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**Financial Institutions
Reform and Expansion (FIRE) Project**

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Training Needs Assessment Report

June 20, 1995

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EXECUTIVE SUMMARY

- Number of professional “players” in capital market will double in next one to three years
- Average player has post-graduate education, but little practical experience
- Anticipated future job responsibilities:
 - develop new instruments, especially debt securities, futures, options
 - increase surveillance, inspection, compliance, enforcement activities
 - improve automated systems in trading, clearing, settlement
 - establish and manage depository
 - enhance client relationships, including improved information dissemination, marketing and expansion of services, investor education
- Top training priorities
 - derivative instruments: creating a market
 - debt market: trading, valuation, portfolio management
 - global securities services/depository
 - regulatory framework: international and local requirements
 - market surveillance, law and compliance
 - stock exchange management
 - client relations: servicing members, investors and expanding products/services
 - risk management
 - mergers and acquisitions
 - technical analysis

- **Training Institutions (UTI, ICFAI, IFMR, IIM, etc.)**

- desire lectures, cases, materials, simulations on capital market
- wish to participate in train-the-trainer programs
- wish to incorporate/expand course offerings on capital market

- **Participants want:**

- mix of academic and "practitioner" instructors
- mix of local and international instructors
- programs of about one week in length
- mix of participants from regulators, exchanges, market intermediaries
- immediate application of concepts, tools reviewed in training
- use of training programs as forum for discussion/gaining consensus on market development needs/platform for change

INDIA CAPITAL MARKET PROJECT TRAINING COMPONENT NEEDS ASSESSMENT AND TRAINING PLAN (DRAFT)

Introduction

As part of the Agency for International Development sponsored FIRE Project for India, a training needs assessment was conducted by the Price Waterhouse team during its March/April and June in-country visits. The needs assessment consisted of two stages:

1. Interviews with capital market participants including those who are key "players" in the capital market:

- Government Regulators
- Securities Exchange Managers
- Brokers, Merchant Bankers, Underwriters, Fund Managers
- Clearing, Settlement and Depository Managers
- Credit Rating Agency
- Financial Training Institutions

2. A training needs survey (see attachment) was administered to selected groups to rank their perceived level of knowledge and skills about capital market topics and activities, and elicit comments about their training needs and preferences. Organizations surveyed included:

- Securities and Exchange Board of India (SEBI)
- National Stock Exchange (NSE)
- Bombay Stock Exchange (BSE)
- Training and Research Institute-BSE
- OTC Exchange of India (OTCEI)
- Stock Holding Corporation of India (SCHIL)
- DSP Financial Consultants Ltd.
- JM Financial & Investment Consultancy Services Ltd.
- Credit Rating Information Services of India Ltd.
- Delhi Stock Exchange (DSE)
- UTI Institute of Capital Markets

Additional meetings were held with members of the Calcutta Stock Exchange, Madras Stock Exchange, Institute for Financial Management and Research, NIIT Training, and ENAM Financial Consultants Pvt. Ltd.

This report includes the following sections:

1. Results of the training needs survey and interviews
2. A description of the proposed training strategy and training plan
3. Selected Terms of Reference for Training Programs/Activities

SURVEY RESULTS

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Survey Results

A total of 127 surveys were returned and analyzed, including 61 from stock exchanges, 9 from regulators, 22 from SCHIL, 19 from CRISIL and the remainder a mix from brokers, other market intermediaries and financial training institutions. Key findings are as follows:

1. Number of persons in the organization involved in work related to the capital market now.

Average Number All Organizations: 150

Average Number Factoring Out SCHIL: 68

2. Number of persons in the organization expected to be involved in work related to the capital market 1-3 years from now.

Average Number All Organizations: 236

Average Number Factoring Out SCHIL: 132

Conclusion: Two figures are given for current and future organization size, with and without estimates for SCHIL. Because of the large number of operations staff (over 500), the average number of persons per organization is considerably higher with SCHIL included than when it is factored out.

Whether SCHIL is factored in or not, these figures indicate a near doubling of the number of persons involved in capital market related activities in India over the next 1-3 years. Regulators anticipate modest growth in their staff levels, while the exchanges estimate far larger growth. The NSE estimates the most rapid expansion of all.

Whatever the final number, it is clear that training programs must be established to educate the large numbers of new market participants, and expand the knowledge and skill levels of those already in securities regulatory, exchange, and market intermediary functions.

3. Length of Time in Current Position.

Average Number: 2.2 years

Conclusion: The majority of respondents are relatively new to their positions, and new to their organizations as well. Very few have been working in the capital market for more than five years. Only four indicated they have more than 10 years experience.

4. Educational Background:

Virtually all respondents are college graduates, with the majority having completed post-graduate study as well. The most common fields of study are finance, commerce, accounting, law, and economics. A large number hold MBA degrees, sometimes in combination with

Chartered Accountant or Chartered Financial Analyst certifications. A few in the financial training institutions hold Ph.D.'s.

A smaller percentage of those surveyed have also participated in additional education and training programs in financially related subjects both in India and abroad. The most frequently cited types of programs are as follows:

India

- UTI Institute of Capital Markets: investment research, technical analysis, risk management, marketing, mutual funds
- BSE Training and Research Institute: brokers' programme on stock exchange studies
- Indian Institute of Management (IIM): portfolio management
- Institute of Chartered Financial Analysts of India (ICFAI): Chartered Financial Analyst
- National Institute of Information Technology (NIIT)
- Kepner-Traegoe: Problem Solving

International

- SEC, Merrill Lynch/ U.S.
- New York Institute of Finance: Fund Analysis/U.S.
- Chartered Accounting Courses: U.K.
- NASDAQ/ U.S.
- Harvard University: Reengineering/ U.S.

Conclusion: While overseas study remains a popular part of capital markets training, respondents indicated it should be integrated with in-country training activities. Little or no pre-departure preparation regarding objectives of the international training has been included. Follow-up sessions in which international training participants review their learning with colleagues are also not part of the training.

Local training institutions, particularly UTI, offer a core curriculum in capital market subjects. However, practical, skills-oriented courses and materials with an emphasis on current emerging market issues are lacking. Expansion of course offerings reflecting requirements for development of the market to meet internationally acceptable standards is clearly needed. An upgrading of instructors' practical knowledge base about international practices and their applicability to the Indian market are also required.

5. Current Job Responsibilities

Current job responsibilities vary greatly depending upon the type of organization. For the exchanges, the most common tasks include market operations, membership/client relations, market research and new product development, and clearing and settlement functions.

For brokers, job responsibilities focus on equity research, funds management, merchant banking and underwriting, and treasury (risk) management. CRISIL's staff naturally concentrate on tasks related to determining credit ratings. SCHIL emphasizes activities concerned with developing clearing and settlement systems and establishing a depository.

Staff at SEBI are responsible for over-all regulatory activities including registration of capital market institutions, inspection, compliance and enforcement of regulations, policy development and rendering legal opinions.

6. Anticipated Job Responsibilities Related to the Capital Market

In anticipating future job responsibilities, respondents cited certain themes which cut across organizations. Among these are:

- Development of new capital market instruments, especially debt securities, futures and options
- Increased surveillance, inspection, compliance and enforcement activities
- Improvement of automated systems in trading, clearing and settlement
- Establishment and management of a depository
- Enhanced client relations responsibilities, including improved information dissemination, marketing and expansion of services, and investor education

Conclusion: These anticipated job responsibilities offer a foundation for determining priority training topics for the capital market as a whole. Most respondents were quite specific in indicating their learning priorities directly related to current and future job tasks. They perceive expansion and development of the Indian capital market as a function of their ability to improve knowledge and skills to perform these tasks in the future. Additional ranking of specific capital market subject areas is reviewed in the next section.

7. Capital Market Knowledge and Skill Areas

The following list summarizes the ratings by respondents of their perceived level of knowledge and skills in key capital market subject areas (1=lowest level of knowledge or ability, 5=highest level):

1. NATURE OF SECURITIES: 3.54

The types of debt, equity and other securities traded in the capital market.

2. INVESTMENT ACTIVITIES: 2.97

Understanding macro-economic issues and how they are related in a market-oriented economy.

3. SOURCES OF FINANCE: 3.33

The variety of investment opportunities available to users of financial markets.

4. LIBERALISATION PROCESS IN INDIA: 3.09

Understanding of the forms of liberalisation and how they function, including current Indian liberalisation activities.

5. FOUNDATIONS OF ACCOUNTING: 2.98

Principles of internationally accepted accounting practices and standards.

6. INTERPRETING FINANCIAL STATEMENTS: 3.39

Understanding the principles and uses of ratios as a method of measuring the value of companies and companies' securities.

7. TAXATION IN INDIA: 2.69

Knowledge of the taxation system as it relates to securities.

8. OVERSEAS SECURITIES MARKETS: 2.21

Examples of how securities markets develop and issues related to beginning and developing a capital market.

9. ORGANIZATION AND FUNCTIONS OF A STOCK EXCHANGE: 2.91

The structure and operations of a stock exchange, including international standards.

10. CLEARING AND SETTLEMENT PROCESS: 2.99

Understanding the process of clearing and settling securities transactions.

11. SECURITIES DEPOSITORY: 2.74

Understanding the function and operation of a central securities depository.

12. MARKET PARTICIPANTS: 3.38

Understanding the roles and functions of participants in the securities industry, including merchant bankers, brokers, underwriters, etc.

13. INVESTMENT COMPANIES AND INVESTMENT FUNDS: 2.89

Knowledge of their roles and functions in the capital market.

14. INVESTMENT ANALYSIS: 2.70

Qualitative techniques for evaluating companies, valuing domestic and international securities, and methods of securities analysis.

15. TRADING PRACTICES: 2.61

Skills and procedures for trading securities.

16. STOCK MARKET AUTOMATION: 2.63

Understanding issues related to automation of securities markets and the variety of systems involved.

17. ISSUING SECURITIES TO THE PUBLIC: 3.01

Understanding the process of issuing securities.

18. CLIENT RELATIONS: 2.62

Marketing securities to clients and knowledge of the rules related to client activity.

19. SECURITIES MARKET REGULATION: 2.16

Regulatory structures in leading international capital markets.

20. LEGISLATION AND REGULATION IN INDIA: 2.91

Knowledge of legislation and regulations governing the securities industry in India.

21. SECURITIES MARKET SURVEILLANCE: 2.33

Techniques for identifying non-compliance with regulations in the sales and trading of securities.

22. INDIA SECURITIES MARKET: 3.21

The current state of development of the securities industry in India.

23. PROFESSIONAL CERTIFICATION AND LICENSING: 3.48

Confidence in your ability to take a competency examination in your professional field, e.g. merchant banker, broker, etc., and meet minimum standards.

24. GENERAL LEVEL OF KNOWLEDGE ABOUT CAPITAL MARKETS: 3.34

8. Levels of Knowledge of Capital Markets Categorized by Group

General Level of Knowledge (on 1-5 scale): 3.34
Average Ranking (all subjects): 2.90

“High” 3.01-3.54

- Nature and Types of Securities
- Sources of Finance
- Liberalisation in India
- Interpreting Financial Statements
- Roles of Market Participants
- Issuing Securities
- Indian Securities Market
- Professional Certification and Licensing

“Mid” 2.74-2.99

- Investment Activities
- Foundations of Accounting
- Organization and Functions of a Stock Exchange
- Clearing and Settlement Process
- Securities Depository
- Investment Companies and Investment Funds
- Legislation and Regulation in India

“Low” 2.16-2.70

- Taxation in India
- Overseas Securities Markets
- Investment Analysis
- Trading Practices
- Stock Market Automation
- Client Relations
- Securities Market Regulation
- Securities Market Surveillance

Conclusion: The relatively high (above mid-point of 3) ratings for more basic capital market subjects is consistent with comments during interviews and the advanced education level of a majority of the respondents. However, the General Level of Knowledge Rating of 3.34 is not consistent with the Average Rating (all topics) of 2.90.

The “low” ratings for subjects related to overseas market practices, automation, regulation, client relations, surveillance, etc. reflect general lack of exposure in these areas, even among those who have been overseas. Interviews indicate that stock exchange management, understanding of the clearing and settlement process, role of a central depository and more information on the regulatory framework in India as well as abroad are additional training priorities.

9. Other Training Needs:

A number of subject areas not included in the survey were mentioned by a large number of respondents. Interviews reinforced the need to include these topics in subsequent training programs. In order of frequency, these are:

- derivative instruments--including futures, options, swaps, new indexes and their applicability to the Indian market
- debt market: trading, valuation and portfolio management in emerging markets and India
- risk management and the securities market
- mergers and acquisitions
- technical analysis
- public awareness programs for "end-users" of services

Conclusion: There is a long "shopping list" among respondents as to which subject areas should be emphasized. In general, information on new instruments, services and tools of analysis which can expand the business roles of market participants and make them more competitive is desired. Respondents want to review how more developed markets operate, and how they can adapt or create new instruments and services for the Indian environment. Training activities should be sure to include time for dialogue on this "application" phase, and not merely discuss how certain markets operate overseas.

10. Educational Institutions

The UTI Institute of Capital Markets, Training and Research Institute-BSE, Institute for Financial Management and Research, National Institute of Information Technology and others involved in conducting training programs all indicate a great desire to participate in train-the-trainer programs, and receive materials--cases, texts, simulations, etc.--they might use in the classroom. While a few currently have some courses related to capital markets, they are mainly theoretical. What is needed in all the institutions is a more "real world," pragmatic approach, with immediate application to the Indian environment.

11. Instructor Preferences: (1=least effective, 5=most effective)

1. Academic instructors: 2.87
2. "Practitioner" instructors: 3.91
3. Mix: 4.40
4. Local instructors: 3.35
5. International instructors: 3.39
6. Mix: 4.03

Conclusion: Market participants clearly prefer a mix of both theoretical and practitioner, local and international instructors. Instructor selection should reflect these preferences.

12. Preferred Length of Programs:

The persons surveyed indicate a desire for medium length programs, lasting two to three weeks. They ranked their preferences for length as follows (1=least effective, 5=most effective):

1. Short length (3-5 days) 2.99
2. Medium length (2-3 weeks) 3.95
3. Longer length (more than one month) 2.94

During interviews and informal follow-up discussions, however, many market participants said they could not spare their staff members to attend training for longer than one week "at a stretch."

Conclusion: While the survey indicates a desire for two-three week (local) programs, past experience in the Indian market suggests a more "prudent" approach of a maximum of one week for classroom type programs. Use of Saturdays as a "standard" training day to shorten time away from the office should be considered. International programs, and those including an "internship" type of training would naturally last longer than a single week.

13. Additional Comments/Recommendations

These comments/recommendations tend to focus on how capital market training should be delivered. Comments and recommendations include:

- Mix the classroom sessions with participants who are brokers, regulators, issuers, etc.
- Instructors should be "lively" (or else the ones attending will "switch-off")
- Have a strong focus on theoretical models and practical application
- Use computer simulations and limit class size
- A case study approach should be followed
- International standards and norms should be provided with samples followed by implementation of select procedures
- Use training programs as a platform for change. Generate a consensus on next steps
- Include practical problem solving exercises
- Use foreign instructors who have a sound knowledge of the "peculiarities" of the Indian capital market. They should be complemented by a "local" having in-depth knowledge about the workings of the domestic market.
- Course materials should be sent to participants in advance so that they can review it before the session.

Conclusion: There is a special need for practical, skills oriented training on the part of capital market participants, as well as equally practical materials for educational institutions, as opposed to theoretical or academic training. In essence, Indian capital market participants are saying:

1. Tell us how other countries, especially emerging markets, have developed their securities markets in offering new instruments and services, improved systems, and regulatory functions.
2. Include in training sessions recommendations on how we can develop these services and functions in India and allow time to dialogue among participants as to their applicability.
3. Give us information and simulations to practice working on the functions.
4. Let us decide for ourselves how we will organize and operate the functions for the Indian market.

The degree to which the FIRE project and other future capital markets training can respond to these needs, both in content and style of training offered, will be a key condition for success in assisting development of the capital market in India.

**PROPOSED INDIA CAPITAL MARKET TRAINING
STRATEGY AND TRAINING PLAN**

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Proposed India Capital Market Training Strategy and Training Plan

A national capital market training strategy for India should have two goals:

1. To strengthen the abilities of a core group of financial managers to develop the Indian capital market to meet internationally acceptable standards of regulation, operations and investor protection.
2. To institutionalize capital market training programs so that they become a regular part of the financial management curriculum in Indian educational and training organizations.

To meet these goals, the Indian capital market needs a comprehensive training plan to focus on training priorities and delivery training activities consistent with Indian training preferences. The following series of training programs and related activities are designed to provide the basic components of such a plan. The programs and activities recommended are based on the training needs assessment conducted by the Price Waterhouse team in March/April and June, 1995. Results of that assessment have been discussed with the major participants in the needs assessment and are consistent with their own views.

Each program/activity includes a brief description of its main content or subject focus, program methodology, and projected timetable.

Evaluation of programs will be on-going, with both formal and informal assessments. Periodic training reports will summarize results and detailed record-keeping will maintain a file of participant information. Upon completion of the first year's training plan, a brief report summarizing individual program offerings and evaluation results, plus an "informal" needs assessment through small group discussions with capital markets participants, will form the basis for the next year's training plan.

TRAINING PLAN (July, 1995-June 1996)

1. Programs/Activities for All Market Participants

These programs/activities address general training needs and focus on requirements for the market to develop.

<u>Subject Area/Program</u>	<u>Main Content</u>	<u>Methodology</u>	<u>Timing</u>
a. Derivative instruments	Requirements for developing an Indian market	5-day seminar (40-60 persons)	3rd quarter, '95
b. Global securities services	Clearing, settlement depository functions	3-day workshop (20-30 persons/ SCHIL in-house consulting)	3rd quarter, '95
c. Debt market development	Trading, valuation and portfolio management	5-day seminar (40-60 persons)	4 th quarter, '95
d. Regulatory framework for market development	International standards and local requirements	5-day seminar (30-50 persons/ SEBI in-house consulting)	4 th quarter '95
e. Market surveillance/ compliance/enforcement	International standards and local requirements	5-day seminar/ (30-50 persons/ exchanges in-house consulting)	4 th quarter '95

2. Programs/Activities for SEBI

These programs/activities emphasize upgrading skill levels for the regulatory function in the Indian market.

<u>Subject Area/Program</u>	<u>Main Content</u>	<u>Methodology</u>	<u>Timing</u>
a. Organisational development	In-house organizational strategic planning for staff members	3-day "off-site" program facilitated by FIRE project with selected outside presentersmar (20 persons)	3rd quarter '95
b. Regulatory enhancement	Review surveillance, enforcement rule-making procedures	One-on-one and small group "coaching" sessions regulatory specialists	3rd quarter '95/ ongoing
c. Broker certification project	Professional certification requirements for brokers to meet internationally acceptable standards	Technical assistance from testing licensing specialist	4th quarter '95
d. National-wide broker certification conferences	Introduce content of new requirements	1-2 day sessions around the country 12-15 conferences/ 200-300 persons each	2nd quarter '96
e. New York Institute of Finance/internship internship	Derivatives market development	1-week NYIF course & NASD internship/2 persons	3rd quarter '95
f. Securities and Exchange Commission/ internship	International securities regulation	2-week SEC course & SEC internship/2 persons	2nd quarter '96
g. Regulatory Enhancement Overseas Programs (TBD)	Regulation, Surveillance, Enforcement	Courses & Internships/ 10 persons	On-going

3. Programs/Activities for Brokers, Underwriters, Fund Managers and Other Market Intermediaries

These programs/activities emphasize upgrading skill levels for market intermediaries to develop their businesses.

<u>Subject Area/Program</u>	<u>Main Content</u>	<u>Methodology</u>	<u>Timing</u>
a. Risk management	Securities company/fund management functions	5-day seminar including simulation (30 persons)	1st quarter '96
b. Mergers and acquisitions	International approaches and application to Indian market	5-day seminar (30-50 persons)	1st quarter '96
c. Client relations	Development of brokerage business in a competitive environment	5-day workshop with "live case studies (30 persons)	2nd quarter '96
d. Technical analysis	Application to Indian market	5-day workshop with computer applications (30 persons)	2nd quarter '96

4. Programs/Activities for Exchanges

These programs/activities are designed to assist the stock exchanges improve operations and expand services to their members.

<u>Subject Area/Program</u>	<u>Main Content</u>	<u>Methodology</u>	<u>Timing</u>
a. Stock exchange management/ client relations	Listing, membership, management	5-day workshop, possibly in Bangalore to encourage participation of southern exchanges	1st quarter '96
b. New York Institute of Finance/internship	Derivatives market development	1-week NYIF course/CBOE internship--2 persons 2 persons	3rd quarter '95 2nd quarter '96

c. New York Institute of Finance/internship (NSE, OTCEI)	SRO enforcement/automation of exchanges	1-week NYIF course/OTC internship--3 persons	1st quarter '96
d. Public/investor awareness	Production of materials for investor education	Consultant to assist in production of materials, video	2nd quarter '96

5. Programs/Activities for Training Institutions

These programs/activities will assist training institutions to upgrade their instructors' skills and course content to institutionalize capital m training in India.

<u>Subject Area/Program</u>	<u>Main Content</u>	<u>Methodology</u>	<u>Timing</u>
a. Train-the-trainer series (UTI, CFAI, IFMR, IIM)	Practice sessions to follow derivatives, debt market, risk management, mergers and acquisitions and technical analysis seminars	3 day workshops	Immediately followir
b. Core capital markets curriculum	Basic outline of introductory materials for use in training/ educational institutions	Organize with UTI Capital Markets Institute/Distribute to other institutions	4th quarter, '95
c. New York Institute of Finance/internship	Derivatives market development	1-week NYIF course/CBOE internship--3 persons	3rd quarter '95

SAMPLE TERMS OF REFERENCE (A)

Title: Competency Examination and Licensing System for Brokers, Underwriters, Investment Advisors, Mutual Fund Managers and Other Market Intermediaries

1. Objective: To develop a series of professional competency examinations, consistent with international standards, required for licensing of market intermediaries.

2. Tasks:

a. Gather market and regulatory information. Define subject matter and content of exams.

Meet with designated SEBI officials and representative samples of market participants. Reach consensus on types of material to be tested and the subject areas to be included in each test, and in a "pool" of questions for subsequent exams. Assist in writing curricula where necessary. Identify the subject areas for which new questions will need to be added in the future, e.g., new regulations. Advise SEBI on preliminary tasks necessary to administer examinations.

b. Draft exams and "pools" of exam questions.

Create "pool" of test questions for each group to be tested. Identify, in consultation with SEBI and based on the subject areas defined in Task b, the proportion of questions on each exam and in each question "pool" that will be devoted to each subject area. Write the questions that will appear in the pools--200-300 for each pool. Prepare preliminary versions of tests and work with SEBI to finalize structure of exams.

c. Develop study guides for exam preparation

Write study guides to accompany each "pool" of questions. These guides will form the basis for either independent study in preparation for the exams, or will be used to accompany privately sponsored courses for exam preparation.

d. Develop a system for exam administration

Advise SEBI on system required to administer exams on an on-going basis. Advise on the establishment of an efficient test registration and distribution process. Assist in developing an appropriate system for test administration, covering issues such as testing schedules, security of the distribution of tests and answer sheets to testing centers and safe return to scoring center, procedures for scoring, secure destruction of test booklets following the exams, and reporting system.

3. Staffing Requirements:

One testing/ licensing specialist with extensive international experience in design and writing of securities industry examinations, study guides, and administration of exams.

One local testing advisor with knowledge of available resources, testing facilities, scoring mechanisms, and methods to maintain a fair and impartial system.

Management support from senior advisor familiar with Indian capital market.

4. Estimated Level of Effort:

International testing/licensing specialist	90 days
Local testing advisor	60 days
Senior Advisor	15 days

5. Deliverables:

At the end of the assignment the following work will be completed:

- **"pool" of test questions for each examination**
- **syllabus and study guide for each examination**
- **plan for administration of examinations**

SAMPLE TERMS OF REFERENCE (B)

Title: New York Institute of Finance (NYIF) Instructor/Train-the-Trainer Series

1. Objectives:

- To conduct a series of seminars on high priority topics for the Indian capital market.
- To institutionalize the capital market training through a series of train-the-trainer sessions.

2. Tasks:

a. Design and conduct a series of training programs tailored to the Indian capital market on following subject areas:

- (Group A)**
1. Derivative instruments
 2. Debt market development
 3. Risk management
 4. Mergers and acquisitions
 5. Technical analysis

- (Group B)**
1. Global securities services
 2. Market surveillance, compliance, enforcement

b. Conduct an accompanying train-the-trainer session for Group A programs

c. Deliver technical assistance on small group basis for programs in Group B.

d. Develop and disseminate program materials--hand-outs, cases, simulations, etc.--for programs in Groups A and B.

3. Staffing Requirements:

One or two capital market subject matter specialists in each of the above topics with professional training experience. Total estimate: 10 specialists

Management support from senior advisor familiar with Indian capital market.

4. Estimated Level of Effort:

Each subject matter specialist:	30 days	Total: 300 days
Senior advisor	90 days	

5. Deliverables:

At the end of the assignment the following work will be completed:

- Seven training programs designed and delivered to appropriate participants
- Five accompanying train-the-trainer programs completed
- Program materials designed and distributed
- Technical assistance delivered as required

SAMPLE TERMS OF REFERENCE (C)

Title: Core Capital Market Curriculum for Indian Training Institutions

- 1. Objective: To institutionalize capital markets training in India by producing an introductory curriculum tailored to Indian training institutions**
- 2. Tasks:**
 - a. Survey and collect limited existing curricula from local training institutions**
 - b. Design and produce introductory syllabus and curricula tailored to Indian market with practical India specific capital market information**
 - c. Design and write accompanying cases, exercises, quizzes and other materials**
 - d. Conduct train-the-trainer sessions at target training institutions on how to use materials**

3. Staffing Requirements:

Two local capital market training specialists

Design and printing specialist

Management support from senior advisor familiar with Indian capital market.

4. Estimated Level of Effort:

Training specialists	100 days
Design and printing specialist	30 days
Senior advisor	15 days

5. Deliverables:

At the end of the assignment the following work will be completed:

- Core syllabus and curriculum produced and distributed**
- Accompanying train-the-trainer programs conducted**

SAMPLE TERMS OF REFERENCE (D)

Title: SEBI Organizational Development Workshop

1. Objective: To assist SEBI review its core management objectives, structure and operations in relation to internationally acceptable standards of capital market regulation

2. Tasks:

- a. Design and conduct a three-day "off site" workshop for key SEBI personnel
- b. Develop and present course materials on models of effective regulation from developed and other emerging markets
- c. Design and lead discussions on action-planning for improved regulatory functions
- d. Organize follow-up mechanism to monitor progress on decisions made at workshop

3. Staffing Requirements:

Two international capital markets regulatory specialists with extensive experience in emerging markets

Senior training advisor to design and lead workshop

4. Estimated Level of Effort:

Regulatory specialists:	10 days	Total: 20 days
Training advisor	15 days	

5. Deliverables:

At the end of the assignment the following work will be completed:

- **Three day regulatory workshop**
- **Accompanying program materials**
- **Follow-up sessions conducted by SEBI**

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SAMPLE TERMS OF REFERENCE

TRAINING NEEDS ASSESSMENT SURVEY

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Financial Institutions Reform
And Expansion Project

Dear Capital Markets Participant:

We are pleased you and your organization can participate in the U.S. Agency for International Development/Price Waterhouse Financial Institutions Reform and Expansion Project (FIRE) Training Needs Analysis. The purpose of this survey is to assess the level of knowledge and skills in subject areas related to capital market activities among "players" in the market in India. These include regulators, stock exchange officials, brokers, and others who play key roles in the market's development. We believe that your organization is such an institution and ask for your assistance in conducting this survey.

Enclosed are 25 copies of the survey questionnaire for you to distribute to those in your organization who now have responsibilities for some aspect of capital market activities. If you do not have 25 such individuals, please return questionnaires for the actual number of persons working in areas related to capital markets.

Please return the questionnaires as soon as convenient, but no later than **April 28**, to:

Mr. Hemant Puthli
Price Waterhouse
1102/1107 Raheja Chambers
Nariman Point
Bombay 4000 021

If you have any questions regarding the survey, please contact him at tel: 283 5138, 283 5123. Survey results will be used to develop a recommended training plan for capital market development in India. We will keep you informed about results of the survey.

Thank you for your kind assistance in this project.

Howard Schuman
Director of Training
Price Waterhouse
Financial Institutions Reform and Expansion Project



INDIA CAPITAL MARKETS TRAINING NEEDS ANALYSIS

I. INTRODUCTION

The purpose of this survey is to assess what type of training will be most helpful to you in order to increase the level knowledge and skills consistent with international standards in the Indian capital market. The information will be used to develop a comprehensive training plan for SEBI, the stock exchanges, and other market participants. Please complete the following questions and return the questionnaire to Mr. Hemant Puthli, Price Waterhouse, 1102/1107 Raheja Chambers, Nariman Point, Bombay 400 021 no later than **APRIL 28**. For further information, please contact him at 283 5138, 283 5123.

II. PERSONAL/ORGANIZATIONAL DATA

1. Organization: _____
2. Division/Department: _____
3. Number of persons in your organization involved in work related to the capital market now. _____
4. Number of persons in your organization expected to be involved in work related to the capital market 1-3 years from now. _____
5. Length of time in current position: _____

6. Level of Education

a. Formal Education (with degree)

Main Subject Area(s)

- High School
- College/University
- Post-Graduate Study
- Other (specify):

.....
.....
.....
.....

b. Informal Education and Training (non-degree)

Please describe what type of courses and training you have participated in:

<u>Type of Course/Training</u>	<u>Year</u>	<u>Name/Location of Institution</u>	<u>Subject Area</u>
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____

III. CURRENT JOB DESCRIPTION

Please describe in detail your job responsibilities and tasks.

a. Main responsibilities:

b. Main tasks:

1. -----
2. -----
3. -----
4. -----
5. -----
6. -----
7. -----
8. -----

c. Anticipated future tasks you may have responsibility for, specifically related to the capital market:

1. -----
2. -----
3. -----
4. -----

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IV. KNOWLEDGE AND SKILL AREAS

Listed below are various knowledge and skill areas related to development of the capital market in India. Each has a brief description. Please rank from 1 to 5 your level of knowledge or competence in these areas (1=lowest level of knowledge or ability, 5=highest level).

- | | | | | | |
|--|---|---|---|---|---|
| 1. NATURE OF SECURITIES: | 1 | 2 | 3 | 4 | 5 |
| The types of debt, equity and other securities traded in the capital market. | | | | | |
| 2. INVESTMENT ACTIVITIES: | 1 | 2 | 3 | 4 | 5 |
| Understanding macro-economic issues and how they are related in a market-oriented economy. | | | | | |
| 3. SOURCES OF FINANCE: | 1 | 2 | 3 | 4 | 5 |
| The variety of investment opportunities available to users of financial markets. | | | | | |
| 4. LIBERALISATION PROCESS IN INDIA: | 1 | 2 | 3 | 4 | 5 |
| Understanding of the forms of liberalisation and how they function including current Indian liberalisation activities. | | | | | |
| 5. FOUNDATIONS OF ACCOUNTING: | 1 | 2 | 3 | 4 | 5 |
| Principles of internationally accepted accounting practices and standards. | | | | | |
| 6. INTERPRETING FINANCIAL STATEMENTS: | 1 | 2 | 3 | 4 | 5 |
| Understanding the principles and uses of ratios as a method of measuring the value of companies and companies' securities. | | | | | |
| 7. TAXATION IN INDIA: | 1 | 2 | 3 | 4 | 5 |
| Knowledge of the taxation system as it relates to securities. | | | | | |
| 8. OVERSEAS SECURITIES MARKETS: | 1 | 2 | 3 | 4 | 5 |
| Examples of how securities markets develop and issues related to upgrading and improving a capital market. | | | | | |
| 9. ORGANIZATION AND FUNCTIONS OF A STOCK EXCHANGE | 1 | 2 | 3 | 4 | 5 |
| The structure and operations of a stock exchange, including international standards. | | | | | |
| 10. CLEARING AND SETTLEMENT PROCESS: | 1 | 2 | 3 | 4 | 5 |
| Understanding the process of clearing and settling securities transactions. | | | | | |

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11. SECURITIES DEPOSITORY:	1	2	3	4	5
Understanding the function and operation of a central securities depository.					
12. MARKET PARTICIPANTS:	1	2	3	4	5
Understanding the roles and functions of participants in the securities industry, including merchant bankers, brokers, underwriters, etc.					
13. INVESTMENT COMPANIES AND INVESTMENT FUNDS	1	2	3	4	5
Knowledge of their roles and functions in the capital market.					
14. INVESTMENT ANALYSIS:	1	2	3	4	5
Qualitative techniques for evaluating companies, valuing domestic and international securities, and methods of securities analysis.					
15. TRADING PRACTICES:	1	2	3	4	5
Skills and procedures for trading securities.					
16. STOCK MARKET AUTOMATION:	1	2	3	4	5
Understanding issues related to automation of securities markets and the variety of systems involved.					
17. ISSUING SECURITIES TO THE PUBLIC:	1	2	3	4	5
Understanding the process of issuing securities.					
18. CLIENT RELATIONS:	1	2	3	4	5
Marketing securities to clients and knowledge of the rules related to client activity.					
19. SECURITIES MARKET REGULATION:	1	2	3	4	5
Regulatory structures in leading international capital markets.					
20. LEGISLATION AND REGULATION IN INDIA:	1	2	3	4	5
Knowledge of legislation and regulations governing the securities industry in India.					
21. SECURITIES MARKET SURVEILLANCE:	1	2	3	4	5
Techniques for identifying non-compliance with regulations in the sales and trading of securities.					
22. INDIAN SECURITIES MARKET:	1	2	3	4	5
The current state of development of the securities industry in India.					

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23. PROFESSIONAL CERTIFICATION AND LICENSING: 1 2 3 4 5

Confidence in your ability to take a competency examination in your professional field,
e.g., merchant banker, broker, etc., and meet minimum standards.

24. GENERAL LEVEL OF KNOWLEDGE ABOUT CAPITAL MARKETS: 1 2 3 4 5

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V. FOR STAFF OF EDUCATIONAL/TRAINING INSTITUTIONS ONLY
(Answer this section if you work in an educational or training institution)

a. Please indicate the number of instructors you have who currently teach subjects related to the capital market. _____

b. Please list the courses you offer at your institution related to the capital market:

1. _____
2. _____
3. _____
4. _____
5. _____

c. Please describe your plans for future courses/training programs related to the capital market.

VI. OTHER TRAINING NEEDS:

Please list the 5 highest priority knowledge or skill areas that will help you do your job more effectively as it relates to the capital market.

VII. INSTRUCTOR PREFERENCES:

Please rank from 1 to 5 your preferences regarding the type of instructors you feel are most effective (1=least effective, 5=most effective).

- | | | | | | |
|--|---|---|---|---|---|
| 1. Academic instructors
Those with solid academic knowledge of capital markets. | 1 | 2 | 3 | 4 | 5 |
| 2. "Practitioner" instructors
Those with extensive practical experience. | 1 | 2 | 3 | 4 | 5 |
| 3. Mix of academics and practitioners. | 1 | 2 | 3 | 4 | 5 |
| 4. Local instructors. | 1 | 2 | 3 | 4 | 5 |
| 5. International instructors. | 1 | 2 | 3 | 4 | 5 |
| 6. Mix of local and international instructors. | 1 | 2 | 3 | 4 | 5 |

VIII. PREFERRED LENGTH OF PROGRAMS:

Please rank from 1 to 5 your preference regarding the length of training you feel is most effective (1=least effective, 5=most effective).

- | | | | | | |
|--|---|---|---|---|---|
| 1. Short length (3-5 days) | 1 | 2 | 3 | 4 | 5 |
| 2. Medium length (2-3 weeks) | 1 | 2 | 3 | 4 | 5 |
| 3. Longer length (more than one month) | 1 | 2 | 3 | 4 | 5 |

IX. ADDITIONAL COMMENTS/RECOMMENDATIONS:

Please add any additional comments/recommendations regarding how we might best plan and organize capital markets training in India:
