

NiSM

NATIONAL INSTITUTE OF SECURITIES MARKETS  
An Educational Initiative of SEBI

Annual  
Report  
2013-2014

The logo for the Annual Report is set against a dark blue background. It features the words "Annual" and "Report" in a white, stylized, sans-serif font. The letter "A" in "Annual" is large and contains a red circle. The letter "R" in "Report" is large and contains an orange circle. Other letters in both words have small colored dots: "n" (orange), "n" (blue), "u" (blue), "a" (green) in "Annual"; and "e" (green), "p" (orange), "o" (orange), "r" (orange) in "Report". A vertical white line runs down the right side of the page, starting from the top and ending at the bottom of the "Report" text.

Annual  
Report

# Preface

The National Institute of Securities Markets (NISM) was established by the Securities and Exchange Board of India (SEBI) as a public trust registered under the Bombay Public Trusts Act, 1950 and a society under Societies Registration Act, 1860

## **NISM's vision statement is:**

*“To be a hub of knowledge initiatives for playing a strategic role enhancement and capacity building, for transforming the securities markets in India and the Asia-Pacific Region”*

The primary purpose of NISM is to enhance the quality of intermediaries in the Indian securities markets through knowledge initiatives. NISM addresses a number of stakeholders in the securities markets such as the investors, issuers, intermediaries, students who seek a career in the securities markets, regulatory staff and members of academia who wish to study the securities markets.

The target audience of NISM is diverse. Hence, NISM is required to approach each constituent differently in terms of the program/product design, delivery and pricing of its products. As the target group is large, it is not possible to reach all of them without active help from the players in the securities markets and without active collaboration with the larger educational system. NISM is also required to utilize a variety of delivery mechanisms to reach its educational initiatives to a wide segment of users in a cost effective manner.

Considering the limited resources at its disposal, and also the difficulty of pricing many of its products at full cost, NISM has been seeking financial support from various entities that have interest in making knowledge interventions in the securities markets.

Considering the diversity in its stakeholders, activities under the NISM umbrella revolve around six schools and a National Centre for Financial Education (NCFE), as depicted in the next page:

## School

### **School for Certificate of Intermediaries (SCI)**

The objective is to have certified personnel across regulated intermediaries to strengthen the market processes.

### **School for Securities Education (SSE)**

The objective is to provide industry with a cadre of professionals with specialized education in the field of securities markets.

### **School for Regulatory Studies and Supervision (SRSS)**

The objective is to provide training inputs covering three aspects:

- Specialized knowledge
- Base knowledge
- Managerial inputs

### **School for Corporate Governance (SCG)**

The goal is to create and spread awareness on corporate governance practices.

### **School for Securities Markets Information and Research (SSIR)**

Research becomes a crucial ingredient in institutions offering post graduate education as knowledge dissemination is supported by knowledge creation.

## Activities

Development and design of self-study certification courses, with a student gestation period ranging between 1 to 3 months. At present, 16 certifications are on offer, most of them mandatory w.r.t. regulated intermediaries, and some are non-mandatory in nature.

In-classroom programmes being conducted at the post-graduate or professional level. Two flagship programmes are:

Post Graduate Programme in Securities Markets, (PGPSM), a 1-year fulltime programme  
Certificate in Financial Engineering & Risk Management, (CFERM), a 1-year part-time programme

**Proposed:** Admission to officers on deputation from IOSCO member countries in PGPSM Program

In-classroom training for the officers of regulatory bodies such SEBI, RBI and FMC. Besides, customized training for officers of the income tax department, ministry of corporate affairs, banks and other market intermediaries is also provided.

Workshops and conferences spread across various geographies on a pan-India basis. In the initial phase, it brought together regulators, practitioners and academicians. The next phase is to introduce certifications for directors.

Research publications by faculty members  
Conference papers  
Project Research.



**School for Investor Education and Financial Literacy(SIEFL)**

The SIEFL arm of NISM endeavors to enhance the levels of financial literacy.

Pocket Money.  
Resource Person Programmes.  
Investor Education and Careers in Securities Markets session series.



**National Centre for Financial Education(NCFE)**

The role of NCFE is to create financial education material, conduct campaigns and awareness programmes on financial literacy.

National Financial Literacy Inclusion Survey.  
Financial Education Website  
Financial Education through School curriculum.  
All India Financial Literacy Assessment Test

This Annual Report states the activities of NISM undertaken during 2013-2014. Year 2013-14 is a period in which NISM has achieved many milestones and its activities in almost all the areas have significant increase. Considering the wide array, depth and quality of activities covered, it may reasonably be stated that NISM occupies a unique and important space in the country and Asia in serving as a knowledge-hub in the field of securities markets.

NISM shall continue reaching out to stakeholders and seek partners towards the attainment of its stated vision.

# Board of Governors

From 1st April, 2013 to 31st March, 2014



**MR. U. K. SINHA,**  
Chairman, SEBI  
(Chairman, Board of Governors)



**MR. RAJEEV K. GARWAL**  
Whole Time Member, SEBI



**MR. PRASHANT SARAN**  
Whole Time Member, SEBI



**DR. ANIL K. KHANDELWAL**  
Former Chairman of Bank of Baroda



**MR. M. S. SAHOO**  
Secretary,  
The Institute of Company  
Secretaries of India



**MR. UDAY KOTAK**  
Vice Chairman & Managing Director,  
Kotak Mahindra Bank Ltd.



**MR. MANOJ JOSHI\***  
Joint Secretary  
Ministry of Finance,  
Govt. of India



**MS. CHANDA KOCHHAR**  
Managing Director &  
Chief Executive Officer,  
ICICI Bank



**MR. P. K. NAGPAL**  
Executive Director, SEBI



**MR. SANDIP GHOSE**  
Director, NISM

**MR. G. P. GARG**  
Registrar & Head-NCFE  
(Secretary to the Board of Governors of NISM)

\* Joined the Board of Governors from January 17, 2014

# Academic Council\*

From 1st April, 2013 to 31st March, 2014



**Prof. SAMIR BARUA**  
Former Director, Indian Institute of Management,  
Ahmedabad (IIMA)



**Dr. SHEKHAR SHAH**  
Director General, National Council of  
Applied Economic Research (NCAER)



**Mr. CYRIL SHROFF**  
Amarchand Mangaldas & Suresh A Shroff & Co.



**MR. SANDIP GHOSE**  
Director, NISM  
(Chairman, Academic Council of NISM)

**MR. G. P. GARG**  
Registrar & Head-NCFE  
(Secretary to the Academic Council of NISM)

\* Academic Council has been reconstituted with effect from January 2014.

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# Activities of NISM during the year 2013-14

NISM's activities are dedicated towards enhancing the quality of participants in the securities markets within the broad framework of its vision. This involves development of knowledge and skill base of all stakeholders, which embodies its spirit of commitment to achieve these objectives.

The activities of NISM are carried out through its Six schools and National Centre for Finance Education (NCFE) viz.

- School for Securities Education (SSE)
- School for Securities Information and Research (SSIR)
- School for Regulatory Studies and Supervision (SRSS)
- School for Investor Education and Financial Literacy(SIEFL)
- School of Certification of Intermediaries (SCI)
- School for Corporate Governance (SCG) and
- National Centre for Finance Education(NCFE)

The school wise information and data in relation to activities, programmes and initiatives undertaken during the year 2013-14 is as presented:

# School for Securities Education (SSE) and School for Securities Information and Research (SSIR)

Activities and initiatives encompassed the following:

- a) Education
- b) Training
- c) Research

## Education

During the Academic Year 2013-14, SSE offered four long-term programmes. The details of the programmes and activities undertaken are as under:

### **1. Post-graduate Programme in Securities Markets (PGPSM)**

It is a one-year fulltime Post-Graduate Programme viz. Post Graduate Programme in Securities Markets (PGSPM) for students aspiring careers in securities markets. The Batch IV of PGPSM: 2013-14 with 35 students completed the academic sessions in May 2014.

Batch II (2011-12) were convocated in April 2013 at the hands of Mr Uday Kotak, Vice Chairman & Managing Director, Kotak Mahindra Bank Ltd., and Batch III (2012-13) were convocated in September 2013 at the hands of Dr. K C Chakrabarty, Dy. Governor-RBI.

### **2 Post-Graduate Certificate in Securities Markets (PGCSM)**

NISM has entered into an MoU with ICICI Bank Ltd. in the year 2011 for conducting an exclusive one-year fulltime programme viz. Post-graduate Certificate in Securities Markets (PGCSM) for applicants seeking various roles in ICICI Group. NISM has successfully completed two batches of PGCSM.

The 21 students for Batch III of PGCSM were selected from an All-India pool of over 3,000 applications. This batch is currently undergoing internship at ICICI bank in preparation for the final posting.

### **3. Certificate in Financial Engineering and Risk Management (CFERM)**

CFERM is offered over weekends spread over nine month and also on contact modules format which is spread over a year's time. NISM successfully completed Batch IV of CFERM with 22 students and the students were convocated in September 2013.

In Batch V, 16 students are undergoing their academic sessions. CFERM is benchmarked

with the best content and is listed in the International Association of Financial Engineers (IAFE) site. NISM works closely with IAFE in creating, maintaining and delivering quality content. The design and content of CFERM programme has also been appreciated by the Public Pension Authority of Saudi Arabia. CFERM is now a recognized qualification for the Certificate in International Investment Analyst (CIIA) programme of ACIIA, Switzerland.

#### 4. Certificate in Securities Law (CSL)

Certificate in Securities Law (CSL) offered as a part-time programme for working executives, across 26 Saturdays, at Nariman Point office of NISM. Batch II of CSL commenced in August 2013.

#### 5. PhD Studies

NISM had received recognition as a Research Centre for **PhD** studies, by the Symbiosis International University, Pune. The first PhD student in the thesis stage is expected to be on campus in Academic Year 2014-15.

In order to enrich the education processes, NISM entered into a number of collaborative relationships with the following national and international organizations viz. Institute of Company Secretaries of India; National Academy of Direct Taxes, Nagpur; Indian Corporate Law Service Academy, Manesar; CFA Institute, USA; Chartered Institute of Securities and Investment, UK.

## Training

SSE carved out six training programmes from various subjects being taught in the various long-term programmes of SSE and offered for the benefit of over 200 professionals. The list of programmes offered is as under:

	Name of the programme	Dates	No of participants
1	Behavioural Finance for Principal Retirement Solutions	June 3-4, 2013	23
2	Securities Law Documentation for ICSI members*	June 8-9, 2013	30
3	Compliance with Listing Agreement for ICSI members*	June 29 -30, 2013	30
4	Financial Derivatives and Risk Management – for SBI Societe Generale Global Securities	Oct 19-20, 2013	25
5	Securities Markets for 66th Batch of IRS from NADT	March 10-14, 2014	95
6	Securities Markets for Indian Corporate Law Officers (ICLS)	March 24-28, 2014	05

\*Under an MoU signed with Institute of Company Secretaries of India for undertaking various initiatives for capacity building in securities markets.

## Research

I. Research Papers - faculty of NISM published following research papers during the year which are as under:

Researcher	Research Paper
Akhlaque Ahmad	<p>“Factors Affecting the SMILE Effect and Implied Volatility in the Context of Option Pricing Models” at the Actuarial &amp; Financial Mathematics Conference, is published by the Royal Flemish Academy of Belgium for Science &amp; Arts.</p> <p>“Affine and Modular Option Pricing: An Integration of Stochastic Factors Affecting Option Prices”, published in Journal of Financial and Economic Practices, (Springer, Fall 2013)</p> <p>Outstanding Paper Presentation award for “An Unified Risk Management Framework for Option Valuation: A Fourier Transform Approach” presented at International Mathematical Finance Conference 2014, at Bradley University, USA. Possibility of publication in the Review of Futures Markets.</p> <p>Pursuing PhD in the field of financial derivatives at the Department of Economics, Centre of Advanced Financial Studies, University of Mumbai.</p>
Kavitha Ranganathan and Srinivas Prakhya	<p>“Global Shapes of Preference Scaling Functions” is accepted for publication in the Journal of Inter-disciplinary Economics</p>
Kavitha Ranganathan and Poonam Singh	<p>“Reference Price Effect in Indian Mergers &amp; Acquisitions” presented at the Indian Econometric Society Conference at IGIDR, Mumbai. This study is a National Stock Exchange (NSE) Working Paper</p>
Kavitha Ranganathan and Srinivas Prakhya	<p>“A Satisficing Measure of Risk Preference” under review with the journal Experimental Economics (Springer)</p>
Kavitha Ranganathan	<p>Submitted PhD thesis titled “Risk Attitudes and Personal Values” in November 2013 to Indira Gandhi National Open University, New Delhi.</p>

Poonam Singh	"Convergence in Emerging Markets: The Case of Abuse of Dominant Position in Competition Policy" accepted for publication in the Journal of Inter-disciplinary Economics
Poonam Singh, Narhari Hansoge and Vijay Marisetty	"Can Business Groups Survive with Institutional Development: Theory and Evidence" presented in India Finance Conference and Emerging Markets Finance Conference
Kiran Kumar K, Viral Acharya and Ravi Anshuman	"Economic Shocks, Fund Flows and Market Returns" presented at the NYU NSE Indian Capital Market Conference at Mumbai
S Rachappa and K Sudershan	"Rounding Up in Reported Income Numbers: Evidence from Indian Companies" submitted with minor revisions to the publication Review of Accounting and Finance.
Sunder Ram Korivi and Poonam Tandon	Published in the International Economics and Finance Journal (IEFJ), a peer-reviewed publication, Peking University, a paper titled "Structure of the Indian Corporate Bond Market: A Post 2005 View" in the Jan-June 2013 issue. The publication is listed in EconLit by the American Economic Association.

## Research

I. Research Papers - faculty of NISM published following research papers during the year which are as under:

ii. Project Research

In order to influence policy and practice, NISM faculty engaged in the following research projects:

- The Study on Arbitration Mechanism in Stock Exchanges and Depositories and submitted the same to SEBI.
- Associated with SEBI for organising the First International Research Conference with SEBI on Algorithmic Trading, High Frequency Trading and Co-Location in January 27-28, 2014



# School for Regulatory Studies and Supervision (SRSS)

During year 2013-14, NISM conducted 12 training programmes/workshops in addition to three one-day talks arranged for officers of SEBI. Training programmes for 149 man-days were conducted for the benefit of 639 participants. The list of programmes and details are as under:

	Name of the programme/workshop	Dates	No. of days	No of participants
01	Induction programme for Grade A Officers of SEBI : Batch I	May 06-17, 2013	11	36
02	Induction programme for Grade A Officers of SEBI : Batch II	June 03 -14, 2013	11	31
03	Workshop for Mutual Fund Trustees and Independent Directors of AMCs	Aug 29, 2013	01	87
04	Pre-Examination Training on SEBI Grade A Examination for reserved category applicants at four centres (Mumbai, Delhi, Kolkata & Chennai)	Sept 4 -8, 2014	05	265
05	Finance for Non-Finance Executives	Sept 5 -7, 2013	03	19
06	Overview of Securities Markets	Oct 21 -25, 2013	05	22
07	International Financial Reporting Standards for Officers of SEBI	Oct 31, 2013	01	22
08	International Financial Reporting Standards for Officers of SEBI	Nov 01, 2013	01	22
09	Compliance of SEBI Regulations for officers of banks	Feb 3 -4, 2014	02	19
10	Macro Economic Review for Officers of SEBI	Feb 6 -7, 2014	02	23
11	Induction programme for Grade A Officers of SEBI : Batch I	Dec 16, 2013 to Jan 30, 2014	45	35
12	Induction programme for Grade A Officers of SEBI : Batch II	Jan 16 - Feb 28, 2014	45	48

NISM has organised following talks for the benefit of middle and senior officers of SEBI during the year:

- 1. Program on Risk Management – International Perspective** a talk by Prof Richard Flavel, a renowned international risk management expert on 15th June 2013.
- 2. Talk on Designing the Future Perfect** – by Prof Tyrone Pitsis of Newcastle University Business School, U K on 8th October 2013.
- 3. Talk on Integrity at Work** – by Prof. Kevin Moore, Director with Chartered Institute of Securities and Investment (CISI), on 18th February 2014.

# IV

## School for Investor Education and Financial Literacy(SIEFL)

### Refresher Workshop for SEBI Financial Education Resource Persons:

During the year 2013-14, NISM has organised two Review Workshops covering 69 SEBI Financial Education Resource Persons at Bengaluru (Sept 21-22, 2013) and New Delhi (Sept 28-29, 2013).

### Investor Education Sessions

During the year, NISM has organised investor education/ careers in securities markets sessions at various management/academic institutions/colleges as under:

	Name of the programme/workshop	City
01	Ashoka Business School	Nashik
02	CHM College, Ulhasnagar	Mumbai
03	College of Co-operation, Banking and Management, Thrissur	Thrissur
04	DTSS College of Commerce	Malad, Mumbai
05	George College, Goregaon	Mumbai
06	Globsyn Business School	Kolkata
07	Goa Institute of Management	Panaji, Goa
08	Government First Grade College, Thenkanidiyoor	Udupi, Karnataka
09	Indira Institute of Management	Navi Mumbai
10	ITM Business School	Bangalore
11	ITM Business School	Mumbai
12	KCT Business School	Coimbatore
13	Kohinoor Business School	Mumbai
14	KPR School of Business	Arasur, Coimbatore
15	Kristujyothi Institute of Management Changanassery	Kottayam, Kerala
16	Malik Deenar Institute of Management Studies, Seethangoli	Kasaragod, Kerala
17	RA Poddar College	Mumbai
18	Raheja College of Commerce	Mumbai
19	RVS Institute of Management	Coimbatore
20	S K College of Commerce, Nerul	Navi Mumbai
21	Saintgits College of Applied Sciences Pathamuttom	Kottayam, Kerala
22	Stella Mary's College	Chennai
23	Swami Vivekananda Junior College	Mumbai
24	VISHVAKARMA Business School	Mumbai
25	Vivek College of Commerce	Mumbai

# V School of Certification of Intermediaries (SCI)

## Certification of Associated Persons in Securities Markets

NISM launched the following certification examinations in the financial year 2013-14:

- NISM-Series-X-A: Investment Adviser (Level 1) Certification Examination
- NISM-Series-X-B: Investment Adviser (Level 2) Certification Examination
- NISM-Series-III-B: Compliance Issuers Certification Examination

As a part of its periodic examination review, NISM launched revised exams for the following certification examinations in the financial year 2013-14:

- NISM-Series-I: Currency Derivatives Certification Examination
- NISM-Series-II-A: Registrar to an Issue and Share Transfer Agent – (Corporate) Certification Examination
- NISM-Series-II-B: Registrar to an Issue and Share Transfer Agent – (Mutual Fund) Certification Examination
- NISM-Series-IV: Interest Rate Derivatives Certification Examination
- NISM Series-V-A: Mutual Fund Distributors Certification Examination,
- NISM-Series-V-B: Mutual Fund Foundation Certification Examination,
- NISM-Series-VI: Depository Operations Certification Examination
- NISM-Series-VII: Securities Operations and Risk Management Certification Examination
- NISM-Series-VIII: Equity Derivatives Certification Examination
- NISM-Series-X-A: Investment Adviser (Level 1) Certification Examination

During the year 2013-2014, a total of **1,23,898** candidates enrolled for NISM Certification Examinations against 96,818 in 2012-13. The certification examinations are available in 196 Test Centers located at **157** cities across India. Data pertaining to certification examinations for year 2013-14 is tabulated as under:

	Name of Examination	Candidates Enrolled during F.Y 2013-14	Candidates Appeared during F.Y 2013-14	Candidates Passed during F.Y 2013-14
01	Currency Derivatives	8,611	8,005	3,662
02	RTA - Corporate	312	289	152
03	RTA - Mutual Funds	1,474	1,418	847
04	Securities Intermediaries Compliance (Non-Fund)	444	397	318
05	Interest Rate Derivatives	244	201	87
06	Mutual Fund Distributors	58,475	54,259	34,491
07	Mutual Fund Foundation	375	311	281
08	Mutual Fund Distributors (Level 2)	324	275	44
09	Depositories Operations	20,712	18,627	10,852

10	Securities Operations and Risk Management	8,047	7,576	5,445
11	Equity Derivatives	22,916	21,784	11,729
12	Merchant Banking	193	161	134
13	Investment Adviser (Level 1) Certification Examination	1,395	1,187	540
14	Investment Adviser (Level 2) Certification Examination	133	101	53
15	Equity Sales Certification Examination	95	90	66
16	Securities Markets Foundation	148	124	106
	<b>TOTAL</b>	<b>1,23,898</b>	<b>1,14,805</b>	<b>68,807</b>

## Development & Administration of Continuing Professional Education (CPE)

### **NISM launched the following 1-Day CPE Programs during the year:**

1. CPE Programs for NISM Series-IV: Interest Rate Derivatives Certification Examination
2. CPE Programs for NISM Series-VIII: Equity Derivatives Certification Examination
3. CPE Programs for NISM-Series-III-A: Securities Intermediaries Compliance (Non-Fund) Certification Examination

### **NISM also revised the following 2-Day CPE Program and launched them as 1-Day CPE Program:**

- 1) CPE Program for NISM-Series-I: Currency Derivatives Certification Examination
- 2) CPE Program for NISM-Series-II-A: Registrar to an Issue and Share Transfer Agent –Corporate Certification Examination
- 3) CPE Program for NISM-Series-II-B: Registrar to an Issue and Share Transfer Agent –Mutual Fund Certification Examination
- 4) CPE Program for NISM-Series-V-A: Mutual Fund Distributors Certification Examination
- 5) CPE Program for NISM-Series-VI: Depository Operations Certification Examination
- 6) CPE Program for NISM-Series-VII: Securities Operations and Risk Management Certification Examination

NISM has accredited various CPE Providers for the delivery of NISM CPE Programs. In addition to the accredited CPE Providers, NISM also provides classroom delivery of CPE Program specific to each certification examination.

During the year 2013-14, NISM along with accredited CPE Providers conducted 1,065 (443)CPE programs at 102 (84) locations covering 42,678 (18,081) participants (figures in the brackets represent figures of previous year) across different segments like Mutual Fund Distributors, Equity derivatives, Currency derivatives, Depository operations, RTA- Corporate, Securities Operations and Risk Management and Mutual Fund Foundation.

	CPE Segment	Number of participants	Number of CPE Programs
01	Mutual fund Distribution	19,457	485
02	Currency Derivatives	4,548	120
03	RTA – Corporate	93	3
04	RTA - Mutual Funds	44	2
05	Depository Operations Securities Operations	3,865	143
06	and Risk Management	1,566	43
07	Mutual Funds Foundation	792	26
08	Equity Derivatives	12,313	243
		<b>42,678</b>	<b>1,065</b>

NISM undertook an exercise to increase number of empanelled CPE trainers. Accordingly, 71 new CPE trainers were empanelled during the year.

NISM conducted four 'NISM CPE Trainers Contact Programmes' at Mumbai, Lucknow and Bangalore for enhancing the domain knowledge and training delivery of empanelled CPE trainers. In all 75 trainers benefitted from these programs. NISM currently has following CPE providers:

- i) Center for Investment Education Pvt. Ltd.
- ii) National Stock Exchange of India Ltd.
- iii) National Securities Depository Ltd.
- iv) Financial Technology Knowledge Management Co. Ltd.
- v) Central Depository Services (India) Ltd.
- vi) BSE Institute Ltd.
- vii) ITM Institute of Financial Markets
- viii) Centum Learning Ltd.

## Other Initiatives

### 1. Accreditation of Certification Exams

Subsequent to the notification of SEBI (Investment Advisers) Regulations, 2013, NISM finalized the process for accreditation of certifications for Investment Advisers and invited applications for accreditation. Two certifications were granted in-principle approval by NISM. During the year, Chartered Wealth Manager (CWM) certification of the American Academy of Financial Management India Pvt. Ltd. (AAFMI India), met with NISM requirements and was granted accreditation.

### 2. Memorandum of Understanding (MOU)

NISM enters into MOUs with different institutes /organizations with the objective of offering innovative certifications and educational programmes in financial markets to enhance the

choices and availability of quality financial education to students. During the year NISM entered into MOUs with the Association of International Wealth Management of India (AIWMI) and ICICI Securities (ICICIDirect Center for Financial Learning).

### 3. E-learning initiative

Currently, NISM is developing content for Mutual Fund Distributors (MFD module) as part of our Continuing Professional Education (CPE) initiative. This will be delivered in a customized Learning management system.

### 4. Skills Registry

Skills Registry, a web based system was developed and made available on NISM website to provide access to the members of public to the database of all certificates issued by NISM.

## School for Corporate Governance (SCG)

NISM has entered into an MOU with Institute of Company Secretaries of India (ICSI) for undertaking various activities in capacity building for securities markets. One of the initiatives in this regard is to organise conference on 'Ethics and Corporate Governance' at strategic centres.

During the year four conferences were organised at Mumbai, Delhi, Chennai and Kolkata in association with ICSI.

Location	Date	No of participants
Mumbai	September 26, 2013	90
Kolkata	December 11, 2013	150
Chennai	December 27, 2013	150
New Delhi	March 26, 2014	70

The deliberations at these conferences focussed on three aspects of the topic – Ethics and Corporate Governance viz. Regulatory Perspective, Practitioners' Perspective and Academic Perspective. Senior functionaries from the industry spoke on these occasions.



# National Centre for Finance Education (NCFE)

## Background

National Strategy for Financial Education (NSFE) is a step towards strategy to spread financial literacy among the people of India.

India, a fast growing economy with focus on inclusive growth and a stable financial system, recognizes the need for a strategy to spread financial literacy among people. National Strategy for Financial Education (NSFE) is a step in that regard.

NSFE aims to promote a smoother and more sustainable co-operation between regulators and stakeholders, avoid duplication of resources and allow development of articulated and tailored roadmaps with measurable and realistic objectives based on dedicated national assessments.

To implement NSFE, a special institute called National Centre for Financial Education (NCFE) is established under NISM. It aims to improve the knowledge, understanding, skills and competence of Indians in managing money effectively to improve their financial status by banking informed decision.

The main role of NCFE is to create financial education material and conduct financial education campaign across the country for all sections of the population along with awareness campaigns at different levels for existing and potential customers so as to improve the knowledge, understanding, skills and competence of theirs in managing money effectively to improve his/her financial status by taking informed decision. NCFE shall also create and maintain a website exclusively for financial education.

**Financial Stability and Development Council** is an apex-level body constituted by Government of India. The existing Technical Group on Financial Inclusion and Financial Literacy under the sub-committee of FSDC is responsible for the periodic monitoring and implementation of National Strategy for Financial Education.

To implement NSFE, the National Centre for Financial Education (NCFE) has been set up with the support of the following:

- Reserve Bank of India (RBI)
- Securities and Exchange Board of India (SEBI)
- Insurance Regulatory and Development Authority (IRDA)

- Pension Fund Regulatory and Development Authority (PFRDA)
- Forward Markets Commission (FMC)
- Ministry of Finance, Government of India
- National Institute of Securities Markets (NISM)

A Core Committee for the implementation of NSFE has been constituted of the representatives from all the financial sector regulators and Education Boards.

## NCFE Activities during 2013-14

### **NCFE – National Financial Literacy Assessment Test (NCFE-NFLAT)**

National Centre for Financial Education under the aegis of National Institute of Securities Markets (NISM), had invited all school students from classes VIII to X to participate in the NCFE's National Financial Literacy Assessment Test (NCFE-NFLAT) being conducted on 12th January, 2014 (Swami Vivekananda's Birth Anniversary).

It was a first of its kind National-level assessment to measure the financial literacy quotient among the students in India in a range of concepts like inflation, compounding and topics such as basic money management, banking, insurance, pension, and so on.

The response to the test had been overwhelming with around 1,00,000 students and 2000 schools registering for the test from all over the country within a 30-day registration window. The registrations were on a first come, first served basis and had to be closed early as all the seats had been filled up. The results for the test were announced on 23rd January, 2014 (Birth Anniversary of Netaji Subhash Chandra Bose).

CBSE had extended its full support in this regard by issuing a circular to all the schools affiliated to the board. Institute of Banking Personnel Selection (IBPS) being the testing partner had not only seamlessly facilitated the process but also waived off their fee for the national cause, charging only the third party fee from the NCFE. ICSE has also shown its willingness to be a part of the exercise from next year.

National and Regional Award Ceremonies were conducted in Pune, Haridwar, New Delhi, Hyderabad and Kolkata to felicitate the winners with the support of RBI and IRDA. The ceremonies created awareness about financial literacy efforts and would encourage other schools and students in the region to participate in such initiatives in the future.

Given the scale and reach of the test, a number of organizations in the area of financial education have also come forward to offer their voluntary services to coach the students for the NCFE-NFLAT. Discussions are underway to make the NCFE-NFLAT an annual event in the school calendars. Also, the test would be conducted at a larger scale in the subsequent years to accommodate the demand.

### **Financial Education through school curriculum**

NISM has been in continuous dialogue with NCERT to facilitate the inclusion of the financial

literacy material as a part of the compulsory syllabus. It has proposed to introduce the concepts of finance in an integral manner in their school curriculum from Class VI to X.

In this regard, NISM has formally approached NCERT and MHRD to get representation in the National Curriculum Framework Committee headed by Director, NCERT that is due to be constituted in 2014. Also, NCERT has developed supplementary material on Personal Finance for students. The same has been included as one of the study materials for the NCFE-NFLAT.

After the success of NCFE-NFLAT, schools have come forward with the request to assist them in including the financial literacy material in their regular syllabus. NCFE has chalked out a plan to conduct workshops in these schools to train their teachers and to introduce the students to the concepts of finance via the 'Pocket Money' programme.

### **NCFE – Financial Education Website (NCFE-FEW)**

The NCFE website ([www.ncfeindia.org](http://www.ncfeindia.org)) has been inaugurated by the Chairman, Technical Group on Financial Inclusion and Financial Literacy of the Sub-Committee of the FSDC and Deputy Governor, RBI. It has been completely developed in-house by the IT team at NISM.

Currently, the website is being enriched to be developed into a one stop repository for all the financial education material and activities. The website is also planned to have the details of various financial education programmes conducted across the country, financial education material including brochures, FAQs, videos and so on. A separate section for kids is also being developed that contains games, comics and other such material that can be easily understood. The NCFE website is currently available in English.

## **NCFE – Financial Literacy and Inclusion Survey (NCFE-FLIS)**

The National Centre for Financial Education (NCFE), at the behest of the Technical Group of the Sub-Committee of the Financial Stability and Development Council (FSDC) on Financial Inclusion and Financial Literacy, has appointed Mott MacDonald India, a global management and development consultancy organisation, to carry out a nationwide baseline survey i.e. NCFE-Financial Literacy and Inclusion Survey (NCFE-FLIS) for assessing the state of financial literacy and financial inclusion.

This study covering approximately 75000 people across 35 states and UTs, would not only assess the present state of financial literacy and financial inclusion, but also yield benchmarks of core financial literacy and financial inclusion indicators at various socio-economic sub group levels and measure its rate of change on a continual basis to assess the efficacy of various financial education interventions including those under NCFE. This study would also provide comparative analysis of states/ UTs and help evaluate India's standing at global level. This study is very important for the purpose of research to understand and improve delivery of financial education which in turn will lead to a higher level of financial literacy and financial inclusion in India. This study is scheduled to be completed by August 2014.



### NCFE - Logo

The concept and design of the NCFE logo has also been developed. It has also been presented for the consideration of the Technical Group which has approved the same. Chairman, Technical Group was appreciative of the logo and congratulated NISM for developing it in-house. The logo is now being used for all the communication regarding NCFE.



## Administration update and other matters

### Human Resources Department

The staff strength at the beginning of the financial year 2013-14 was 46. During the year, 11 new employees were recruited and 14 employees have left the organization. As a result, the staff strength of NISM at the end of FY2013-14 stood at 43. It has been a challenge for HR Department to tackle the increased level of attritions during the year and also ensure smooth operations with the increased level of activities across schools. The requirement for staff strength has increased due to significance increase in the activities of NISM during the year.

Following are the highlights of HR activities conducted during financial year 2013-2014:

#### **Workshop on Communication Skills**

One-day workshop on "Communication, Telephone etiquette & Business writing skills" was organized on May 10, 2013 and 25 staff of NISM attended the workshop.

#### **Microsoft Project Training**

A 40 hour training programme on "Microsoft Project" was conducted for NISM employees in two batches. While the first batch training took place in February 2014, the second batch training was conducted in April 2014 at CADD centre, Vashi. A total of 14 members of NISM staff have undergone the training in Project Management in these sessions.

**Participation in "Workshop on Treasury Management"** As part of faculty development activities, NISM faculty members have participated in "Workshop on Treasury Management" organized by ICICI Bank at Indian Institute of Management Indore from 26-29, November 2013.

#### **Outbound Training**

NISM arranged an outbound training programme during February 21-23, 2014 involving team building exercises over two and half days at Mohili Meadows, Karjat. NISM staff members

along with their families attended the programme. The programme has been well appreciated by the staff.

#### **Participation in “Mumbai HR Summit 2013”**

Two officers of NISM's Human Resources Department have represented NISM in the second edition of “Mumbai HR Summit” on 24 & 25 May 2013.

#### **Awards conferred to Director – NISM at 12th Asia Pacific HRM Congress 2013**

Shri Sandip Ghose, Director, NISM has been conferred upon with the following prestigious awards:

1. Outstanding contribution in HR
2. Innovative HR Leadership

In the 12th Asia Pacific HRM Congress 2013 hosted by Ascent (Times of India Newspaper Group) at Bangalore on 5th September 2013.

#### **Participation in “World HR Congress 2013”**

NISM has participated in the “World HR Congress 2014” organized from 15th to 17th February 2014 in Mumbai.

#### **Inauguration of NISM's new office cum Test Centre at Overseas Towers, Chennai**

In a move to expand its operations across the country and cater to stakeholders in southern region, NISM has opened an Office-cum-Test Center at Chennai. The Chennai Office-cum-Test Center situated at Overseas Towers, 756-L, 9th Floor, Mount Road, Anna Salai, Chennai – 600 002 and leased from SEBI. The Test Centre was inaugurated by Shri. Sandip Ghose, Director, NISM on May 06, 2013 in the presence of representatives of Capital Market Intermediaries, SEBI officials and dignitaries from Banking and Financial Services Industry. Shri.G.P.Garg, Registrar, NISM was also present at the occasion.

#### **Furnishing work of 3rd floor of NISM Bhavan, Vashi, Navi Mumbai**

Third floor furnishing work has been completed in September 2013. The facilities include two classrooms having state of art audio-visual equipments for conducting executive educational programmes (EDPs) and dining space for NISM staff, students and executives attending EDPs. NISM now has facility to simultaneously train upto 200 participants.

#### **NISM Campus Project – Patalganga**

The Hon'ble Prime Minister of India unveiled the Commemorative Plaque of new NISM Campus coming at Patalganga on May 24, 2013. The construction activities for 3 no. student hostel blocks, 1 no. MDP hostel block and 1 no. residential block has been commenced and the work is under full swing.

The construction work for the balance buildings including Internal EI and cable laying, Bulk Services, Landscape & Development works, Wet Riser & Sprinkler system, Automatic Fire Alarm & PA system and Lifts has been awarded on May 07, 2014 and the work has already started at site. The entire campus at Patalganga is likely to be ready by the end of 2015.



FY 2012-13 ₹	PROPERTY AND ASSETS	₹	FY 2013-14 ₹
	<b>Immovable Properties: (At Cost)</b>		
177,495,629	Balance as per last Balance Sheet	204,686,772	
	Additions during the year	91,101,430	
	Less: Sales during the year		
	Depreciation up to date	46,911,820	248,876,382
27,284,919	<b>Furniture &amp; Fixtures</b>		
	Balance as per last Balance Sheet	31,461,861	
	Additions during the year	7,885,581	
	Less: Sales during the year		
	Depreciation up to date	7,657,241	31,690,201
14,534,106	<b>Office Equipment &amp; Computers</b>		
	Balance as per last Balance Sheet	31,077,978	
	Additions during the year	10,600,834	
	Less: Sales during the year		
	Depreciation up to date	25,164,903	16,513,909
122,096	<b>Library Books</b>		
	Balance as per last Balance Sheet	528,143	
	Additions during the year	66,375	
	Less: Sales during the year		
	Depreciation up to date	509,043	85,475
1,212,685,308	<b>Investments: Fixed Deposits</b>		1,904,674,611
	<b>Loans (Secured or Unsecured): Good / doubtful</b>		
	Loans Scholarships		
	Other Loans		
	<b>Advances</b>		
	To Trustees		
	To Employees		
	To Contractors		
	To Lawyers		
	To Others:		
5,097,693	Others	5,462,503	
40,338,617	Sundry Debtors	60,941,327	
2,658,742	Prepaid Expenses	2,393,335	
3,212,497	T.D.S. Receivable	4,084,742	
	To Others: Deposit with NSDL	15,651	
87,956,287	To Others: For Purchase of Land (P)	-	
106,867,277	To Others: For Campus Construction (P)	210,000,000	
	To Others: Mittal Court (WIP)	405,543	
	To Others: NCFE Survey Advance	2,883,588	
655,657	To Others: NISM Bhavan (WIP)	5,615,331	
	To Others: Campus Construction-(P)	214,812,917	
75,079,636	To Others: Deposit for Wall Constn. (P)	-	506,614,937
	<b>*Income Outstanding</b>		
39,671,046	Interest Receivable		35,345,622
39,542,328	<b>(a) In Current Account with Banks</b>	52,327,263	
	<b>(b) With the Trustees Cash Balance</b>	-	
	<b>(c) With the Manager</b>	-	52,327,263
	<b>Income and Expenditure Account:</b>		
	Balance as per Balance Sheet		
	Less: Appropriation, if any		
	<b>Add: Deficit as per Income and</b>		
	<b>Less: Surplus Expenditure Account</b>		
<b>1,833,201,838</b>	<b>Total</b>		<b>2,796,128,400</b>

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

Place : Mumbai  
Date: 17th June 2014

**G P GARG**  
Registrar

**SANDIP GHOSE**  
Trustee

**U K SINHA**  
Chairman

## Income and Expenditure Account for the year ending 31st March 2014

FY 2012-13 ₹	EXPENDITURE	FY 2013-14 ₹
24,702,326	<b>To Expenditure in respect of properties</b>	27,723,051
11,583,546	<b>To Establishment Expenses</b>	26,895,038
	<b>To Remuneration to Trustees</b>	
	<b>To Remuneration</b> (in the case of a math) to the head of the math including his household expenditure, if any	
4,885	<b>To Legal Expenses</b>	215,987
75,000	<b>To Audit fees</b>	100,000
240,000	<b>To Professional Fees</b>	695,300
	<b>To Contribution and Fees</b>	
	<b>To Amount written off</b>	
	(a) Bad Debts	
	(b) Loan Scholarship	
	(c) Irrecoverable Rents	
	(d) Other Items	
	<b>To Miscellaneous Expenses</b>	
32,251,998	<b>To Depreciation</b>	31,925,003
	<b>To Amount transferred to Reserve or Specific Funds</b>	
	<b>To Expenditure on Objects of the Trust</b>	
	(a) Religious	
188,433,256	(b) Educational	258,521,664
	(c) Medical Relief	
	(d) Relief of Poverty	
	(e) Other Charitable Objects	
76,706,461	<b>To Surplus carried over to Balance Sheet</b>	74,005,326
<b>333,997,472</b>	<b>Total</b>	<b>420,081,369</b>

As per our report of even date.

**Kochar & Associates**  
Chartered Accountants

**Yagnesh Dalal**  
Membership No. 035619

Place : Mumbai  
Date: 17th June 2014

**\*Income Outstanding:**  
(If accounts are kept on cash basis)  
Rent:  
Interest:  
Other Income:  
TOTAL ₹:

## Income and Expenditure Account for the year ending 31st March 2014

FY 2012-13 ₹	INCOME	FY 2013-14 ₹
	accrued *	
456,461	<b>By Rent</b> realised	434,525
	accrued *(estimate)	
	<b>By Interest</b> realised	
136,498,054	<b>On Securities:</b>	
194,950	<b>On Fixed Deposit</b>	110,223,190
	<b>On Bank Account</b>	6,967,476
	<b>By Dividend</b>	
	<b>By Donations in Cash or Kind</b>	
	<b>By Grants</b>	
	<b>By Income From Other Sources</b>	
196,018,291	By Income from Schools	301,557,705
	By Income from Other Sources (AIG)	
	By Balance written off	
306,307	By Interest on TDS Refund	1,496
523,409	By Miscellaneous Income	896,977
	<b>By Transfer from Reserve</b>	
	<b>By Deficit carried over to Balance Sheet</b>	
<b>333,997,472</b>	<b>Total</b>	<b>420,081,369</b>

The above Income & Expenditure Account to the best of my/our belief contains a true account of the Funds and Liabilities and of the Property and Assets of the Trust.

Place : Mumbai  
Date: 17th June 2014

**G P GARG**  
Registrar

**SANDIP GHOSE**  
Trustee

**U K SINHA**  
Chairman

# NISM

**NATIONAL INSTITUTE OF SECURITIES MARKETS**

An Educational Initiative of SEBI

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