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BANKING & FINANCIAL TERMS

Repo Rate

Repo rate is the rate of interest which is levied on Short-Term loans taken by commercial banks from **RBI**. Whenever the banks have any shortage of funds they can borrow it from RBI. A reduction in the repo rate will help banks to get money at a cheaper rate. When the repo rate increases, borrowing from RBI becomes more expensive.

Reverse Repo Rate

This is exact opposite of Repo rate. Reverse repo rate is the rate at which commercial banks CHARGE on their surplus funds with RBI. RBI uses this tool when it feels there is too much money floating in the banking system. Banks are always happy to keep money with RBI since their money is in the safe hands with a good interest. An increase in Reverse repo rate can cause the banks to transfer more funds to RBI due to these attractive interest rates.

CRR Rate

Cash reserve Ratio (CRR) is the amount of cash funds that the banks have to maintain with RBI. If RBI decides to increase the percent of this, the available amount with the banks comes down. RBI is using this method (increase of CRR rate), to drain out the excessive money from the banks.

SLR Rate

SLR (Statutory Liquidity Ratio) is the amount a commercial bank needs to maintain in the form of cash, or gold or government approved securities (Bonds) before providing credit to its customers.
SLR is determined and maintained by the RBI in order to control the expansion of bank credit. SLR is determined as the percentage of total demand and time liabilities. Time Liabilities are the liabilities a commercial bank is liable to pay to the customers after a specific time period. SLR is used to control inflation and proper growth. Through SLR tuning, the money supply in the system can be controlled efficiently.

Bank Rate

Bank rate is the rate of interest which is levied on Longt-Term loans and Avances taken by commercial banks from **RBI**. Changes in the bank rate are often used by central banks to control the money supply.

MSF Rate:-MSF(Marginal Standing Facility Rate) is the rate at which banks can borrow overnight from RBI.This was introduced in the monetary policy of RBI for the year 2011-2012. Banks can borrow funds through MSF when there is a considerable shortfall of liquidity. This measure has been introduced by RBI to regulate short-term asset liability mismatches more effectively

Base Rate:-The Base Rate is the minimum interest rate of a Bank below which it cannot lend, except for DRI advances, loans to bank's own employees and loan to banks' depositors against their own deposits. (i.e. cases allowed by RBI) .

Term Deposit Rate:-A deposit held at a financial institution that has a fixed term. These are generally short-term with maturities ranging anywhere from a month to a few years. When a term deposit is purchased, the lender (the customer) understands that the money can only be withdrawn after the term has ended or by giving a predetermined number of days notice.

Inflation

Inflation is as an increase in the price of goods and services that projects the Indian economy. An increase in inflation figures occurs when there is an increase in the average level of prices in goods and services. Inflation happens when there are fewer goods and more buyers;or we can say when demand is more than supply.This will result in increase in the price of goods, since there is more demand and less supply of the goods.

Deflation

Deflation is the continuous decrease in prices of goods and services. Deflation occurs when the inflation rate becomes negative (below zero) and stays there for a longer period.

FII

FII (Foreign Institutional Investor) used to denote an investor, mostly in the form of an institution. An institution established outside India, which proposes to invest in Indian market, in other words buying Indian stocks. FII's generally buy in large volumes which has an impact on the stock markets. Institutional Investors includes pension funds, mutual funds, Insurance Companies, Banks etc.

FDI:-FDI (Foreign Direct Investment) occurs with the purchase of the "physical assets or a significant amount of ownership (stock) of a company in another country in order to gain a measure of management control" (or) A foreign company having a stake in an Indian company.

SEZ:-SEZ means Special Economic Zone is a special geographic part of country which possess special economic regulations that are different from other areas in the same country. Moreover, these regulations tend to contain measures that are favourable to foreign direct investment. Conducting business in a SEZ usually means that a company will receive tax incentives and the opportunity to pay lower tariffs.

The basic motto behind this is to increase foreign investment, development of infrastructure, job opportunities and increase the income level of the people.

Balance of Payment:-A record of all transactions made between one particular country and all other countries during a specified period of time.

Balance of payment of a country is a systematic record of all economic transactions completed between its residents and the residents remaining world during a year. In other words, the balance of payment shows the relationship between the one country's total payment to all other countries and its total receipts from them.

Balance of Trade:-Balance of trade refers to the total value of a country's export commodities and total value of imports commodities. Thus balance of trade includes only visible trade i.e. movement of goods (exports and imports of goods). Balance of trade is a part of balance of payment settlement.

Balance sheet:-Balance sheet is a statement showing the assets and liabilities of a business at a certain date. Balance sheet helps in estimating the real financial situation of a firm.

Direct and Indirect Taxes:-Direct taxes are levied on the income of individuals and corporates. For example, income tax, corporate tax etc. Indirect taxes are paid by consumer when they buy goods and services. These include excise duty, custom duty, VAT, service tax etc.

Bridge Loan:-A loan made by a bank for a short period to make up for a temporary shortage of cash. On the part of borrower, mostly the companies for example, a business organization wants to install a new company with new equipments etc. while his present installed company/equipments etc. are not yet disposed off. Bridge loan covers this period between the buying the new and disposing of the old one.

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Call Money:-Call money is in the form of loans and advances which are payable on demand or within the number of days specified for the purpose.

Clearing Bank:-Clearing bank is one, which settles the debits and credits of the commercial banks. Even of the cash balances are lesser, clearing bank facilitates banking operation of the commercial bank.

Clearing House:-Clearing house is an institutions which helps to settle the mutual indebtedness that occurs among the members of its organization.

Gresham's Law:-"Bad money (if not limited in quantity) drives good money out of circulation" – This statement was given by Sir Thomas Gresham, the economic adviser of Queen Elizabeth. This law states that people always want to hoard good money and spend bad money when two forms of money are in circulation at the same time.

HDI:-A tool developed by the United Nations to measure and rank countries' levels of social and economic development based on four criteria: Life expectancy at birth, mean years of schooling, expected years of schooling and gross national income per capita. The HDI makes it possible to track changes in development levels over time and to compare development levels in different countries.

Monetary Policy:-Monetary policy is the process by which monetary authority of a country, generally a central bank controls the supply of money in the economy by exercising its control over interest rates in order to maintain price stability and achieve high economic growth. In India, the central monetary authority is the Reserve Bank of India (RBI). is so designed as to maintain the price stability in the economy. Other objectives of the monetary policy of India, as stated by RBI, are:Regressive Tax

It is the tax in which rate of taxation falls with an increase in income. In regressive taxation incidence falls more on people having lower incomes than that of those having higher incomes.

Credit Authorization Scheme:-Credit Authorization Scheme was introduced in November, 1965 when P C Bhattacharya was the chairman of RBI. Under this instrument of credit regulation RBI as per the guideline authorizes the banks to advance loans to desired sectors

Open Market Operations:-An open market operation is an instrument of monetary policy which involves buying or selling of government securities from or to the public and banks.

Moral Suasion:-Moral Suasion is just as a request by the RBI to the commercial banks to take so and so action and measures in so and so trend of the economy. RBI may request commercial banks not to give loans for unproductive purpose which does not add to economic growth but increases inflation.

Shadow Price

It is an imputed value for a good based on the opportunity costs of the resources used to produce it such values are of particular significance in resolving problems of resource allocating with respect to the effect on welfare.

Special Drawing Rights (SDRs):-It is a reserve asset (known as 'Paper Gold') created within the framework of the International Monetary Fund in an attempt to increase international liquidity, and now forming a part of countries official forex reserves along with gold, reserve positions in the IMF and convertible foreign currencies.

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Stagflation:-It is a state of the economy in which economic activity is slowing down, but wages and prices continue to rise. The term is blend of the words stagnation and inflation.

Transfer payment:-It is a payment made by public authority other than one made in exchange for goods or services produced. Transfer payments are not the part of National Income. Examples includes unemployment benefit and child benefits.

In other words, the transfer is made without any exchange of goods or services.[1] Examples of certain transfer payments include welfare (financial aid), social security, and government making subsidies for certain businesses

Devaluation:- The loss of value of currency of a country relative to other foreign currency is known as devaluation. Devaluation is a process in which the government deliberately cheapens the exchange value of its own currency in terms of other currency by giving it a lower exchange value. Devaluation is used for improving, the balance of payment situation in the country.

Fiscal Policy:-Fiscal policy is the use of government revenue collection (taxation) and expenditure (spending) to influence the economy

Fiscal policy is that part of government policy which deals with taxation, expenditure, borrowing and the management of public debt in the economy. fiscal policy primarily concerns itself with the flow of funds in the economy. it exerts a very powerful influence of the working of economy as a whole.

Scheduled Banks:-They are banks which are included in the second schedule of the Reserve Bank of India Act, 1934. These banks enjoy certain privileges such as free concessional remittance facilities and financial accommodation from the RBI. they also have certain obligations like minimum cash reserve ratio (CRR) to be kept with RBI.

ATM :ATMs are Automatic Teller Machines, which do the job of a teller in a bank through Computer Network. ATMs are located on the branch premises or off branch premises. ATMs are useful to dispense cash, receive cash, accept cheques, give balances in the accounts and also give mini-statements to the customers.

Bouncing of a cheque : Where an account does not have sufficient balance to honour the cheque issued by the customer , the cheque is returned by the bank with the reason "funds insufficient" or "Exceeds arrangement".This is known as 'Bouncing of a cheque' .

Collecting Banker : Also called receiving banker, who collects on instruments like a cheque, draft or bill of exchange, lodged with himself for the credit of his customer's account.

Debit Card : A plastic card issued by banks to customers to withdraw money electronically from their accounts. When you purchase things on the basis of Debit Card the amount due is debited immediately to the account . Many banks issue Debit-Cum-ATM Cards.

Demand Deposits : Deposits which are withdrawn on demand by customers.E.g. savings bank and current account deposits.

Demat Account : The term "**demat**", in India, refers to a dematerialised account for individual Indian citizens to trade in listed stocks or debentures in electronic form rather than paper, as required for investors by the Securities and Exchange Board of India (SEBI). In a **demat account**, shares and securities are held electronically instead of the investor taking physical possession of certificates. A demat account is opened by the investor while registering with an investment broker

Electronic Commerce (E-Commerce): E-Commerce is the paperless commerce where the exchange of business takes place by Electronic means.

Endorsement : When a Negotiable Instrument contains, on the back of the instrument an endorsement, signed by the holder or payee of an order instrument, transferring the title to the other person, it is called endorsement.

Merchant Banking : When a bank provides to a customer various types of financial services like accepting bills arising out of trade, arranging and providing underwriting, new issues, providing advice, information or assistance on starting new business, acquisitions, mergers and foreign exchange.

Minor Accounts : A minor is a person who has not attained legal age of 18 years. As per Contract Act a minor cannot enter into a contract but as per Negotiable Instrument Act, a minor can draw,negotiate, endorse, receive payment on a Negotiable Instrument so as to bind all the persons, except himself. In order to boost their deposits many banks open minor accounts with some restrictions.

Mobile Banking : With the help of M-Banking or mobile banking customer can check his bank balance, order a demand draft, stop payment of a cheque, request for a cheque book and have information about latest interest rates.

Money Laundering : When a customer uses banking channels to cover up his suspicious and unlawful financial activities, it is called money laundering.

Mortgage : Transfer of an interest in specific immovable property for the purpose of offering a security for taking a loan or advance from another. It may be existing or future debt or performance of an agreement which may create monetary obligation for the transferor (mortgagor).

NABARD : National Bank for Agriculture & Rural Development was setup in 1982 under the Act of 1981. NABARD finances and regulates rural financing and also is responsible for development agriculture and rural industries.

Negotiation : In the context of banking, negotiation means an act of transferring or assigning a money instrument from one person to another person in the course of business.

NPA Account : If interest and instalments and other bank dues are not paid in any loan account within a specified time limit, it is being treated as non-performing assets of a bank.

Plastic Money : Credit Cards, Debit Cards, ATM Cards and International Cards are considered plastic money as like money they can enable us to get goods and services

Prime Lending Rate (PLR) : The rate at which banks lend to their best (prime) customers.It is usually less than normal interest rate.

Promissory Note : Promissory Note is a promise / undertaking given by one person in writing to another person, to pay to that person , a certain sum of money on demand or on a future day.

Public Sector Bank : A bank fully or partly owned by the Government.

Virtual Banking : Virtual banking is also called internet banking, through which financial and banking services are accessed via internet's world wide web. It is called virtual banking because an internet bank has no boundaries of brick and mortar and it exists only on the internet.

Wholesale Banking : Wholesale banking is different from Retail Banking as its focus is on providing for financial needs of industry and institutional clients.

National Electronic Funds Transfer System (NEFT)— RBI introduced an electronic funds transfer system to facilitate an efficient, secure,econo-mical, reliable and expeditious system of funds transfer and clearing in the banking sector throughout India, and to relieve the stress on the existing paper-based funds transfer and clearing system called National Electronic Funds Transfer System (NEFT System).

National Electronic Clearing Services (NECS) —The objective of National Electronic Clearing Services (NECS) is to facilitate centralised processing for repetitive and bulk payment instructions. Sponsor banks shall submit NECS data at a single centre viz. at Mumbai. While NECS (Credit) shall facilitate multiplecredits to beneficiary accounts at destination branch against a single debit of the account of a User with the sponsor bank, the NECS (Debit) shall facilitate multiple debits to destination account holders against single credit to user account.

Universal Banking:- Universal Banking refers to those services offered by banks beyond traditional banking service such as saving accounts and loans and includes Pension Funds Manage-ment, undertaking equipment leas-ing, hire purchase business and factoring services, Primary Dealer-ship (PD) business, insurance busi-ness and mutual fund business.

Financial System:-The economic development of a nation is reflected by the progress of the various economic units, broadly classified into corporate sector, government and household sector. While performing their activities these units will be placed in a surplus/deficit/balanced budgetary situations. There are areas or people with surplus funds and there are those with a deficit. A financial system or financial sector functions as an intermediary and facilitates the flow of funds from the areas of surplus to the areas of deficit. A Financial System is a composition of various institutions, markets, regulations and laws, practices, money manager, analysts, transactins and claims and liabilities.

Financial Markets:-A Financial Market can be defined as the market in which financial assets are created or transferred. As against a real transaction that involves exchange of money for real goods or services, a financial transaction involves creation or transfer of a financial asset. Financial Assets or Financial Instruments represents a claim to the payment of a sum of money sometime in the future and /or periodic payment in the form of interest or dividend.

Money Market - The money market is a wholesale debt market for low-risk, highly-liquid, short-term instrument. Funds are available in this market for periods ranging from a single day up to a year. This market is dominated mostly by government, banks and financial institutions.

Capital Market - The capital market is designed to finance the long-term investments. The transactions taking place in this market will be for periods over a year.

Forex Market - The Forex market deals with the multicurrency requirements, which are met by the exchange of currencies. Depending on the exchange rate that is applicable, the transfer of funds takes place in this market. This is one of the most developed and integrated market across the globe.

Credit Market - Credit market is a place where banks, FIs and NBFCs give short, medium and long-term loans to corporate and individuals.

Money Market Instruments:-Money Market Instruments The money market can be defined as a market for short-term money and financial assets that are near substitutes for money. The term short-term means generally a period upto one year and near substitutes to money is used to denote any financial asset which can be quickly converted into money with minimum transaction cost.

Some of the important money market instruments are briefly discussed below;

1. Call/Notice Money
2. Treasury Bills
3. Term Money
4. Certificate of Deposit
5. Commercial Papers

1. Call /Notice-Money Market:-1.Call/Notice money is the money borrowed or lent on demand for a very short period. When money is borrowed or lent for a day, it is known as Call (Overnight) Money. Intervening holidays and/or Sunday are excluded for this purpose. Thus money, borrowed on a day and repaid on the next working day, (irrespective of the number of intervening holidays) is "Call Money".

Notice Money:-When money is borrowed or lent for more than a day and up to 14 days, it is "Notice Money".No collateral security is required to cover these transactions.

2. Inter-Bank Term Money:-Inter-bank market for deposits of maturity beyond 14 days is referred to as the term money market. The entry restrictions are the same as those for Call/Notice Money except that, as per existing regulations, the specified entities are not allowed to lend beyond 14 days.

3. Treasury Bills.:-Treasury Bills are short term (up to one year) borrowing instruments of the union government. It is a promise by the Government to pay a stated sum after expiry of the stated period from the date of issue (14/91/182/364 days i.e. less than one year). They are issued at a discount to the face value, and on maturity the face value is paid to the holder. The rate of discount and the corresponding issue price are determined at each auction.

4. Certificate of Deposits:-Certificates of Deposit (CDs) is a negotiable money market instrument and issued in dematerialised form or as a Usance Promissory Note, for funds deposited at a bank or other eligible financial institution for a specified time period. Guidelines for issue of CDs are presently governed by various directives issued by the Reserve Bank of India, as amended from time to time. CDs can be issued by (i) scheduled commercial banks excluding Regional Rural Banks (RRBs) and Local Area Banks (LABs); and (ii) select all-India Financial Institutions that have been permitted by RBI to raise short-term resources within the umbrella limit fixed by RBI. Banks have the freedom to issue CDs depending on their requirements. An FI may issue CDs within the overall umbrella limit fixed by RBI, i.e., issue of CD together with other instruments viz., term money, term deposits, commercial papers and intercorporate deposits should not exceed 100 per cent of its net owned funds, as per the latest audited balance sheet.

5. Commercial Paper:-Commercial paper is an unsecured promissory note with a fixed maturity of 1 to 364 days. Commercial paper is a money-market security issued (sold) by large corporations to get money to meet short term debt obligations (for example, payroll), and is only backed by an issuing bank or corporation's promise to pay the face amount on the maturity date specified on the note.

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Bounced Cheque:-A cheque that a bank has refused to cash or pay because the account holder does not have sufficient funds to cover it in this account.

Cashier's Cheque:-A cheque issued by a bank drawn on its own funds rather than on the funds its depositors.

Clear:-A cheque is "cleared" when its account is debited or deducted from the payer's account and credited or added to the payee's account.

Compound Interest:-Interest calculated on the original principal and on the interest already accrued.

Overdraft:-A cheque written for more money than is currently in the account. The cheque is said to have 'bounced' if the bank refuse to cash the cheque.

Stop Payment:-A request made to a bank to not pay a specific cheque. If requested soon enough, the cheque will not be debited from the payer's account.

Bank Draft:-A cheque drawn by one bank against funds deposited into its account at another bank, authorizing individual named in the draft.

Inactive Account:-Transactions house not occurred on a bank account for an extended period of time..

Personal Identification Number (PIN):-An account holder has a secret number or code to authorize a transaction or obtain information regarding his or her account often used in conjunction with a plastic card (ATM or Debit Card), online account access or with a telephone voice response system.

Bank Statements:-This is a statement from the bank giving details of transaction in the relevant account. It can be requested at any intervals required, usually monthly.

Cheque Clearing:-This is the process of getting the money from the cheque-writer's account into the cheque receiver's account.

Standing Order:-A regular payment made out of a current account which is of a set account and is originated by the account holder.

Fringe Benefit:-A benefit in addition to salary offered to employees such as use of company's car, house, lunch coupons, heath care subscriptions etc.

Foreign Exchange Reserves:-Foreign-exchange reserves (also called **forex reserves** or **FX reserves**) in a strict sense are 'only' the foreign currency deposits and bonds held by central banks and monetary authorities. However, the term in popular usage commonly includes foreign exchange and gold, special drawing rights (SDRs), and International Monetary Fund (IMF) reserve positions.

Crowding Out:-The possible tendency for government spending on goods and services to put upward pressure on interest rates, thereby discouraging private investment spending.

Central Bank:-Major Financial institution responsible for issuing currency, managing foreign reserves, implementing monetary policy, and providing banking services to the government and commercial banks RBI is the central bank of India.

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Account payee:-Also ‘account payee only’. Words written on the face of a cheque between two parallel lines. The purpose is to ensure that the cheque may only be paid into an account in the name of the payee-the person to whom the cheque is made payable. This means that the payee cannot sign it in names of another person.

Multi Option Deposit scheme:-Multi Option Deposit scheme is a term deposit which is not fixed at all and comes with a unique break-up facility which provides full liquidity as well as benefit of higher rate of interest, through the savings bank account. One can also keep that deposit intact by availing on overdraft facility, to meet occasional temporary funds requirements.

Cards:-Banks provide free ATM cum Debit card to its customers who have deposit account with them. This card provides online access to savings or current account. They can have the access to the widest network of ATMs across the country to withdraw cash, enquire about the account balance etc. Banks are also having bilateral sharing arrangement with other banks under this scheme.

Demat Services:_ Banks have come forward to offer Demat Services to its customer. Demat account, the abbreviation for dematerialized account is used to avoid holding physical shares: The shares are bought and sold through a stock broker.

Online Banking:-Transaction at the convenience of customers, saving times and cost through computers is popularly known as Online Banking. It is also known as E-Banking or Net Banking or Internet Banking. It is done through a computer with internet facilities. Customers can monitor and control their through Internet Banking. They can check account balance view their account, get summary statement, make bill payments and utility payments, request for cheque book, drafts, Bankers cheques, stop cheque payments, transfer funds, request for third party transfers, invest and renew deposits, issue standing instruction, register mobile number for SMS alerts and many more attractive features user-id and password are given by the banks to the customer for operation of account after they successfully register with the bank.

NRI Banking :-Banks allow NRI’s to open an NRI account when they complete the account opening formalities. A customer for this purchase a form has to be filled up in which the information soughtly the bank is provided. They can have a NRI Saving Bank Account, Current Account, Fixed Deposits in Indian Rupees, Fixed Deposits in foreign currency, NRO account (Rupee account for crediting income in India)

Saving Account;-A saving bank account is the most common operating account for individuals and others for non-commercial transaction. A savings account helps people to put through day-to-day banking transaction besides earning some return on the savings made. Banks generally put some ceiling on the total number of withdrawals permitted during specific time periods. Banks also stipulate certain minimum balance to be maintained in saving accounts Normally, a higher minimum balance is stipulated in cheque operated accounts as compared to non-cheque operated accounts. Banks as a rule do not give overdraft facility in a saving account but allow occasional over drawings to meet contingencies.

Current Accounts:-Current accounts are cheque operated accounts maintained for mainly business purpose. Unlike savings bank accounts no limits are fixed by banks on the number of transaction permitted in the account Banks generally insist on a higher minimum balance to be maintained in current account. Considering the large number of transactions in the account and volatile nature of balances maintained overnight banks generally levy certain service charges for operating a current account. In terms of RBI directive banks are not allowed to pay any interest on the balances maintained in current accounts.

Fixed or Time Deposits:-Time deposits are deposits accepted by banks for a specified period of time. In terms of RBI directives the minimum period for which term deposits can be accepted is 15 days. The banks generally do not accept deposit for period longer than 10 years. Banks pay interest on term deposits based on the periods of deposits and normally pay higher interest for longer term deposits changes made in interest rates from time to time do not alter the interest paid on the existing deposits. Banks are allowed to levy a penalty for premature encashment of deposits at their discretion. Bank allow loans against the fixed deposits on demand margin retained over the deposit outstanding and interest rate charged there on are decided by to bank and may vary from bank to bank.

Capital Adequacy Ratio:-Capital adequacy ratio measures the amount of a bank's capital expressed as a percentage of its credit exposure. Globally, the capital adequacy ratio has been developed to ensure banks can absorb a reasonable level of losses before becoming insolvent. Indian banks are expected to maintain a minimum capital adequacy ratio of 9 per cent (Rs 9 as capital for every Rs 100 in loan or asset) Applying minimum capital adequancy ratios serves to protect depositors and promote the stability and efficiency of the financial system by reducing the likelihood of banks be coming insolvent.

Collateral Loan Market

Collateral loan market forms, by and large, the largest and the best developed section of the money market. In this market, loans are given against the security of government bonds, shares of first class companies, agriculture and manufactured commodities and bullion and jewellery.

Mutual Funds:-Mutual Funds collect the savings from small investors to invest them in government and other corporate securities and cash income through interest and dividends desides capital gains. It works on the principle of "small drops of water make a big ocean" to get funds from investors, the fund adopts a simple technique. Each fund is divided into a small fraction Called 'units' of equal value. Each investor is allotted units in proportion to the size of his investment.

Regular Savings Account:-A Form of deposit account with no legal limits or requirements as to amount duration or times of addition or withdrawals.

Wire Transfer:-An electronic transfer of funds from one financial institution to another.

Economic Miracle:-The terms "economic miracle", "economic boom", "tiger economy" or simply "miracle" have come to refer to great periods of change, particularly periods of dramatic economic growth, in the recent histories of a number of countries.

Asset – Liability Mismatch:-In finance, an asset–liability mismatch occurs when the financial terms of an institution's assets and liabilities do not correspond

Fixed income : It refers to any type of investment under which the borrower/issuer is obliged to make payments of a fixed amount on a fixed schedule: for example, if the borrower has to pay interest at a fixed rate once a year, and to repay the principal amount on maturity.

Premium Financing :-Premium Financing involves the lending of funds to a person or company to cover the cost of an insurance premium. Premium finance loans are often provided by third party finance entity known as a "Premium Financing Company"; however insurance companies and brokerages occasionally provide premium financing services

Net present value:- In finance, the **net present value** (**NPV**) or **net present worth** (**NPW**)[1] of a time series of cash flows, both incoming and outgoing, is defined as the sum of the present values (PVs) of the individual cash flows of the same entity.

Share Capital:-Funds raised by issuing shares in return for cash or other considerations. The amount of share capital a company has can change over time because each time a business sells new shares to the public in exchange for cash, the amount of share capital will increase. Share capital can be composed of both common and preferred shares.

CURRENT RATES(As on Sept 2012)

SLR:-23.00%

CRR:-4.75%

BANK RATE:-9.00%

REPO RATE:-8.00%

REVERSE REPO RATE:-7.00%

Marginal Standing Facility Rate:-9.00%

Base Rate :-10.00 % - 10.50%

Saving Deposit Rate:-4.00%

Term Deposit Rate:-8.00% - 9.25 %

Note:- These rates vary with time.