

SAARCFINANCE e-Newsletter



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[A half-yearly publication of the regional network of SAARC Central Bank
Governors and Finance Secretaries (SAARCFINANCE)]

Message from the Chairperson of SAARCFINANCE Group

The e-Newsletter was formed with the purpose of meeting the requirement of placing all news related to SAARCFINANCE activities at one place for awareness of the member countries. In accordance with the decision taken at the 14th SAARCFINANCE Group Meeting held in Singapore on 20 September 2006, the responsibility of publishing the e-Newsletter rests on the central bank whose Governor acts as the Chairperson in rotation.

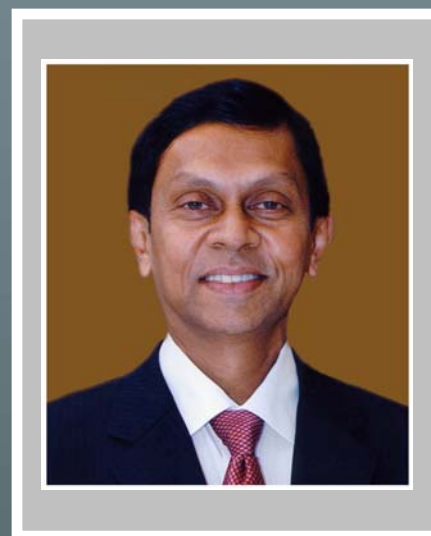
The Chair of the SAARCFINANCE has moved to the Central Bank of Sri Lanka (CBSL) from Reserve Bank of India during the meeting held on the sidelines of the Fund- Bank Annual meeting on 11 October 2008 in Washington DC. Accordingly, the Central Bank of Sri Lanka published the fifth and the sixth issue of half-yearly SAARCFINANCE e-Newsletter in January and June 2009, encompassing SAARCFINANCE activities that have taken place during July – December 2008 and January -June 2009 respectively. It is the turn of the Central Bank of Sri Lanka to publish the seventh issue of e-Newsletter covering the period July – December 2009.

It is a pleasure for me to publish the seventh issue of SAARCFINANCE e-Newsletter in its sequence, encompassing SAARCFINANCE activities occurred during the last half of 2009. I believe the member countries would find the 7th issue of e-Newsletter beneficial to them. I also expect that continuous publication of e-Newsletter will become a regular feature.

I express my sincere gratitude to the SAARCFINANCE Coordinators for their support and contribution for the seventh issue of SAARCFINANCE e-Newsletter.

Any comments and suggestions, if any, regarding this issue of e-Newsletter (December 2009) are most welcome in a bid to improve upon their successive issues.

Ajith Nivard Cabral
Governor
Central Bank of Sri Lanka
and
Chairperson, SAARCFINANCE Group



Introduction

As per the decision taken at the 14th SAARCFINANCE Governors' Meeting, the Chair of the SAARCFINANCE has to publish the SAARCFINANCE e-Newsletter half yearly covering the SAARCFINANCE activities occurred during the relevant period.

Accordingly, the Central Bank of Sri Lanka is publishing the 7th issue of the SAARCFINANCE e-Newsletter including the developments amongst member countries during July – December 2009.

The 7th issue of e-Newsletter consists of two sections. Covering the broad development of SAARCFINANCE activities in Section A, while the country specific activities are indicated in Section B.



Section A: Broad Developments

SAARCFINANCE Coordinators' Meeting

To facilitate the working of the SAARCFINANCE network, it was decided at the 13th SAARCFINANCE Group Meeting that Coordinators should meet twice a year under the Chair of SAARCFINANCE.

Accordingly, the Central Bank of Sri Lanka hosted the 12th SAARCFINANCE Coordinators' Meeting during 11 – 12 September 2009 in Colombo, Sri Lanka. Issues discussed at this meeting were presented at the 20th SAARCFINANCE Governors' Meeting held in Istanbul Turkey for further discussion.

SAARCFINANCE Governors' Meeting

The SAARCFINANCE Governors meet twice a year concurrently with the IMF/ WB Annual and Spring Meetings. Accordingly, the 20th SAARCFINANCE Governors' Meeting was held on 05 October 2009 in Istanbul, Turkey under the Chair of Central Bank of Sri Lanka.

Certain important decisions taken at the 20th SAARCFINANCE Governors' Meeting with regard to the SAARCFINANCE Web Folder and the Staff Exchange Policy are as follows,

SAARCFINANCE Web Folder: The Reserve Bank of India (RBI) to host the SAARCFINANCE Website

SAARCFINANCE Staff Exchange: Governors agreed with the terms of the template of Staff Exchange subject to the following amendments;

1. The RBI would continue with their current liberal policy of providing all facilities free of charge to the participating Bank.
2. The State Bank of Pakistan (SBP) would be pleased to continue with its policy of bearing the entire cost of local hospitalities for SAARCFINANCE activities in Pakistan, including the Staff Exchange Programmes.
3. CBSL, with its newly built facilities would accommodate 200 room nights per year free of charge for the purpose of Staff Exchange.



Staff Exchange Programme

Since the inception of the SAARCFINANCE, a good number of officers visited various institutions of member countries under Staff Exchange Program (Table 1). The matters of the Staff Exchange covered a broad range of issues. Considering the effectiveness of the Staff Exchange, matter of cost sharing is left entirely to the country concerned.

Table 1: SAARCFINANCE Staff Exchange Programmes During September 1998 - June 2009

Country of Origin Of the Staff	Host Institutions/Central Banks						Total
	RBI & other Institutions	CBSL	SBP	NRB	BB	RMA	
Afghanistan	19	-	-	-	-	-	19
Bangladesh	13	10	4	-	-	-	27
Bhutan	62	16	-	11	-	-	89
India	-	4	2	-	5	1	12
Maldives	3	9	-	-	-	-	12
Nepal	22	55	7	-	7	-	91
Pakistan	2	2	-	-	-	-	4
Sri Lanka	20	-	26	2	4	-	52
Total No. of Officers	141	96	39	13	16	1	306

RBI: Reserve Bank of India CBSL: Central Bank of Sri Lanka
 SBP: State Bank of Pakistan NRB: Nepal Rastra Bank BB: Bangladesh Bank

During July – December 2009, many officers visited various institutions of member countries under Staff Exchange Programme (Table 2). The matters of the Staff Exchange covered a broad range of issues such as internal auditing, payment & settlement systems of central banks etc.

Table 2: SAARCFINANCE Staff Exchange Programmes during July – December 2009

Country of Origin Of the Staff	Host Institutions/Central Banks						Total
	RBI & other Institutions	CBSL	SBP	NRB	BB	RMA	
Afghanistan	-	-	-	-	-	-	-
Bangladesh	-	-	-	-	-	-	-
Bhutan	19	-	-	-	-	-	19
India	-	-	-	-	-	-	-
Maldives	-	05	-	-	-	-	05
Nepal	-	-	-	-	-	-	-
Pakistan	-	-	-	-	-	-	-
Sri Lanka	-	-	-	-	-	-	-
Total No. of officers	19	05	-	-	-	-	24

RBI: Reserve Bank of India CBSL: Central Bank of Sri Lanka
 SBP: State Bank of Pakistan NRB: Nepal Rastra Bank BB: Bangladesh Bank

SAARC Payment Council (SPC)

In order to enhance national Payment and Settlement Systems (PSS) of the member countries, it was decided to form a SAARC Payment Council (SPC). The SPC consists of senior officials at the level of deputy governor/ executive director of a member central bank/ monetary authority who are in charge of payment system development. The inaugural meeting of SPC, hosted by the Central Bank of Sri Lanka (CBSL) was held on 28 March 2008 in Colombo, Sri Lanka. It was indeed a historical event and a landmark in the development of PSS in the SAARC region since this was the first time the member central banks as a group focused attention in this area of activity. Six meetings of SPC have so far been held in India, Sri Lanka, Pakistan & Nepal and Bhutan respectively.

Mrs. J P Mampitiya, Assistant Governor, CBSL acts as the Secretary of the SPC.

Seminars/ Symposiums/ Workshops/ Special Studies/etc.

A number of seminars/workshops/special studies have been conducted on common topical issues by some of the member countries of the SAARC region.

During July - December 2009, the SAARCFINANCE Symposium on “Food Security: The Role of Central Banks in SAARC Region” was organized by the Bangladesh Bank during 26 – 27 October 2009.

The SAARCFINANCE members conducted 17 Seminars, 3 studies, 3 workshops and 6 Governors' symposiums from September 1998 till December 2009 (Table 3).

Table 3: SAARCFINANCE Seminars/Workshops/Governors' Symposiums/ Studies during September 1998 – December 2009

Programs/ Host Central Banks	BB	RBI	NRB	SBP	CBSL	Total
Seminars	3	1	5	4	4	17
Workshops	-	3	-	-	-	3
Governors' Symposiums	2	1	-	-	3	6
Studies	-	1	1	1	-	3
Total	5	6	6	5	7	29

RBI: Reserve Bank of India **CBSL:** Central Bank of Sri Lanka
SBP: State Bank of Pakistan **NRB:** Nepal Rastra Bank **BB:** Bangladesh Bank



Section B: Member Country News

Afghanistan



12th SAARCFINANCE Coordinators' Meeting

Although Mr. Raiyt Alamyar, Deputy Director General, Monetary Policy Department attended the 11th SAARCFINANCE Coordinators' Meeting held during 27 – 28 February 2009 in Sri Lanka, he could not attend the 12th SAARCFINANCE Coordinators' Meeting held during 11 – 12 September 2009.

20th SAARCFINANCE Governors' Meeting

Da Afghanistan Bank delegation, headed by H.E Governor Abdul Qadeer Fitrat participated the 20th SAARCFINANCE Governors' Meeting held on 05 October 2009 in Istanbul, Turkey.

6th SAARC Payments Council (SPC) Meeting

Mr. Aziz Baraki participated in the 6th SPC Meeting during 03 – 04 November 2009 in Thimpu, Bhutan.



Bangladesh



12th SAARCFINANCE Coordinators' Meeting

Mr. Md. Akhtaruzzaman, General Manager, Research Department, Bangladesh Bank attended the 12th SAARCFINANCE Coordinators' Meeting during 11 – 12 September 2009 in Colombo, Sri Lanka.

20th SAARCFINANCE Governors' Meeting

Dr. Atiur Rahman, Governor, Bangladesh Bank attended the 20th SAARCFINANCE Governors' Meeting held on 05 October 2009 in Istanbul, Turkey.

SAARCFINANCE Governors' Symposium on "Food Security: The Role of Central Banks in SAARC Region"

As per decision taken at the 10th SAARCFINANCE Coordinators' Meeting held on 25 September 2008 in Mumbai, India, Bangladesh Bank (BB) organized a SAARCFINANCE Governors' Symposium on "Food Security: The Role of Central Banks in SAARC Region" during 26-27 October 2009 in Dhaka, Bangladesh.

6th SAARC Payments Council (SPC) Meeting

Mr. Chowdhury Mohidul Haque, Executive Director, Bangladesh Bank attended the 6th SPC Meeting held during 03 - 04 November 2009 in Thimpu, Bhutan.

The 7th SPC Meeting will be held in Dhaka during 28-29 March 2010.



Bhutan



12th SAARCFINANCE Coordinators' Meeting

Ms. Sonam Dema, Officer In-charge, Management Secretariat Unit, and SAARCFINANCE Coordinator (RMA), attended the 12th SAARCFINANCE Coordinators' Meeting during 11-12 September 2009 in Colombo, Sri Lanka.

20th SAARCFINANCE Governors' Meeting

Mr. Daw Tenzin, Managing Director, RMA and Ms. Sonam Dema, Officer In-charge, Management Secretariat Unit, and SAARCFINANCE Coordinator (RMA) attended the 20th SAARCFINANCE Governors' Meeting on 05 October 2009 in Istanbul, Turkey.

6th SAARC Payment Council (SPC) Meeting

The Royal Monetary Authority of Bhutan hosted 6th SPC Meeting during 03 – 04 November 2009 in Thimphu, Bhutan. The meeting was chaired by Mr. Dechen Tshering, Deputy Managing Director, RMA.

Staff Exchange Programme

18 Office Assistants from Royal Monetary Authority (RMA) of Bhutan attended a weeklong training programme on Office Assistant Techniques and Skills at the RBI's Zonal Training Centre in Kolkotta during 06-10 July, 2009. Further, Assistant Currency officer of the RMA, accompanied by an official from Information Technology Division visited RBI's Currency Management Department in Mumbai during 10-12 August 2009.



India



12th SAARCFINANCE Coordinators' Meeting

Mr. Amitava Sardar, SAARCFINANCE Coordinator, Reserve Bank of India (RBI) attended the 12th SAARCFINANCE Coordinators' Meeting during 11 – 12 September 2009 in Colombo, Sri Lanka.

20th SAARCFINANCE Governors' Meeting

Dr. D. Subbarao, Governor, RBI and Shri Deepak Mohanty, Executive Director, RBI attended the 20th SAARCFINANCE Governors' meeting on 5 October 2009 in Istanbul, Turkey.

6th SAARC Payment Council (SPC)

Dr. K.C. Chakrabarty, Deputy Governor and Mr. Gopalakrishna, Executive Director, RBI attended the 6th SPC Meeting held during 03 – 04 November 2009 in Thimpu, Bhutan

Training/ Seminars/ Conferences

- Training Programme on "*Effective Management of Office Life*" was organised by the Zonal Training Centre, RBI, Kolkata during 6 – 10 July 2009 for a team of 18 representatives from the RMA.
- The International Programme on 'Restructuring and Strengthening Rural Finance Institutions' was held during 20 – 24 July 2009 at College of Agricultural Banking (CAB) Pune, India. The programme focused on:
 - i) To apprise the participants with the analytical tools for business planning in the process of restructuring and strengthening agricultural/rural financial institutions and
 - ii) To provide inputs for conducting efficient business operations with a view to achieving self-sustainability, cost effectiveness and profitability.

Four members from NRB and one officer from Bangladesh Bank attended the programme besides Executives/officers of Rural Financing Institutions from India.

- Shri. Rajib Das, Director and Ms. Indrani Manna, Research Officer, RBI presented a joint paper titled '*Global Events and Economic Growth*' at the 2nd International Research Conference organised by Central Bank of Sri Lanka on 14 December 2009 in Colombo, Sri Lanka.



Maldives



12th SAARCFINANCE Coordinators' Meeting

Mr. Abdul Hameed Mohamed, SAARCFINANCE Coordinator, Maldives Monetary Authority (MMA) and Executive Director, Monetary Policy and Research Division, MMA attended the 12th SAARCFINANCE Coordinators' Meeting during 11 –12 September in Colombo, Sri Lanka.

SAARCFINANCE Governors' Meeting

Hon. Fazeel Najeeb, Governor of MMA attended the 20th SAARCFINANCE Governors' Meeting on 5 October 2009 in Istanbul, Turkey.

Staff Exchange Programme

A team of Maldives Monetary Authority headed by Ms. Aishath Zahira, Deputy Governor, MMA attended a study tour during 7 – 10 July 2009 at CBSL. The main purpose of the study tour was to study and observe formulation of the monetary policy in CBSL. The tour also aimed to assist the staff of the MMA in developing a work program to conduct open market operations; to assess the types of IT systems in place in conducting open market operations; and to study the public debt management aspects.

SAARC Payment Council (SPC) Meeting

Ms. Aishath Zahira, Deputy Governor, MMA attended the 6th SPC Meeting held during 03- 04 November 2009 in Thimpu, Bhutan.

SAARCFINANCE Governor's Symposium

Hon. Fazeel Najeeb, Governor, MMA and Ms. Neeza Imad, Executive Director, Human Resource Division of MMA attended the SAARCFINANCE Governors' Symposium on "Food Security: The Role of Central Bank in SAARC Region" held during 26-27 October 2009 in Dhaka, Bangladesh.

Nepal



Reinstatement of Governor Bhattarai

The Government of Nepal has reinstated Mr. Bijay Nath Bhattarai as the Governor of Nepal Rastra Bank (NRB) effective from 24 July 2009. Governor, Mr. Bhattarai has resumed his job accordingly from 26 July 2009.

12th SAARCFINANCE Coordinators' Meeting

Mrs. Shiba Devi Kafle, Director, Research Department, NRB attended the 12th SAARCFINANCE Coordinators' Meeting held during 11 – 12 September 2009 in Colombo, Sri Lanka.

20th SAARCFINANCE Governors' Meeting

Mr. Bijaya Nath Bhattarai, Governor, NRB and Mr. Trilochan Pageni, Executive Director NRB attended the 20th SAARCFINANCE Governors' Meeting held on 5 October 2009 in Istanbul, Turkey.

6th SAARC Payments Council (SPC) Meeting

Mr. Bir Bikram Rayamajhi, Deputy Governor, NRB attended 6th SPC Meeting held during 03 – 04 November 2009 in Thimpu, Bhutan.

SAARCFINANCE Governor's Symposium on Food Security:

Mr. Bir Bikram Rayamajhi, Deputy Governor and Dr. Bam Dev Sigdel, Deputy Director NRB attended seminar on SAARCFINANCE Governors' Symposium on "Food Security: The Role of Central Banks in SAARC Region held during 26 – 27 October 2009 in Dhaka, Bangladesh.

Training/ Seminars/ Workshops

Mr. Pradhuma Kumar Bhattarai, Director, NRB attended International Seminar on "Regional Economic and Financial Monitoring in South Asia" organized by Centre for Banking Studies, Central Bank of Sri Lanka during 14-19 September 2009 in Colombo, Sri Lanka.



Pakistan



12th SAARCFINANCE Coordinators' Meeting

Mr. Ayub-ul-Hasan, SAARCFINANCE Coordinator, State Bank of Pakistan (SBP) attended the 12th SAARCFINANCE Coordinators Meeting during 11 – 12 September in Colombo, Sri Lanka.

20th SAARCFINANCE Governors' Meeting

Syed Salim Raza, Governor, State Bank of Pakistan, attended the 20th Meeting of SAARCFINANCE Governors, held at Istanbul, Turkey on 5th October 2009.

6th SAARC Payments Council (SPC) Meeting

Mr. Yaseen Anwer, Deputy Governor, SBP along with Mr. Muhammed Saleem Rehmani, Director, Payment Systems Department, SBP attended the 6th SPC Meeting was held during 03 – 04 November in Thimphu, Bhutan .

SAARCFINANCE Governor's Symposium on Food Security

Mr. Muhammad Kamran Shehzad, Deputy Governor, SBP, along with Mr. Muhammad Ashraf Khan, Executive Director, Development Finance Group, SBP participated in the SAARCFINANCE Governors' Symposium on "Food Security: The Role of Central Banks in SAARC Region", held during 26-27 October, 2009 in Dhaka, Bangladesh.



Sri Lanka



12th SAARCFINANCE Coordinators' Meeting

The 12th SAARCFINANCE Coordinators' Meeting, organized by Central Bank of Sri Lanka (CBSL) was held during 11 -12 September 2009 in Colombo, Sri Lanka under the Chairmanship of Dr. P N Weerasinghe, Assistant Governor, CBSL.

20th SAARCFINANCE Governors' Meeting

Mr. Ajith Nivard Cabraal, Governor, CBSL chaired the 20th SAARCFINANCE Governors' Meeting held on 05 October 2009 in Istanbul, Turkey. Dr. P N Weerasinghe, Assistant Governor, CBSL accompanied the Governor.

SAARC Payment Council (SPC) Meeting

The 5th SPC Meeting organised by the NRB was held on 29 March 2009 in Kathmandu, Nepal. Mr. Krishna Bahadur Manandhar, Deputy Governor, NRB chaired the meeting on behalf of Dr. Jayamaha.

It was unanimously decided at the Meeting that Sri Lanka would continue to hold the Chairmanship for a further period of one year. The secretary Mrs. J P Mampitiya, Assistant Governor, CBSL informed the members that the then Chairperson, Dr. Jayamaha was due to retire from CBSL in end May 2009 and the necessity has created to appoint a new Chairman. In view of unanimous consensus that Sri Lanka would hold the Chair after the retirement of Dr. Jayamaha for further one year, Dr. Herath was appointed to succeed her.

However, due to the unfortunate and untimely demise of Dr. Herath, the 6th SAARC Payment Council Meeting which was held on 3 November 2009 in Thimphu, Bhutan was chaired by Mr. Dechen Tshering, Deputy Managing Director, RMA. Mrs. Mampitiya, CBSL participated in the said Meeting.

Staff Exchange Programmes

A team of five officers of the MMA including the Deputy Governor made a study tour to CBSL during 7 – 10 July 2009 with the purpose of studying and observing how the monetary policy is formulated in CBSL. In addition, knowledge on the areas of developing a work program to conduct open market operations; to assess the types of IT systems in place in conducting open market operations; and to study the public debt management aspects.

SAARCFINANCE Governors' Symposium

Mr. Ajith Nivard Cabraal, Governor, CBSL and Dr. P N Weerasinghe, Assistant Governor, CBSL attended the SAARCFINANCE Governors' Symposium held on "Food Security: The Role of Central Banks in SAARC Region", held during 26-27 October 2009 in Dhaka, Bangladesh.

