In this paper, the authors study the secondary market pricing of foreign 144A issues and assess the unique information role, if any, of the implicit market players known as qualified institutional buyers (QIBs). Using an exhaustive sample of bond issuances and secondary market trades of over 260 international issuers from 40 countries during the 1994-2010 period, the authors find results consistent with the explanation that QIB market can engender relatively lower borrowing costs for private debt issuers over time, and foreign firms choose 144A debt market issues for speedy issuance and better information processing in the QIB market.

SPEAKERS

Madhu Kalimipalli, Associate Professor-Finance & Director, Financial Services Research Centre
School of Business and Economics, Wilfred Laurier University, Waterloo Ontario Canada

Seminar on Why and When to Go Public: Evidence from Structural Estimation

Date: December 20, 2013

Venue: CAFRAL, Mumbai

Objective: In his seminar Dr. Gupta presented his paper on “Why and when to go public: Evidence from structural estimation”. In this paper, the author formulates and estimates a dynamic structural model of the going public decision and estimates the hidden costs and benefit parameters using data from Indian IPOs. The model predicts under-pricing and ‘Hot-Issues’ markets as observed as a recurrent phenomenon worldwide. The reduced form estimation suggests past performances, age, risk factors listed in the IPO prospectus significantly affect the going public decision. A matching estimation suggests that firms who do not go public probably because of high associated costs loose out in higher profitability and sales. The average treatment effect suggests that firms could have increased their annual profit after tax by about 2.5 times if they went public. The paper estimates the structural parameters of the costs associated with going public. It also non-parametrically identifies and estimates the distribution of the unobserved quality of the firm which showed wide within industry variability.

SPEAKERS

- Sudip Gupta, Visiting Assistant Professor of Finance, Kelley School of Business, Indiana University

Workshop on Distressed Assets

Date: December 30, 2013

Venue: Conference Room, CAFRAL

Participants: 21

Objective: To deliberate on the proposals given in the Discussion Paper on Distressed Assets released by the RBI and seek views and suggestions of the select banks/ARCs/other stakeholders.

SPEAKERS/PANELISTS

- Amar Mainkar, Assistant General Manager, CDR Cell
- Anil Bhatia, Managing Director & Chief Executive Officer, JM Financial ARC Pvt. Ltd.
- Arora R K, General Manager, Recovery, Bank of Baroda
- Baliga M P, General Manager, RBI
- Hari Hara Mishra, Head - Strategic Business Operations, International ARC Pvt. Ltd.
- Jayarao K M, Senior General Manager, ICICI Bank
- Kishore Gandhi, Chief Credit Officer, India Ratings & Research Pvt. Ltd.
- Malini Bansal, Chief General Manager, CDR Cell
- Man Mohan Pathak, General Manager, SBI
- Manish Jaiswal, Sr Director, Risk Solutions, CRISIL
- Manoj K Poddar, Assistant General Manager, RBI
- Mayank Agarwal, General Manager, ICICI Bank
- Mohan V Tanksale, Chief Executive Officer, IBA
- Rajendra Chitale, Managing Partner, M P Chitale & Co
- R K Bansal, Executive Director, IDBI Bank
- Samir Chawla, Integro Consultants Pvt. Ltd.
- Sandeep Singh, Sr Director - Structured Finance, India Ratings & Research Pvt. Ltd.
- Sudhir Dayal, Deputy General Manager, SBI
- Somasekhar Vemuri, Director, Criteria & Product Development, CRISIL Ltd.
- Umarji M R, Chief Legal Advisor, IBA
- Venkattu Srinivasan, Group Head - Asset Reconstruction Division, Kotak Mahindra Bank

Symposium on Liquidity Factors and Risk

Date: January 2, 2014

Venue: Bombay Stock Exchange, Mumbai

Participants: 110

Objective: Dr. Amihud delivered a seminar for more than 100 participants and presented his paper "Pricing of the Liquidity Factor and its Risk," that develops a stock factor of illiquid-minus-liquid stock portfolio, called IML. This factor's return can be considered as the illiquidity premium. For the U.S., the paper finds that the

systematic risk of this factor is priced in a multi-factor CAPM but this beta's premium is significant in times of tight funding liquidity or high volatility and low liquidity. Further, the paper constructs a similar factor for 45 countries around the world and finds that in the great majority of them, this factor produces a positive annual excess return. The Seminar was designed to facilitate a discussion on the paper. He also delivered a three-day workshop on Pricing Liquidity at CAFRAL.

SPEAKERS

- Yakov Amihud, Ira Rennert Professor of Entrepreneurial Finance at the Stern School of Business, New York University

Workshop on Pricing Liquidity

Date: December 31, 2013, January 1, 2014, January 3, 2014

Venue: CAFRAL, Mumbai

Objective: Dr. Amihud delivered a series of lectures and papers on pricing liquidity at CAFRAL.

SPEAKERS

- Yakov Amihud, Ira Rennert Professor of Entrepreneurial Finance at the Stern School of Business, New York University

CAFRAL-Levy-IDEAs Workshop on Macroeconomic Management and Financial Regulations in Core Countries and the Periphery

Date: January 6-10, 2014

Venue: India Habitat Centre, New Delhi

Participants: 58

Objective: To discuss various emerging issues in macro prudential and financial regulation.

SPEAKERS

- Arturo O'Connell, Advisor to the Presidency of Argentina
- C P Chandrasekhar, Professor of Economics, JNU, New Delhi
- Jan Kregel, Senior Scholar at the Levy Economics Institute of Bard College, New York
- Jayati Ghosh, Professor of Economics, JNU, New Delhi
- Kevin Gallagher, Professor of International Relations, Boston University
- Mario Tonveronachi, Professor of Financial Systems, University of Siena, Siena
- Prabhat Patnaik, Emeritus Professor of Economics, JNU, New Delhi
- Randall Wray, Professor of Economics at the University of Missouri-Kansas City & Sr. Scholar at the Levy Economics Institute of Bard College, New York
- Stephany Griffith Jones, Financial Markets Program Director at the IPD, Columbia University, New York



IPD & CAFRAL Joint Conference on Capital Account Management and Macro-prudential Regulation for Financial Stability and Growth

Date: January 13-14, 2014

Venue: India Habitat Centre, New Delhi

Participants: 130

Objective: To explore how systemic risk can build up in the financial sector, with a view to prevent it from rising excessively at a national level. The main focus was both on domestic macro-prudential (countercyclical) regulation as well as measures including management of the capital account and preventing currency mismatches.

SPEAKERS

- P Chidambaram, Former Finance Minister, Government of India
- Bimal Jalan, Former Governor, RBI
- Y V Reddy, Former Governor, RBI
- Deepak Mohanty, Executive Director, RBI
- Adair Lord Turner, Former Chairman, UK Financial Services Authority
- Amar Bhattacharya, Director of the Secretariat Int'l Group of Twenty Four on International Monetary Affairs and Development.
- Andrew Sheng, President, Fung Global Institute
- Jan Kregel, Levy Institute
- Jose Antonio Ocampo, Vice President, IPD
- Joseph Stiglitz, Co-President, IPD
- Kevin Gallagher, Boston University
- Louis Kasekende, Deputy Governor, Bank of Uganda
- Manuel Agosin, Dean, Dept. of Finance, Universidad de Chile
- Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, India
- Nemat Shafik, Deputy Managing Director, IMF
- Paulo Nogueira Batista, Executive Director, Brazil IMF
- Stephany Griffith-Jones, Financial Markets Program Director at the IPD, Columbia University, New York
- Sukhdave Singh, Deputy Governor, Bank Negara, Malaysia
- Yu Yong Ding, China Society of World Economics

Seminar on Liquidity Effects in the U.S. Bond Market

Date: January 17, 2014

Venue: Bombay Stock Exchange, Mumbai

Participants: 76

Objective: Dr. Subrahmanyam's lecture surveyed his research on Liquidity Effects in the U.S. Corporate Bond Market, the only major international over-the-counter market for which detailed data

is available, and placed it in the context of the literature. He also discussed some of his recent researches on the U.S. securitized fixed income product market. The seminar drew participations from fixed income analysts, dealers, treasury heads, portfolio managers and investment bankers.

SPEAKERS

- Marti Subramanyam, Charles E. Merrill Professor of Economics and Finance, New York University

Roundtable on Nachiket Mor Committee Report

Date: February 4, 2014

Venue: Conference Room, CAFRAL

Participants: 18

Objective: To discuss on the recommendations made by the Nachiket Mor Committee on “Comprehensive Financial Services for Small Businesses and Low Income Households” and consolidate the view from varying perspectives.

SPEAKERS/PANELISTS

- Ajit Ranade, Senior President and Chief Economist, Aditya Birla Group
- Ashish Karamchandani, Partner, Monitor Group
- Ashvin Parekh, Ernst & Young
- Jayashree Vyas, Managing Director, Seva Bank
- K Mahesh, Chief Executive Officer & Managing Director, Geo Sansar
- M Balachandran, Chairman, NPCI
- M G Vaidyan, Chief General Manager, SBI
- M V Nair, Chairman, CIBIL
- Narasimhan Srinivasan, Independent Director, Equitas Microfinance
- Pawan Agrawal, Senior Director, CRISIL
- Rohit Wahi, Chief Executive Officer and Country Manager, First Rand Bank
- Shyamala Gopinath, Chairperson, CCIL
- Sriram Jagannathan, Chief Executive Officer, Airtel M-Commerce
- Tabassum Inamdar, Managing Director, Goldman Sachs
- T T Ram Mohan, Professor, IIM, Ahmedabad
- Veena Mankar, Managing Director, Swadhaar Finserve
- Vijayalakshmi Das, Managing Director, Ananya Finance
- Vishwavir Ahuja, Managing Director & Chief Executive Officer, Ratnakar Bank



Conference on Banking Structure for India

Date: March 20, 2014

Venue: Hotel Trident, Nariman Point, Mumbai

Participants: 69

Objective: To bring together various stakeholders to deliberate on the need for and the implications of the various emerging and potential banking structures in India.

SPEAKERS/PANELISTS

- Raghuram G Rajan, Governor, RBI
- Anand Sinha, Advisor & former Governor, RBI
- B Mahapatra, Executive Director, RBI
- Kalpana Morparia, Chief Executive Officer, JP Morgan, India
- M S Sriram, Visiting Professor, IIM-Bangalore
- Naina Lal Kidwai, Country Head India Director, HSBC Asia Pacific
- P Vijaya Bhaskar, Executive Director, RBI
- Paresh Sukthankar, Deputy Managing Director, HDFC Bank
- Prakash Bakshi, Former Chairman, NABARD
- Rajiv B Lall, Executive Chairman, IDFC
- Shyam Srinivasan, Managing Director & Chief Executive Officer, Federal Bank
- Sudhir Kumar Goel, Additional Chief Secretary, Agriculture & Marketing, Government of Maharashtra
- T T Srinivasaraghavan, Managing Director, Sundaram Finance
- Uday Kotak, Vice Chairman & Managing Director, Kotak Mahindra Bank
- Wong Nai Seng, Assistant Managing Director, Monetary Authority of Singapore

Annex 2

CAFRAL Team as on August 1, 2014

1. G Gopalakrishna, Director
2. N R Prabhala, Chief Mentor & Head of Research
3. Smita Aggarwal, Sr. Program Director
4. Samita Sareen, Research Director
5. Ravindra Sangvai, Program Director
6. Sunita S Ratanpal, General Manager
7. S N Chattopadhyay, Assistant General Manager
8. Jugnu Ansari, Assistant Adviser (Research)
9. S K Kunji, Private Secretary to Director
10. R Sridharan, Private Secretary to Chief Mentor & Head of Research
11. C Pushparaj, Private Secretary to Sr. Program Director
12. Janaki Ravindran, Administration Officer
13. Vasudevan Nair, Administration Officer (Research)
14. S Purushothaman, Manager
15. Reeta Bose, Assistant Manager
16. Audrey Alfonso, Assistant Manager
17. Nimesh Gopiyani, Accounts Officer
18. Rajal Ajai, Web Content Manager
19. Nidhi Prabhu, Program Officer
20. Vinita Jain, Program Officer
21. Anup Sonawane, Technical Officer
22. Purnima Kanther, Research Associate
23. Vikas Kumar, Research Associate
24. Reshmi Kurup, Accounts & Admin. Assistant
25. Manasi Phadnis, Research Associate
26. Vinod Dharmarajan, Research Associate
27. Maruti Srivastava, Research Associate

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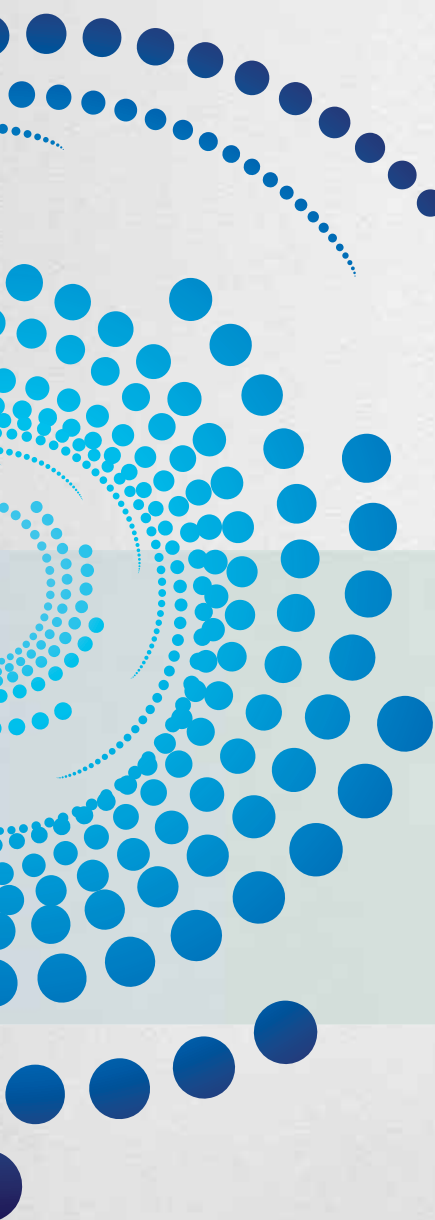
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