

20 November 2008

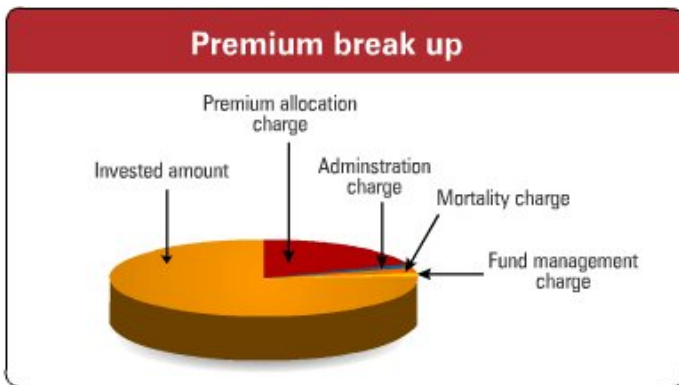
Today's Tabloid

PERSONAL NEWS FOR ranjanvarma@gmail.com

BUSINESS AND FINANCE

Everything About ULIPs?

NOV 20, 2008 1:18AM



AboutULips is ICICI Prudential Life's attempt to educate the online public about Unit Linked Insurance Plans (ULIPs).

I would have loved to see a comparison chart of ULIPs across all insurers showing the various **allocation/ administration charges**. I couldn't find anything of that sort there.

ULIPs really pinch on their costs. And the cost details aren't found anywhere!

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BUSINESS AND FINANCE

Financial Crisis v/s Any Other Crisis

NOV 20, 2008 1:18AM

A crisis is a crisis. Be it financial, that is raging furiously these days, or a personal crisis.

All crisis originates with some excess/wrong doings/ mistakes on the part of an individual or a company. The financial crisis has its origins in the sub prime lendings in the US and it is engulfing all and sundry.

Likewise, a personal crisis too is an offshoot of some mistakes. Like Pravin Mahajan killing his own brother and pulling the entire Mahajan family into a crisis. Or the Ayushi murder case.

Everybody loves distress stories And then the media goes overboard since it knows that and it feeds on the raging fire.

Here are my thoughts on what to do in these troubled times:

- **Take it on your chin:** Understand the reason and the direction from which the blow is coming and accept that blow. Instead of ducking issues or avoiding them. It will give you a perspective on how it is going to affect you and you can take some corrective actions. Like you could have gone for more allocation for liquid/gold funds. Or go for a SOS: Short only Strategy.
- **Put some wax in your ears:** Media goes overboard with distress stories and your blood pressure shoots up too. All those stories in the name of analysis/insights do not solve the problem. Remember, there is a difference between **discussing** a problem and **solving** a problem. In times like this, it's a boon to be able to withdraw!
- **It's a catharsis:** All crisis are lessons. Failures can be very good feedback if you are willing to look at it that way. It also gives you a perspective on past mistakes and the way out.
- **What goes down, comes up:** I love the "Sine curve". Sometimes it goes up and then goes down, only to go up again. It's a continuous loop.

I am an eternal optimist. Are you one?

More Updates

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BUSINESS AND FINANCE

Get Real or Go Home

NOV 20, 2008 1:18AM

Sequoia Capital's presentation to its portfolio companies about how to try to survive an economic downturn. It's survival of the quickest or else you enter a death spiral, they say. Check it out!

Sequoia Capital on startups and the economic downturn

View SlideShare presentation or Upload your own.
(tags: depression recession)

Hat tip: Webyantra
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BUSINESS AND FINANCE

10 Principles for Teaching Children about Money

NOV 20, 2008 1:18AM

Here are ten principles for teaching children about money written by R Padmanabhan (I found them posted on a Google Group):

1.*Talk about money.* Every time money is involved, parents have a chance to teach their children the values and analysis behind their actions. Money is one of the important topics through which we communicate our wisdom and values to our children. Every purchase, investment, or donation can be a time to teach your children

something about your values.

2.*Talk openly about money.*

Parent makes a mistake when they keep information from their children. The only way children learn what is a good deal and what is too expensive is by the experience of what their family earns and what items cost. Hiding this information robs children of the financial education they need.

3.*Talk factually about money.*

Many parents have strong emotions about money based on their childhood experiences. These emotions are always transmitted to children. Instead of helping children, they can cripple children from growing to make sound financial decisions.

4.*Require chores; pay for optional work.*

Everyone in the family has to help complete the work that needs to be done. If you want to pay your children, only pay them for optional work they can choose to do or not to do.

5.*Provide children an allowance they can make real choices with.*

Talk about money is important, but children need real-world lab experience to understand the consequences of their decisions. Consider giving them an allowance large enough so that they can purchase some of their own needs. Then continue to give them honest advice, and help them ask the right questions to make wise decisions based on their values.

6.*Help children prioritize purchases*

Ask them if this purchase is better than other purchases they are considering making.

7.*Help children comparison shop.*

Help them consider issues such as cost, quality, and convenience.

8.*Require children wait before making large purchases*

Adults should wait at least a month whenever they are making a large

purchase. Children shouldn't be expected to wait that long. Here is a good rule of thumb: Children should be required to wait as many days as they are old in years before being allowed to make a large purchase (over a week's allowance). There is always tomorrow and over half the time they won't remember what attracted them to it in the first place. Developing this habit will help make them resistant to impulse buying.

9.*Don't use money as a punishment.*

Your priority should be helping to give your values to your children, not buy their outward behavior.

10Don't loan your children money.*

If their desired purchase is something they should be saving for, let them save for it. If you want to buy it for them for the value of the experience, buy it for them.

The principles are "If they want it, they have to save for it. If you want them to have it, you will buy it for them." Loaning your children money for items they want teaches them they aren't responsible and they don't have to prioritize.

Ranjan Varma on Personal Finance



BUSINESS AND FINANCE

Ranjan's Blog is changing yet again

NOV 20, 2008 1:18AM



This is another one of those countless revamps for this blog. It's two years since I started with a blogspot url that read "financexchange.blogspot.com" and then put it under mu custom domain "www.ranjanblog.com". The domain ranjanblog.com still shows a site under construction and my numerous mails to rediff for help has fallen on deaf ears :(

Over the two years, the title of the blog has seen countless variations. From the "Blog on Personal Finance & Business" to lines like "Get Rich or Die Trying", "You don't need to be a genius to manage your personal finances", "Take responsibility for your Personal Finance", etc.

Now it's a simple "Ranjan Varma's Blog". For Personal Finance, please visit India's first online weekly on Personal Finance, a website I have built which totally focuses on the subject.

I have refrained from talking about my other musings on this blog. From now on I'll take that liberty.

It's Navratra and I have been on a fruit fast for last 5 days. It's really a detox exercise that I've been doing for the last 5 years. Here's wishing everyone a very happy Navratras.

More on Goddess Durga

Ranjan Varma on Personal Finance



BUSINESS AND FINANCE

Self Styled Editor, Publisher, Broadcaster & Database Administrator!

NOV 20, 2008 1:18AM

Technology gives us amazing tools. And being a non techie, I get pretty excited about being able to do things which I wouldn't have imagined that I would ever do. Everything that I am doing now, was unthinkable just two years back (for me, ofcourse!).

So now I am

- an Editor for India's first online weekly on Personal Finance
- Publisher of this Blog
- Broadcaster on Twitter (Personal/ PersonalFinance201)
- Broadcasting my SMS Channel
- Publishing/Broadcasting my content on & Email

I should stop since I just might be annoying you with my child-like excitement of playing with techie toys.

But not before I tell you that I am playing with

- a most powerful online database application creator called Zoho and
- have built a skeleton of the database of Financial Products in India

I am pretty excited about being able to embed it in my website done on Joomla CMS!

So after being an Editor, Publisher, Broadcaster, I am on way to become an Online Database Administrator!!

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BUSINESS AND FINANCE

Rs. 2.3 trillion of shareholder value lost in Indian Stock Markets in September

NOV 20, 2008 1:18AM

CRISIL reports:

The Indian equity market continued to slide in September 2008 with the S&P CNX NIFTY, registering its second sharpest fall since January 2008, declining around 10 per cent. It is estimated that **Rs 2.3 trillion** of shareholders' wealth eroded in the background of the situation in the US financial markets. On the contrary, the fall in the US markets was lower with the S&P 500 and Dow Jones both declining by around 9 per cent and 6 per cent respectively, while emerging markets lost around **18 per cent** during the month.

Pessimism in the financial markets following the filing for bankruptcy by Lehman Brothers, Merrill Lynch's sell-off, the bail out of AIG and perceived uncertainty around the US bail-out package added to investor fears. Investor sentiment was also affected on news of the possibility of Fortis filing for bankruptcy, indicating problems in the European financial markets as well.

The BSE Realty Index and the BSE Metal Index were the most severely affected during the month dropping by 32 per cent and 25 per cent respectively. Concerns over slowing demand in the real estate market due to a liquidity crunch and increased cost of funding weighed in on investor sentiment in the realty sector.

Expectations of lower demand for commodities given the weaker global economic growth affected metal sector stocks." The FMCG and Oil and Gas sector indices, however, outperformed the overall market, declining 1.6 per cent and 7.6 per cent, respectively.

Moreover, although inflation numbers were in line with CRISIL estimates, the reported 7.1 per cent growth in Index of Industrial Production (IIP) for July 2008 bettered expectations. However, this failed to provide any positive trigger for the market. For the first two weeks of September 2008, the headline inflation appeared to have stabilised at around 12.10 per cent as against 12.49 per cent in August 2008.

While a 15 per cent decline in average crude oil prices during month provided some reprieve, the impact was partially negated by the 7 per cent decline in the value of the rupee against the dollar.

Going forward, rising crude oil and food prices are expected to keep an upward pressure on inflation. Further, global liquidity pressures affected FII investments in the country, adding to the weakness of Indian markets - during the month, net sales by FIIs were to the tune of Rs 82 billion. India's first online weekly on Personal Finance

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BUSINESS AND FINANCE

Making the decision on what I want to do on this Blog

NOV 20, 2008 1:18AM

From Godin's blog:

Do you know what the difficult part is? It's not the art. Not the talent or the skill. It's the deciding. Making the decision to be an artist instead.

It really rings true for me. I have been blinded with making a name for myself & making money from this blog. Only now I know that all that is not important.

What's important is that I articulate what I know about personal finance in the best manner. Nothing else matters.

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BUSINESS AND FINANCE

2nd Anniversary: Apologies & Roadmap ahead for this Blog

NOV 20, 2008 1:18AM

I apologize to my readers. For distracting them with advertisements (that I don't believe in!) and for occasionally writing some crap "personal" posts.

I hide behind the argument that it's my blog and I can write anything & everything. But on the verge of completing two years of blogging, I am realizing that this web space is no longer "personal". In fact, there is a sense of responsibility towards readers to whom I can add some value on the "personal finance" front.

So, essentially, there is a move from "personal" to personal finance for this blog!

I also thank readers & friends who have encouraged me along this two year journey.

The Roadmap: Having apologized for the distractions by way of ads, you can be sure that the ads are going off today. It shouldn't return and I promise that I'll ask you first before taking a call on the ads.

Also, I will refrain from personal posts that don't add value to the readers that I want to write for in this blog. For personal rants, I have a Twitter handle which you can follow.

I have talked about my manifesto before. I want to focus my energies in building the modules on personal finance

I have already started practicing them by speaking to a group of employees from my Organization. And the response has been amazing.

I would love to see how we can make financial education available to the masses by using ICT. (Information & Communication Technologies)

According to RBI data, as a percentage of financial savings, mutual funds constituted 7.7% of the financial savings of the household sector while insurance accounted for 17.5% and provident funds and pensions funds made up for 8.2% of the total financial savings during 2007-08. The predominant share of savings was still parked in banks (55%).

This goes to show how much ground providers of financial products have to cover. Also this distribution is a bit skewed because of lack of financial literacy.

Thank you readers and wish me Godspeed!

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BUSINESS AND FINANCE

Financial Crisis Blog Posts of Value

NOV 20, 2008 1:18AM

The financial crisis is big news. And the media generally goes on the overdrive on them. Here are some sane voices that I enjoyed reading. I'm sure you'll enjoy too.

1. Surviving the Financial Crisis: Even though you may not be part of the Financial industry, the crisis affects all. Zoho guys relive their experience of the DotCom bubble and share their experience
2. How the financial crisis affect you and me: Lekhni wears many hats. Here she says, "It's not about the investment bankers, it's about you. Their loss, directly or indirectly, affects you.
3. The regulation of Derivatives: Tyler Cowen has a primer on derivatives which is very insightful.

Updates for this post

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BUSINESS AND FINANCE

Using Technology to Reach Unbanked Rural Customers

NOV 20, 2008 1:18AM

Financial Information Network & Operations Ltd(FINO). is an Application Service Provider (ASP). Using cutting edge technologies like **Smart cards, Biometrics** and a basket of support services,FINO enables Financial Institutions on projects for Financial Inclusion

For example, FINO supports sector initiatives such as General Credit cards (GCC) and Kisan credit cards (KCC) aimed at enabling the rural and remotest un-banked parts of the country to enjoy the benefits of formal financial products and services.

FINO announced its partnership with ACCESS Development Services, which helps tier two and tier three MFIs towards capacity building and adopting MIS management information systems to improve efficiency of their day-to-day operations.

This looks to be a welcome partnership which will enable the distribution channels of MFIs with state of the art technology India's first online weekly on Personal Finance

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BUSINESS AND FINANCE

Eko: Financial Azaadi for the Unbanked Indian Population

NOV 20, 2008 1:18AM

From CGAP's Focus Notes 47:

- But in the same way that access to clean water is more than being able to buy a bottle of water, access to finance is more than being able to get the occasional loan.
- **Access to finance really involves being connected to a national payments system, much like the national electricity network.**
- Once I have a transactional account in a "payment grid," I can receive and repay loans, save up and withdraw from a savings account, and use the proceeds to pay for what I need.
- This transactional account is my gateway to a range of financial services, it gives me a financial history, and it is the basis from which I can manage my financial life.

Eko's objective is to connect the vast untapped & unbanked Indian population to the Financial Services industry with the ubiquitous mobile phone.

Really impressed with their work, I shot off an email to Abhishek Sinha, CEO requesting his thoughts on Eko, future plans and using ICT for making financial education available to one & all.

Thankyou, Abhishek for your prompt response and it's reproduced below the fold:

About Eko: I used to run a mobile value added services company before doing Eko. We did some mobile commerce projects in my previous company and what came across blatantly was the fact that there was no mobile commerce for people who used cash and did not have bank accounts or credit cards. This germinated the idea behind Eko though it

has evolved to a great extent.

Future Plans: Today, Eko has evolved and will continually evolve into a very low cost infrastructure for financial services. We are working towards extremely low cost of transactions and servicing while making the model rapidly scalable. Any financial product should be able to ride over it and reach the unreached. In a very similar thought process, we are looking for a scalable model for financial literacy / awareness.

About ICT: As far as ICT is concerned, I am in total agreement with you. Even in Eko we try and look at ICT for most of our problems as apart from the solution it ensure efficiency and low cost. We have adopted mobile as a channel as we see a mobile phone as a low energy consuming, always on IT device which should be used to connect to the customer. Mobile has breached geographic boundaries as well as customer segments.

While using mobile, we leverage a lot existing behavior associated with mobile. This video should explain this more.

Thankyou, Abhishek and all the very best.

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BUSINESS AND FINANCE

BankBazaar.com - India's first Interactive, Realtime Online Loan Market

NOV 20, 2008 1:18AM

Personal Finance space is slowly but surely getting the attention it deserves. I have chronicled some of the efforts in this space and you can also see all the posts under the personal finance websites category

Another hot start up in the personal finance space is BankBazaar. They provide an interactive online platform that helps the user procure loans. The entire loan seeking process takes place online and can be completed in 15 minutes flat, while the process of comparing interest rates across banks can be possible within 2 minutes.

They offer instant interest rate quotes that matches the applicant's credit profile. Even before he shares his contact information, he would know the loan amount, tenure and interest rates he is eligible for and all this in just 2 minutes before he begins his loan application process, which is also completely online, with no phone calls needed. BankBazaar claims

that this kind of personalized interest rate comparison is the first of its kind in the world.

I am waiting for them for rolling out all the remaining financial products which include insurance, credit cards, all other loan products including LAP, business and education loans.

I also had the opportunity to ask Adhil Shetty, CEO, a few questions on the opportunities and the challenges of working in this space.



Adhil Shetty, Founder & CEO, BankBazaar.com, prior to relocating to India, lived in New York City and managed Deloitte Touche Tomahatsu's US East alliances with the world's leading Information Management Company. Earlier in his career, Adhil worked with Cisco Systems as an engineer in Bangalore and San Jose. Adhil has a Masters degree in International Relations with a specialization in International Finance and Business from Columbia University in the City of New York, and a Bachelors degree in Engineering from the College of Engineering Guindy, Anna University.

Q1. What do you think is the size of the market?

Adhil: In 2007-08, retail lending in India was over 140K crores, and general insurance premium collected was over 90K crores. A significant portion of this retail loan and insurance distribution can be channeled online- Bankers in India believe that a fourth of total disbursements can be channeled online over the next 24 months leveraging web 2.0 technologies. Given the trend that one is increasingly booking flight tickets online, paying electricity bills online and even finding their respective life partners online, I am convinced that the benefits of instantly competing real time loan offers online will find acceptance among the Indian audience.

Q2. What are the challenges in the Indian online scene?

Adhil: Building awareness of our innovative and differentiated product amongst Consumers is a key challenge. We offer a far superior customer experience from the low-value loan aggregation platforms that are in vogue today. Here is how loan aggregation platforms work: they merely generate leads for banks i.e. they sell users' contact information to bank

agents. These agents then call the customer and try to market their product. So customers still need to provide their detailed information to each of these agents individually to receive customized quotes, they still need to bargain with each of these banks and they still have trouble comparing the complex offers they are being given. The www.BankBazaar.com model adds significantly higher value to the consumer as it offers an end-to-end solution i.e. the consumer gets to do everything online, right from getting customized rate quotes, comparing the offers and applying online directly to the bank.

Q3. What are your marketing strategies?

Adhil: BankBazaar.com is using online marketing strategies to build awareness of the site among the online population. We also believe in the power of word-of-mouth recommendations. Once the customers experience our offering, we are confident that they will find it attractive, especially as we make it easy for them by saving time and money.

Thank you, Adhil and all the best! I'll be awaiting the roll out for insurance, credit cards, all other loan products including LAP, business and education loans.

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BUSINESS AND FINANCE

SNAPPY FINGERS: A Search Engine With a Difference

NOV 20, 2008 1:18AM

*Following is a guest post by Praval who is a **freelance writer/blogger** and works for Uswaretech, a Web Development Consulting shop as a Web Evangelist.*

SnappyFingers is a Bangalore; India based startup and claims to be a search engine for Question and Answers. The interface is pretty clean and leaves a mark when it comes to user friendliness and usability. Though, still in its beta form, the search engine has built a considerable database of 3 million questions in their search index (as per the information given by Chirayu Patel, the founder of the website). To be really honest, I really liked the idea of presenting the search query in a question-answer format especially when you want to explore the possibilities of web for some research work.

HOW DOES SnappyFingers WORK?

SnappyFingers uses a very simple mechanism. It crawls and indexes FAQs across the internet irrespective of the topic. Generally, FAQs provides more detailed answers to queries, so Q&A search helps in

finding answers faster. They are also not crawling already established Q&A sites like Answers.com, Yahoo answers, forums etc. That explains me why I failed searching for the keyword 'snappyfinger' on SnappyFingers itself as there is no FAQ provided for it.

SnappyFingers definitely lacks a tutorial and a support section which should explain how one can use it more efficiently and what this unique search engine is capable of.

The biggest challenge which SnappyFingers faces is of ranking the FAQs and proving the authentication of the source of knowledge. For example, I tried searching for 'GOOGLE' but didn't get the exact result instead I got info on Google Apps and bunch of other useless results. They have to work more towards improvising their search algorithm to produce more exact results.

Also the user has the limitation of searching exact keywords and basic questions. There is a whole lot of difference between what you will get as a result on Google and what you will get on SnappyFingers. For example, I can not expect to get an answer for some specific computer error but Google can find it for me.

HOW IS SnappyFingers DIFFERENT FROM OTHER SEARCH ENGINES?

I tried searching for 'NASDAQ' on Google and Wikipedia. As expected, Google gave me a result which contains links for NASDAQ's website and other stock prices index. Wikipedia gave me a result which has information about NASDAQ's history, business, market share, etc but I was quite amazed by the result of SnappyFingers. I got all the useful information about how NASDAQ works? What is NASDAQ? What is the NASDAQ market center? These results were by far better than those of Google and Wikipedia.

In spite of all these shortcomings, I really liked the idea behind it. There is still a huge scope in search engine sphere particularly dominated by big players like Google and Yahoo. Contemporary users' want quick and problem oriented results and SnappyFingers surely provides it. I also hope that the developers will rectify all the problems in their final release.

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BUSINESS AND FINANCE

Entrepreneur Journeys by Sramana Mitra

NOV 20, 2008 1:18AM

I was happy to get extracts of the book written by Sramana Mitra and the permission to publish it on my blog. Sramana Mitra is a Strategy Consultant in the Silicon Valley and has a knack of lucidly explaining the jargons on her blog.

Lighting the Way to India:

An excerpt from Entrepreneur Journeys (Volume One) by Sramana Mitra, now available from Amazon.com below the fold.

While greed is infectious, it hasn't touched Harish Hande. Unlike many entrepreneurs, Hande didn't dream of great wealth, luxury or power as he built SELCO India, a rural solar energy company. At a time when his fellow Indian Institute of Technology engineering alumni were drifting aimlessly into the domestic IT industry, Hande stayed focused on his major: energy engineering. After earning a PhD from the University of Massachusetts, Lowell, Hande headed back home in 1993 to provide reliable, clean energy to un-electrified areas in rural India.

"We believe that in anybody's daily life, reliable energy, like solar electricity or solar lighting, can lead to a better quality of life," Hande says.

SELCO, short for Solar Electric Light Co., sells small-scale, modular solar photovoltaic systems to households and businesses in villages in the southern Indian states of Karnataka, Kerala and Andhra Pradesh.

He started small, buying one solar-lighting system with \$300 he had left over in scholarship money. Then, to find workers for large scale installations, he went to village TV stores in Karnataka. Hande described what he was doing, and asked if anyone was interested. They were, since many of them relied on candles and kerosene lamps after sundown. This gave him confidence that he could build a team, and that there was a substantial market for what he wanted to do.

Since most rural Indians are poor and can't afford to pay for SELCO's systems out of pocket, Hande needed to obtain bank financing. In late 1996 he was able to convince Malaprabha Grameen Bank in Karnataka to finance 100 solar-lighting systems. "Probably because they were getting fed up with me more than anything else," Hande jokes.

He then leveraged the bank's backing to get other banks to finance more solar-lighting systems. "That was our biggest code to crack, since our entire model is based on banks providing the financing," Hande says.

In addition to providing a source of safe, clean lighting to rural people, SELCO also helps them generate much-needed income. With light after dark, they can keep shops open later and stay up at home working on

crafts. Some of his customers told Hande they can now make two to three baskets a night, selling them for 30 rupees each.

This gave Hande the idea to create a business plan for a tribal community in Karnataka, with four-year bank loans under which they would pay for their solar-lighting systems with the proceeds of basket sales.

So far, SELCO has installed close to 100,000 solar-lighting systems, and in the process, it has brought light to people who were considered too poor to be part of the capitalist system.

I use the term "light" both literally and metaphorically, since Hande's thinking went far beyond solar lighting installations. What he did was innovate at a much deeper level by connecting energy services to income generation.

Sadly, Hande says few of his fellow Indian Institute of Technology energy engineering alumni are working in alternative energy. "When I went back to IIT last year, all 26 seats in energy engineering went to [work in] software," he says. "There is an extreme shortage of energy engineers."

I recently wrote an open letter to IIT students asking them to look beyond software – to do something electrifying, following Hande's example.

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BUSINESS AND FINANCE

RBI Press Release: An Informative Review

NOV 20, 2008 1:18AM

The Reserve Bank of India indicated that in the context of the uncertain and unsettled global situation and its indirect impact on our domestic economy and our financial markets, it would closely and continuously monitor the situation and respond swiftly and effectively to developments.

It was also indicated in the Mid-Term Review that the current challenge for the conduct of monetary policy is to strike an optimal balance between preserving financial stability, maintaining price stability and sustaining the growth momentum. Inflation, in terms of the wholesale price index (WPI), has been softening steadily since August 9, 2008 and has declined to 10.68 per cent for the week ended October 18, 2008. Globally, pressures from commodity prices, including crude, appear to be abating. The moderation in key global commodity prices, if sustained, would further reduce inflationary pressures. On the growth front, it is important to ensure that credit requirements for productive purposes are adequately met so as to support the growth momentum of the economy. Domestic financial markets have been functioning normally. Prudent

regulatory surveillance and effective supervision have ensured that our financial sector has been and continues to be robust. However, the global financial turmoil has had knock-on effects on our financial markets; this has reinforced the importance of focusing on preserving financial stability,

The Reserve Bank has reviewed the current and evolving macroeconomic situation and liquidity conditions in the global and domestic financial markets. Based on this review, it has taken measures that you can read [here](#)

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BUSINESS AND FINANCE

How Technology Enables Health Insurance Scheme for the Poor

NOV 20, 2008 1:18AM

Gurcharan Das writes about Health Insurance scheme for India's poor.

Technology should be customized for mass Indian use and Vijay Anand's point about Indians trying to do US businesses here in India makes a lot of sense. Gurcharan Das explains how the magical smart card will make the National Health Insurance Scheme successful while others have failed. Extracts from the article below:

Nearly 65% of India's poor get into debt and 1% fall below the poverty line each year because of illness, according to National Sample Survey Organisation (NSSO) 2004. The answer, of course, is health insurance, but only 6% of India's workers have it. Free public hospitals are not an option as two out of five doctors are absent, and there is a 50% chance of receiving the wrong treatment, according to Jishnu Das and Jeffrey Hammer's study. This tragic state of affairs is, however, set to change dramatically with Rashtriya Swasthya Bima Yojana (RSBY), a visionary national health insurance scheme, which provides Rs 30,000 'in patient' health benefits at a premium of Rs 600, which the government pays if you are poor.

A brainchild of an IAS officer, Anil Swarup, this scheme will succeed when others have failed because of choice, competition and a **magical 'smart card'**. A patient can choose from almost 1,000 private or government hospitals. States can choose from 18 public or private insurance companies. Insurers have the incentive to recruit the poor as they earn premiums by doing so. Hospitals will not turn away

the poor because they don't want to lose the Rs 30,000 in potential revenue. The poor have a choice to exit a bad hospital, something that only the rich can do today. Competition between hospitals will improve the quality of healthcare and new hospitals will come up because there is now money in catering to the poor.

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BUSINESS AND FINANCE

Personal Finance Forum on PhpBB

NOV 20, 2008 1:18AM

Forum
Announcements Share News & Views on Personal Finance
Introduce Yourself
Financial Planning A place to ask & get help about Financial Planning
Asset Allocation Discuss & Share Asset Allocation Strategies here
Budgeting How do you budget? Want to share & discuss issues on budgeting?
Mutual Funds Discuss & Share knowledge of the best Mutual Funds. Subforum: Resources
Insurance
Stocks
Exchange Traded Funds (ETF) Discuss & Share knowledge about ETFs

On Sunday, I installed PhpBB Forum software on a subdomain of my personal finance website.

Though I am pretty satisfied with the theme/layouts, the success of the forum depends on users.

I don't really know if this forum will be actively used. I'm hoping it is.

Do take out some time and register. And then, share, discuss and ask personal finance questions & issues. Thanks

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BUSINESS AND FINANCE

Pictualize's Take on the Credit Crisis

NOV 20, 2008 1:18AM

The team at "Pictualize" comprises of Aakanksha Gaur, Anirudh Maitra & Vineesh Kumar who feel strongly about conveying through pictures. Take a look at their fabulous presentation on credit crisis.

Credit Crisis Pictualized

View SlideShare presentation or Upload your own. (tags: presentation comic)

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BUSINESS AND FINANCE

Making New Beginnings On This Diwali

NOV 20, 2008 1:18AM

While Deepavali is popularly known as the "festival of lights" and "triumph of good over evil", a more appropriate significance is "the new year of luck and wealth". At least for me!

Especially since there are a lot of ideas that needs to be implemented in the coming year. For example, we have started building/designing modules for personal finance education. We are also building a Personal Finance Discussion Forum & a Financial Products Database

Personal Finance education is a relatively untouched area. And let me give you some dope why it's a bad idea to ignore it. Personal Finance looks at how an individual's money and future is managed. It involves analyzing their current financial position, predicting short-term and long-term needs, and recommending a financial strategy. This may involve advice on retirement planning or pensions, wealth creation through stocks and mutual funds, children's education, home loans, life insurance, and other investment.

So, don't you think it's a good idea to start building those modules for personal finance.

Wikis provide the tools for online collaboration and so we set up a wiki on this Diwali day to help us collaborate on this project.

We welcome your feedback, articles and suggestions to build the modules on personal finance. If you want to contribute by writing articles on a relevant subject, you are more than welcome.

Happy Diwali!

India's first online weekly on Personal Finance

Ranjan Varma on Personal Finance

