

Towards Global Thought Leadership

in Banking and Finance

ANNUAL REPORT 2011 - 2012



As a large, fast growing economy, there is increasing global interest in India.... The integration of Indian financial markets into the global system and the introduction of new financial products require better risk management and financial engineering skills. It also casts new burdens on regulatory institutions. Enhancing the skills of personnel involved in the financial sector is, therefore, important.... In view of the rapidly changing environment, and given the growing strength of the Indian financial sector, there is a strong need for an institution that can act as a centre for policy research on areas relating to banking and finance. I am sure that in the near future, the Centre would grow into a global hub for banking and finance.



Manmohan Singh

Prime Minister of India

Over the last four years since the Lehman event, from the Reserve Bank of India we have been attending a number of international meetings – G-20, FSB, Basel Committee on Banking Supervision – of which India is a member. What struck me most of all about these meetings is that the agenda somewhat overtakes emerging economy concerns. Repeatedly I found that we could not meaningfully engage in these meetings because there was nothing on the agenda relevant to India or to emerging economies in general.

It is not as if, as emerging economies, we have no issues that deserve global deliberation. But we have not been able to raise them effectively because there is not enough research happening in emerging economies to concretise issues and concerns relevant to us. CAFRAL is best positioned to fill that gap; to give us the intellectual backing to further our interests in international fora. In designing its business model to meet this need, CAFRAL has to be mindful of the fact that India is an emerging economy with a bank dominated, indeed public sector bank dominated, financial sector that has its own dynamics, its specific merits and demerits.

CAFRAL has a vital role for another important reason. Since I joined the RBI nearly four years ago, I have been saying that the Reserve Bank must position itself as a knowledge institution. As I think about it, this is an aspiration that must guide not just the Reserve Bank, but our entire financial sector. That is the only way we can win in this competitive, globalising environment. And to pursue this goal, we need an institution like CAFRAL to provide a platform for disseminating learning, for experience sharing and for interaction between banks, regulators and policy makers.

During the first year of its active operation since January 2011, CAFRAL has made an impressive beginning in meeting these objectives. It has conducted fourteen conferences/ round tables and learning events – of which two were international. It has initiated its research activities with a forward looking agenda and is planning an executive development programme for potential leaders in the public sector banking system later in 2012.

CHAIRMAN'S MESSAGE



CAFRAL IS BEST POSITIONED TO GIVE US THE INTELLECTUAL BACKING TO FURTHER OUR INTERESTS IN INTERNATIONAL FORA

Duvvuri Subbarao

Chairman, Governing Council
CAFRAL and Governor, RBI

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Abbreviations

AGM	Assistant General Manager	IFRS	International Financial Reporting Standards
APRA	Australian Prudential Regulation Authority	IMF	International Monetary Fund
BCBS	Basel Committee on Banking Supervision	IIM	Indian Institute of Management
BIS	Bank for International Settlements	JNIBF	Jawaharlal Nehru Institute of Banking and Finance
CAFRAL	Centre for Advanced Financial Research and Learning	LGD	Loss Given Default
CEO	Chief Executive Officer	L&T	Larsen & Toubro
CMD	Chairman and Managing Director	MHUPA	Ministry of Housing and Urban Poverty Alleviation
CGM	Chief General Manager	NIBM	National Institute of Bank Management
CDS	Credit Default Swap	NPA	Non-Performing Assets
CBRC	China Banking Regulatory Commission	NBFC	Non-Banking Financial Company
CGAP	Consultative Group to Assist the Poor	NGO	Non-governmental Organisation
DG	Deputy Governor	NREGA	National Rural Employment Guarantee Act
DGM	Deputy General Manager	NABARD	National Bank for Agriculture and Rural Development
EAD	Exposure at Default	NIUA	National Institute of Urban Affairs
EME	Emerging Market Economy	NSE	National Stock Exchange
ECCH	European Case Clearing House	PD	Probability of Default
ED	Executive Director	PFRDA	Pension Fund Regulatory and Development Authority
FMC	Forward Markets Commission	PWC	Pricewaterhouse Coopers
HDFC	Housing Development Finance Corporation	RBI	Reserve Bank of India
IASB	International Accounting Standards Board	RD	Regional Director
IGIDR	Indira Gandhi Institute of Development Research	SIAL	Systemically Important Assets and Liabilities
IDRBT	Institute for Development & Research in Banking Technology	SEBI	Securities and Exchange Board of India
IFRS	International Financial Reporting Standards	SREP	Supervisory Review and Evaluation Process
IRDA	Insurance Regulatory and Development Authority	UNDESA	United Nations Department of Economic and Social Affairs
ICFR	International Centre for Financial Regulation	UIDAI	Unique Identification Authority of India
ISB	Indian School of Business		
ICAAP	Internal Capital Adequacy Assessment Process		
IBPS	Institute of Banking Personnel Selection		

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 organisation established as a Society and a Trust; it is an independent body fully funded by RBI.

CAFRAL became operational in January 2011 with Usha Thorat, former Deputy Governor, RBI taking over as Director. It is engaged in conducting seminars, conferences and other learning programmes 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 programmes.

Mission

To evolve as a global centre 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 programmes
- 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 similar mandate for mutually beneficial arrangements

Governing Council



D. Subbarao,
Governor, RBI
Chairman



K.C. Chakrabarty
Deputy Governor,
RBI
Member



Subir Gokarn,
Deputy Governor,
RBI
Member



Ashok Ganguly
Member



J.J. Irani
Member



Y.H. Malegam
Member



M.D. Mallya
Member



T.V. Mohandas Pai
Member



Usha Thorat
Director

Obituary

We deeply mourn the demise of R.H. Patil who was a member of the Governing Council until his death in April 2012.

Annual Report

The first task was to provide shape to the role envisaged by RBI for CAFRAL that differentiated this centre from other research and learning institutions set up by RBI such as the Indira Gandhi Institute of Development Research, Institute for Development & Research in Banking Technology and National Institute of Bank Management. The vision set out by the Ganguly Committee (established by RBI to lay out a blue print for CAFRAL) and a series of meetings with RBI management, industry leaders, former Governors/Deputy Governors, academics and research institutions as well as some international institutions such as the Bank for International Settlements, and International Centre for Financial Regulation enabled a better understanding of the unique role that should be carved out for CAFRAL in the space of research and learning in banking and finance. This has been incorporated in its mission statement and objectives.

The primary functions of CAFRAL emerged as under:

- To undertake research that would be useful to central banks, regulators and the financial sector
- To conduct learning programmes for central banks, regulators, boards and senior management in the financial system
- To provide a platform for academics, regulators and practitioners to explore policy and practical issues in banking and finance
- To disseminate the results of the research and learning activities
- To collaborate with other institutions within the country and outside to promote research in areas of interest to the Centre

Once role clarity was achieved, CAFRAL's activities commenced. These included the organisation of round tables, conferences and other programmes with resource persons drawn from outside and simultaneously putting in place in-house capabilities particularly for research activities.



// CAFRAL HAS A
UNIQUE ROLE
IN THE SPACE
OF RESEARCH
AND LEARNING
IN BANKING AND
FINANCE //

Usha Thorat
Director, CAFRAL



LEARNING AGENDA

CAFRAL's learning agenda is driven by the objective of enhancing awareness and stimulating thinking so as to translate into strategic policies and actions at the senior level among central banks, regulators, banks and financial institutions. Hence, the focus is on seminars, conferences, workshops and round tables, facilitating a two-way exchange of experiences and insights, rather than conventional learning programmes for capacity building. The learning programmes are conducted or facilitated by experts with rich knowledge and practical experience.

Ten learning programmes were conducted during the year which were attended by approximately 300 participants. Two of these were international programmes: the first on 'Financial Regulation for Growth, Equity and Stability in the Post Crisis World' held in collaboration with BIS; and the other on 'Crisis Preparedness' held in collaboration with the Toronto Centre.

RESEARCH AGENDA

The research agenda is driven by the identification of gaps in high quality research in India and emerging economies that have implications for policies and strategies. Research is initially focused on the areas of financial sector regulation, risk management, financial stability, financial markets and financial inclusion. Gaps in the data available in the public domain pose challenges that need to be addressed to enable research to be undertaken in these areas. The research programmes during the year included one round table and three seminars.

ACTIVITIES 2011-12

In keeping with our primary objectives the following activities were undertaken by CAFRAL in the year 2011-12:

Promoting understanding and research

Recognising the critical role of data in ensuring quality research in the financial sector, a round table was organised on various aspects of data collection, data dissemination needs and data gaps. A paper on the available data and the gaps identified by a risk management consultant was specially prepared for the round table. The round table was led by Viral Acharya from Stern School, New York University and Manju Puri from Duke University.

ENHANCE OUR UNDERSTANDING OF HOW THE FINANCIAL SECTOR CONTRIBUTES TO REAL SECTOR GROWTH THROUGH IN-HOUSE AND COLLABORATIVE RESEARCH THAT IS USEFUL AND RELEVANT

The research seminars held by CAFRAL during the year included: 'Optimum regulation of financial innovation' by Tarun Ramadorai, Said Business School, Oxford University, 'Development of secondary and corporate bond markets: Evidence from USA and Canada' by Madhu Kalimipalli, Wilfrid Laurier University, Canada and 'Analysis of auctions for credit default swaps' by Sudip Gupta, Indian School of Business, Hyderabad.

The research projects cover risk and regulatory aspects, linkages between the financial sector and real sector, along with some facets of financial inclusion. These include:

In-house research

- Jugnu Ansari, Assistant Adviser, presented a paper titled 'Competition in the Banking Sector and Monetary Transmission Mechanism: An Empirical Analysis of Interest Rate Pass-through in India' at the BIS Fifth Annual Workshop of the Asian Research Networks 2012 held in Kuala Lumpur in March 2012.
- 'Linkages and transmission channels between real and financial sectors in India – An empirical assessment': The study attempts to map the balance

Round table on Data Needs for Research and Analysis relating to India's Financial Sector



sheets of banks and firms and examine other macro variables to investigate the transmission and feedback loops between the real and financial sectors in India. The objective is to understand the lag and the degree of response to changes in the real sector on the financial sector and vice versa. This has regulatory implications especially for the use of macro prudential tools.

- An analysis of NPA norms for non-banking financial companies versus banks with reference to small road transport operators.

Collaborative research

- 'A proposal for the resolution of systemically important assets and liabilities: the case of the repo market': The study focuses on systemically important assets and liabilities rather than individual financial institutions on the repo market. The paper, co-authored by Viral Acharya and T. Sabri Oncu (Head of Research), was presented at the Federal Reserve Board's Research Conference titled 'Central Banking: Before, During and After the Crisis', on 23-24 March 2012.
- 'Shadow banking – a cross-country study of NBFCs with implications for India'.

Outsourced research

- Empirical estimation of probability of default, loss given default and exposure at default for some selected Indian banks.
- Financial inclusion: micro level demand-side studies through household surveys in rural Andhra Pradesh and in urban Karnataka.

Building capacities

ENHANCE PROFESSIONAL CAPABILITIES IN THE BANKS, FINANCIAL SECTOR, AND AMONG CENTRAL BANK REGULATORS AND POLICY MAKERS THROUGH LEARNING EVENTS AND PROGRAMMES

Two conferences on business strategies in the emerging regulatory landscape were organised for CEOs of commercial banks. Both conferences were addressed by the Governor, RBI. The discussions covered implications of the new regulatory framework on business models, strategies for managing capital liquidity and other challenges. Experts from global banks and markets were invited to facilitate the discussions.

A four-day residential programme on 'Implementation of advanced approaches under Basel II' was conducted for large Indian commercial banks, and regulatory/supervisory departments of RBI. Bernie Egan from BIS-FSI and an

The research projects completed and currently underway cover regulatory aspects, linkages between the financial sector and real sector, along with some facets of financial inclusion



independent consultant, Pierre Thoraval, both former supervisors with vast knowledge and experience, provided the main faculty support.

A workshop on analysing financial statements of corporates was organised to sensitise the chief loan officers of commercial banks with the nuances of International Financial Reporting Standards and their impact on the balance sheets of Indian corporates. Speakers from two leading Indian companies – Larsen & Toubro and Mahindra and Mahindra – illustrated the implications by drawing examples from their own financial statements.

A conference on the implications of macro and monetary developments, strategic planning, corporate governance and risk management was held for non-official Directors of Indian banks.

In a four-day learning event on Crisis Preparedness, organised in collaboration with Toronto Centre, Canada, various aspects of financial stability were discussed, including systemic risk and preparation of a contingency plan. Case studies and role play enhanced the pedagogy of the programme which was conducted by the faculty attached to the Toronto Centre. Eleven participants from seven SAARC and neighbouring countries, apart from 18 officers from RBI, participated in the programme.

Top: Two conferences on business strategies in the emerging regulatory landscape for CEOs of commercial banks.

Above: left: a programme on implementation of advanced approach to Basel 2; right: conference of non official Directors on boards of Indian banks



*Conference of Financial
Sector Regulators on
Consumer Protection,
Systemic Risk and Market
Development*

**PROVIDE A PLATFORM FOR
DIALOGUE BETWEEN POLICY
MAKERS, REGULATORS,
FINANCIAL SECTOR
PRACTITIONERS AND
ACADEMICS ON ISSUES OF
TOPICAL RELEVANCE AND
SYSTEMIC IMPORTANCE**

Facilitating dialogue

A round table on technology-based payment solutions for financial inclusion was conducted at IDRBT, Hyderabad. The sessions covered various delivery solutions, bank led vs non-bank led models, operational risk and consumer protection

Deepak Parekh, Chairman, HDFC Ltd., presided over a round table on housing finance which was organised in collaboration with the National Housing Bank in which representatives of credit rating agencies, Government officers, housing finance companies and non-governmental organisations participated. The round table discussed the evolution of the housing sector and housing finance. The main focus of the deliberations was to identify gaps in housing finance and financing of affordable housing.

A two-day international conference on 'Financial Regulation for Growth, Equity and Stability' was conducted in collaboration with BIS. D. Subbarao, Governor, RBI and Jamie Caruana, General Manager, BIS, gave inaugural addresses. The business sessions were led by Andrew Sheng, Stephanie Griffith Jones and John Lipsky. The conference attracted 26 international participants from 21 countries. Y. V. Reddy, former RBI Governor, gave a special address. Papers were presented by Anand Sinha, Deputy Governor, RBI; M.S. Sriram, Fellow, IDBRT, Hyderabad; and Philip Turner, General Manager, BIS.

Financial sector regulators, such as RBI, SEBI, IRDA, PFRDA and FMC were brought under one roof to discuss issues such as consumer protection, systemic risks in markets, supervision of financial conglomerates and product development. Speakers included Shyamala Gopinath, former RBI Deputy Governor; Prashant Saran, Member, SEBI; Vijay Bhaskar, Executive Director, RBI; and Ravi Narain, Managing Director, National Stock Exchange. The highlight of the event was the panel discussion in which Anand Sinha, Deputy Governor, RBI; Yogesh Agarwal, Chairman, PFRDA; Ramesh Abhishek, Chairman, FMC; R.K. Nair, Member, IRDA; and Prashant Saran, Member, SEBI, gave their views and responded to the participants' questions.

Disseminating results

CAFRAL's website has been an effective means of communicating not only the upcoming events but also the summary of takeaways from these events. In some cases, the videos of the conferences and presentations have been uploaded on the site. The summary of the takeaways is separately communicated to the regulators and bank CEOs for appropriate action.

Interactive sessions were held at CAFRAL with Andrew Sheng, Chief Adviser to the China Banking Regulatory Commission; Nandan Nilekani, Chairman, Aadhar; Ajit Ranade, Chief Economist, Birla Group; and Richard C. Evans, Citibank.

COMMUNICATE AND DISSEMINATE THE CONCLUSIONS AND RESULTS OF THE LEARNING AND RESEARCH ACTIVITIES OF CAFRAL TO POLICY MAKERS, CENTRAL BANKS, REGULATORS AND PUBLIC AT LARGE

Promoting collaboration

During the year, CAFRAL collaborated with international institutions such as BIS, FSI, Toronto Centre, International Centre for Financial Regulation, London and Centre for Financial Regulation, Sydney. The international conference on implications of regulation for growth equity and stability, held in November 2011, represented a collaborative effort with BIS, the proceedings of which were published by BIS as paper 62 in January 2012. BIS (FSI) deputed Bernie Egan, one of their faculty, to assist CAFRAL in its programmes on Basel 2 advanced approaches. CAFRAL, in partnership with the Toronto Centre, organised a crisis preparedness programme for SAARC and other countries in January 2012.

COLLABORATE AND NETWORK WITH DOMESTIC AND GLOBAL INSTITUTIONS WITH SIMILAR MANDATES FOR MUTUALLY BENEFICIAL ARRANGEMENTS

The collaboration has been two way. The Director gave a keynote address at the Annual International Regulatory Summit organised by ICFR in October 2011

International conference on Financial Sector Regulation for Growth, Equity and Stability in the Post Crisis World organised jointly with BIS



CAFRAL collaborated with international institutions such as BIS, FSI, Toronto Centre, International Centre for Financial Regulation, London and Centre for Financial Regulation, Sydney

in Berlin on 'Objectives, Philosophy and Principles of Financial Regulation for the Post Crisis World'. She has also joined the ICFR's Academic Advisory Board as member.

The Director talked about 'Indian Banking Industry – Regulatory Challenges' at the Centre for Financial Regulation, Sydney, in July 2011 against the backdrop of the global crisis.

The Director acted as a resource person at the regional training workshop held by the United Nations Department of Economic and Social Affairs in Dhaka, Bangladesh, on 'Beyond Inflation Targets: Policy Options and Instruments for Managing Equitable Growth and Human Development' in December 2011.

CAFRAL, along with IGIDR and Indian Banks Association, co-hosted the event organised by the University of New South Wales on 'Strengthening Mumbai and Sydney as Regional Financial Centres' in November 2011 where Director, CAFRAL, spoke on 'Research and Cooperation on Financial Innovation and Regulatory Issues'.

ADMINISTRATION AND HUMAN RESOURCES

CAFRAL is staffed by personnel partly from RBI and partly from outside. There are currently nine officers from RBI of whom two are in research, three in learning and four in administration/secretariat. Including the Director, there are eight full-time contract employees, including three research associates. In addition there are two part-time employees, one each in learning and research.

During 2011-12, hiring of contract employees, putting in place internal systems for expenditure and internal control, document management system for a paperless office, procuring software packages and databases for research have received attention. T. Sabri Oncu, Head of Research, joined CAFRAL in January 2012. Ashok Garg, Chief General Manager, joined in March 2012 in place of P. Krishnamurthy, former Chief General Manager, RBI, who superannuated at the end of January 2012.

During the year, P. Krishnamurthy attended a programme on Corporate Governance in Emerging Markets organised by ICFR, London, in Hong Kong



The CAFRAL team

and visited the BIS Hong Kong office. Bhargeshwar Banerji attended a workshop on case study methods organised by the European Case Clearing House at the International Institute for Management Development, Lausanne, Switzerland.

The seminars and round tables organised provided a platform for academics and practitioners in various fields to share their work as also an opportunity to CAFRAL's staff to constantly update their knowledge and skills.

MOVING FORWARD

Going forward, the plans for 2012-13 will place more focus on the research agenda, leveraging the capabilities of the research team. We also expect to gain immensely from the high powered Research Advisory Committee which

On the learning side, the high point will be a three week Advanced Leadership Programme for public sector banks in November-December 2012

has been constituted to advise the Governing Council on CAFRAL's research agenda. On the learning side, the high point for the year will be a three-week CAFRAL Advanced Learning Programme for public sector banks, planned for November-December 2012. The opportunities for exploiting the internet and other platforms for enhancing learning will be actively explored.

We Acknowledge

The vision and the unstinting encouragement provided by Governor, RBI has been instrumental in enabling CAFRAL to take on its unique and vital role in the financial sector. We are proud to have completed the first year of operations with a sense of achievement which would not have been possible without the guidance and sagacious advice from our Governing Council. We are extremely grateful to each member of the Governing Council for their time and valuable inputs. We are thankful to the management and officials of RBI, other regulators, the banking fraternity, participants from the industry, markets and academics, who have helped promote and further the cause of CAFRAL with their continuous support. Our special thanks go out to the speakers, facilitators and others who offered assistance for our various activities. Our gratitude to CAFRAL team which has risen to every occasion and continuously strives to deliver excellence.



Usha Thorat
Director, CAFRAL

Auditor's Report

We have audited the Balance Sheet of the **Centre for Advanced Financial Learning (now known as the Centre for Advanced Financial Research and Learning)** as at 31st March 2012 and the Income and Expenditure account of the Trust for the year ended on that date, annexed thereto. These financial statements are the responsibility of the trustees of the Centre for Advanced Financial Learning (now known as Centre for Advanced Financial Research and Learning). Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatements. 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.

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 purpose of the audit.
- ii) In our opinion, proper books of account as required by the law, have been kept by the Trust so far as it appears from our examination of such books.
- iii) The Balance Sheet and Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Balance Sheet, of the state of affairs of the above named trust as at 31st March 2012, and
 - in the case of Income & Expenditure Account, of the income and expenditure for the year ended on that date.

Place: Mumbai
Date: 29/05/2012

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

Sd/-
(K.H.Kanade)
Partner
M.No:106952

Schedule VIII [(Vide Rule 17(1))]**Name of the Public Trust: CENTRE FOR ADVANCED FINANCIAL LEARNING (NOW KNOWN AS CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING)**

Balance Sheet

as at 31st March 2012

FUNDS & LIABILITIES	₹	P.	₹	P.
Trust Funds or Corpus:				
Balance as per last Balance Sheet				
Add: Contribution from Reserve Bank of India towards Corpus Fund	5,000,000.00		5,000,000.00	
Other Earmarked Funds:				
(Created under the provisions of the Trust Deed or Scheme or out of the Income)				NIL
Loans (Secured/Unsecured):				
Advance Received from Reserve Bank of India			6,886,408.23	
Provision for Expenses	796,918.20			
TDS Payable	16,297.80		813,216.00	
Income And Expenditure Account:				
Balance as per last Balance Sheet		-		
Add : Surplus/(Deficit) as per Income and Expenditure A/c		-		-
TOTAL			12,699,624.23	

Notes to Accounts - Schedule 'D'
As per our report of even date

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

Sd/-
(K.H. KANADE)
Partner

Place: Mumbai
Date: 29/05/2012

as at 31st March 2012

PROPERTY & ASSETS	₹	P.	₹	P.
Immovable Properties: (At Cost)				NIL
Balance as per last Balance Sheet				
Add: Additions during the year				
Less: Sales during the year				
Less: Depreciation up to date				
Investments:				NIL
Note: The market value of the above investments is ₹				
Movable Properties (At cost) (Schedule A):				
Balance as per last Balance Sheet		-		
Add: Additions during the year	4,824,227.62			
Less: Sales during the year		-		
Less: Depreciation up to date	<u>1,607,915.07</u>		3,216,312.55	
Loans (Secured or Unsecured):				NIL
Good/doubtful				
Loans Scholarships				
Other Loans				
Advances:				
Advance to Trustees		-		
Advance to Employees	150,000.00			
Advance against Research Project	245,000.00			
TDS Recoverable	7,309.00			
Prepaid Insurance	<u>3,500.00</u>		405,809.00	
Cash And Bank Balances:				
(a) Cash Balance		-		
(b) Bank Balance	9,077,502.68		9,077,502.68	
TOTAL			12,699,624.23	

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 LEARNING (NOW KNOWN AS CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING)

Sd/
TRUSTEE
(Y.H. Malegam)

Sd/
TRUSTEE
(T.V. Mohandas Pai)

Sd/
TRUSTEE
(Usha Thorat)

[Schedule - IX] [(Vide Rule 17(1)]

Name of the Public Trust : CENTRE FOR ADVANCED FINANCIAL LEARNING (NOW KNOWN AS CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING)

Income and Expenditure Account

for the period ending 31st March 2012

Expenditure	₹	P.	Income	₹	P.
To Expenditure in respect of Properties	NIL		By Contribution from RBI	17,376,357.77	
			By Programme Fees received from Participants	407,200.00	
To Establishment Expenses as per Schedule "B"	1,519,174.70		By Bank Interest	151,408.00	
			By Dividend	NIL	
To Remuneration to Trustees	NIL		By Donations in Cash or Kind	NIL	
			By Grants:	NIL	
To Audit Fees	33,708.00				
To Contribution and Fees	NIL		By Income from Other Sources	NIL	
To Amount written off	NIL				
(a) Bad Debts					
(b) Loan Scholarship					
(c) Irrecoverable Rents					
(d) Other Items					
To Depreciation As per Schedule "A"	1,607,915.07		By Transfer from Reserve	NIL	
To Expenditure on the object of the Trust - Educational As per Schedule "C"	14,774,168.00				
To Surplus carried over to Balance Sheet					
Total	17,934,965.77		Total	17,934,965.77	

Notes to Accounts - Schedule 'D'

CENTRE FOR ADVANCED FINANCIAL LEARNING (NOW KNOWN AS CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING)

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

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

Trustee
(Y.H. Malegam)

Trustee
(T.V. Mohandas Pai)

Trustee
(Usha Thorat)

Place: Mumbai
Date: 29/05/2012

Name of the Public Trust: CENTRE FOR ADVANCED FINANCIAL LEARNING (NOW KNOWN AS CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING)

Schedule A: Movable Properties

NAME OF THE ASSET	RATE OF DEP.	COST				DEPRECIATION			W.D.V. AS ON 31.03.2012 ₹ P.
		AS ON 01.04.2011	ADDITIONS ₹ P.	DELETIONS ₹ P.	AS ON 31.03.2012 ₹ P.	UPTO 01.04.2011 ₹ P.	During the Year ₹ P.	AS ON 31.03.2012 ₹ P.	
Computer Software	33.33%	-	3,634,199.40	-	3,634,199.40	-	1,211,278.66	1,211,278.66	2,422,920.74
Computer Hardware Including Printers	33.33%	-	871,535.72	-	871,535.72	-	290,482.86	290,482.86	581,052.86
Other Electrical Equipment	33.33%	-	318,492.50	-	318,492.50	-	106,153.55	106,153.55	212,338.95
		-	4,824,227.62	-	4,824,227.62	-	1,607,915.07	1,607,915.07	3,216,312.55

Schedule 'B': Establishment Expenses

Particulars	Amount	
	₹	P.
Administrative Expenses	1,482,646.70	
Facilities Management Expenses	36,528.00	
Total	1,519,174.70	

Schedule 'C': Expenditure on Object of the Trust - Educational

Particulars	Amount	
	₹	P.
Learning and Research Programme Expenses		
Catering Expenses	110,856.00	
Conveyance Expenses	1,099,309.00	
Miscellaneous Expenses	3,420,004.00	
Photography/Videography	229,821.00	
Printing/Photocopying	301,606.00	
Stay Expenses-Guest Faculty	1,962,499.00	
Travel Expenses- Guest Faculty	1,749,896.00	
Training Stationery including Kit	31,065.00	
Computer/Fax/Printer Consumables	149,148.00	
Travelling & Halting Expenses	791,962.00	
Salaries & Staff Expenses	4,509,037.00	
Research Expenses	418,965.00	
Total	14,774,168.00	

Name of the Public Trust: CENTRE FOR ADVANCED FINANCIAL LEARNING (NOW KNOWN AS CENTRE FOR ADVANCED FINANCIAL RESEARCH AND LEARNING)

Schedule 'D'

Notes on Accounts annexed to and forming part of the Balance Sheet as on 31st March 2012 and Income and Expenditure Account for the year ended 31st March 2012.

1 The Centre for Advanced Financial Learning was registered as a society on 19.04.2007 and was registered as a trust on 08.10.2007. There was no activity carried out by the Trust till 31st March 2011. Consequently this is the first year of the operations of the Trust and the figures for the previous year are not given. The name of the Trust was changed to the Centre for Advanced Financial Research and Learning by the Trustees on 28.01.2011 and the procedure for obtaining the approval for change of name from the office of the Charity Commissioner is in progress.

2 Significant Accounting Policies

2.1. 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.

2.2. Recognition of Income/Expenditure:

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

The amount received from the Reserve Bank of India towards the corpus is shown as corpus fund in the Balance Sheet.

2.3. 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 ₹10,000/- are not capitalised. Depreciation on all assets is charged @33.33% on the Straight line method for whole year.

3. The entire activity of the Trust has been funded by the Reserve Bank of India. The first 5 year deficit will be borne by the Reserve Bank of India.

For Centre for Advanced Financial Learning (now known as the Centre for Advanced Financial Research and Learning)

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

Sd/-
(K.H. KANADE)
Partner
M.No:106952

Sd/-
Trustee
(Y.H. Malegam)

Sd/-
Trustee
(T.V. Mohandas Pai)

Sd/-
Trustee
(Usha Thorat)

Annex

CAFRAL Programmes 2011-12

Conference of CEOs of banks on 'Evolving business strategies in the emerging regulatory landscape'

Dates: 28 May 2011 & 16 July 2011

Venue: RBI Central Office Building

Participants: 39 CEOs

Speakers and Resource persons:

- D. Subbarao, Governor, RBI
- Stuart Lewis, Deputy Chief Risk Officer, Deutsche Bank AG
- Chris Matten, Partner, PwC, Singapore
- Avinash D. Persaud, Chairman, Intelligence Capital Ltd.
- Stephen Roach, Non-Executive Chairman, Morgan Stanley Asia
- Robert Scanlon, Group Chief Credit Officer, Standard Chartered Bank PLC
- Antonio Simoes, Group General Manager, Group Head of Strategy and Planning, HSBC Holdings PLC.

Round Table on Payment Solutions for Financial Inclusion

Date: 24 June 2011

Venue: IDRBT, Hyderabad

Participants: 32

Speakers and Facilitators

- Prakash Bakshi, Chairman, NABARD
- Paul Breloff, Member of Technology team, CGAP
- R. Gandhi, Executive Director, RBI
- Sriram Jagannath, CEO, Airtel M Commerce Services Ltd.
- Sachin Khandelwal, MD and CEO, ICICI Home Finance Co. Ltd.
- Manish Khera, CEO, FINO
- Dharmarajan Krishnan, Indian Revenue Service, Government of India
- Aditya Menon, Executive Vice President, Obopay Mobile Technology India Pvt. Ltd.
- S. Ganesh Kumar, Chief General Manager, IDRBT
- G. Padmanabhan, Executive Director, RBI
- R. S. Sharma, Director General, Unique Identification Authority of India

Round Table on Data Needs for Research and Analysis relating to India's Financial Sector

Date: 14 July 2011

Venue: Indian Institute of Banking and Finance, Mumbai

Participants: 39

Speakers and Facilitators

- K.C. Chakrabarty, Deputy Governor, RBI
- Viral Acharya, C.V. Starr Professor of Finance, Stern School, New York University
- Mohan Bhatia, Principal, Wipro Group
- Manju Puri, J. B. Fuqua Professor of Finance, Fuqua School of Business, Duke University

Seminar on Optimal Regulation of Financial Innovation

Date: 3 October 2011

Venue: CAFRAL, Bandra Kurla Complex, Mumbai

Participants: 18

Speaker: Tarun Ramadurai, Said Business School, Oxford University

Round Table on Housing Finance – the Emerging Contours

Date: 7 October 2011

Venue: India Habitat Centre, New Delhi

Participants: 45

Speakers/Facilitators

- Ashish Karamachandani, Monitor Group
- Deepak S. Parekh, Chairman, HDFC Ltd.
- Arnab Roy, Executive Director, National Housing Bank
- G.S. Sandhu, Principal Secretary, GoR
- Aruna Sundararajan, Jt. Secretary, MHUPA
- R.V. Verma, Chairman, National Housing Bank
- Roberto Zagha, Country Director, World Bank

Workshop on Analysing Financial Statement of Corporate under IFRS

Date: 11 October 2011

Venue: Central Office Building, RBI, Mumbai

Participants: 37

Speakers/Facilitators

- Prabhakar Kalavacherla, Member, IASB
- Vaishali Koparkar, Jt. GM (Corp. Accts), L&T Ltd.
- Uday Y. Phadke, President, Finance, Legal, Mahindra & Mahindra Ltd.

Talk on Modern Financial Markets – a Systemic Evolution

Date: 12 October 2011

Venue: CAFRAL, Bandra Kurla Complex, Mumbai

Participants: 18

Speaker: Andrew Sheng, Advisor, CBRC

Talk on Risk Handling

Date: 22 November 2011

Venue: CAFRAL, Bandra Kurla Complex, Mumbai

Participants: 14

Speaker: Richard C. Evans, Chief Risk Officer, Institutional Clients Group, Citibank

Conference of Directors on the Boards of Commercial Banks

Date: 13 December 2011

Venue: RBI, Central Office

Participants: 43

Speakers/Facilitators/Panellists

- D. Subbarao, Governor, RBI
- M. Balachandran, Director, IBPS
- Salim Gangadharan, RD, RBI
- P. Krishnamurthy, former CGM, RBI
- B. Mahapatra, ED, RBI
- Y.H. Malegam, Member, Central Board of RBI
- P. J. Nayak, Managing Director & Country Head, Morgan Stanley India Co. Pvt. Ltd.
- Atul Kumar Rai, CMD, IFCI
- K.R. Ramamoorthy, former Chairman & CEO, Corporation Bank and ING Vysya Bank Ltd.
- J.K. Sinha, Chairman, Asia Pacific, the Boston Consulting Group

Seminar on Development of Secondary Corporate Bond Markets: Evidence from USA and Canada

Date: 16 December 2011

Venue: CAFRAL, Bandra Kurla Complex, Mumbai

Participants: 18

Speaker: Madhu Kalimipalli, Associate Professor, School of Business and Economics, Wilfrid Laurier University, Canada

Seminar on CDS Credit Event Auction

Date: 30 January 2012

Venue: CAFRAL, Bandra Kurla Complex, Mumbai

Participants: 14

Speaker: Sudip Gupta, ISB, Hyderabad

Programme on Implementation of Basel 2 Advanced Approaches

Dates: 25-28 February 2012

Venue: L&T Management Development Centre, Lonavla

Participants: 29

Speakers/Facilitators

- K.C. Chakrabarty, Deputy Governor, RBI
- Anand Sinha, Deputy Governor, RBI
- Kumar Dasgupta, Partner, PwC
- Bernie Egan, Financial Stability Unit, BIS
- Srinivasan Iyengar, Standard Chartered Bank
- Y. P. Thoraval, Independent Supervisor, with 30 years of experience with Bank of France

Interaction with Nandan Nilekani, Chairman, UIDAI

Date: 2 March 2012

Venue: CAFRAL, Bandra Kurla Complex, Mumbai

Participants: 15

Conference of Financial Sector Regulators on Consumer Protection, Systemic Risk and Market Development

Dates: 26-27 March 2012

Venue: Hotel Taj Mahal Palace, Mumbai

Participants: 43

Speakers/Facilitators/Panellists

- K.C. Chakrabarty, Deputy Governor, RBI
- Anand Sinha, Deputy Governor, RBI
- Ramesh Abhishek, Chairman, FMC
- Yogesh Agarwal, Chairman, PFRDA
- Vijay Bhaskar, ED, RBI
- Shyamala Gopinath, former Deputy Governor, RBI
- R.K. Nair, Member, IRDA
- Ravi Narain, MD, NSE, Mumbai
- T. T. Ram Mohan, Professor, IIM, Ahmedabad
- Prashant Saran, Member, SEBI
- Amitha Sehgal, Associate Professor, Poddar College
- Susan Thomas, Professor, IGIDR
- K. N. Vaidyanathan, Group Chief Risk Officer, Mahindra & Mahindra

International Programmes

CAFRAL-BIS Conference on Financial Sector Regulation for Growth, Equity and Stability in the Post Crisis World

Dates: 15-16 November 2011

Venue: Hotel Trident, Mumbai

Participants: 26

Speakers/Facilitators/Paper Presenters

- D. Subbarao, Governor, RBI
- Anand Sinha, Deputy Governor, RBI
- Jaime Caruana, General Manager, BIS
- Vaibhav Chaturvedi, DGM, RBI
- S.C. Dhal, AGM, RBI
- Stephany Griffith Jones, Financial Markets Programme Director, Columbia University
- Anne Héritier Lachat, Chair of the Board of Directors, Swiss Financial Markets Supervisory Authority
- John Lipsky, former Deputy MD, IMF
- Annanpurna Neti, Fellow, IIM , Bengaluru
- Md. Abdul Quasem, Deputy Governor, Bangladesh Bank
- Y. V. Reddy, former Governor, RBI
- Andrew Sheng, Advisor, CBRC
- M.S. Sriram, Fellow, IDRBT
- Philip Turner, Head, Monetary & Economic Department, BIS
- Xavier-Yves Zanota, Member, Basel Committee, BIS

CAFRAL-Toronto Centre Joint Programme on Crisis Preparedness in collaboration with Toronto Centre, Canada

Dates: 16-19 January 2011

Venue: JNIBF campus, Hyderabad

Participants: 29

Speakers and Facilitators

- K.C. Chakrabarty, Deputy Governor, RBI
- Chris Cardoza, Toronto Centre
- Gerry Lewis, Toronto Centre
- Yok Wang Tok, Toronto Centre
- N.S. Vishwanathan, RD, RBI
- Jan Willem Van der Vossen, Toronto Centre

Notes

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Published by:

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