



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

01 March, 2023

INDIA'S GDP GROWTH SLOWS DOWN FURTHER TO 4.4% IN DEC QUARTER:

India's gross domestic product (GDP) growth rate fell for the second straight quarter in the October-December period, coming in at 4.4 percent, the Ministry of Statistics and Programme Implementation said. At 4.4 percent, the latest quarterly growth number is lower than the 6.3 percent growth that was recorded in the second quarter of 2022-23, which itself was less than half the 13.2 percent increase posted in April-June 2022 as the GDP growth rate benefitted from a low base in the early part of the year. In December, RBI had forecast a growth rate of 4.4 percent for the last quarter of 2022. However, at the time, the central bank had projected this year's growth rate at 6.8 percent. But as per the statistics ministry's first advance estimate of GDP, released in early January, India's GDP was set to grow by 7 percent in 2022-23.

The second advance estimate released by the government on February 28 has retained India's full-year GDP growth estimate of 7 percent for this year.

(Moneycontrol)

FISCAL DEFICIT WIDENS TO 67.8% OF FY23 TARGET AT RS 11.91 LAKH CRORE TILL JAN:

The central government's fiscal deficit for the first 10 months of 2022-23 has widened to Rs 11.91 lakh crore, the Controller General of Accounts showed. At Rs 11.91 lakh crore, the fiscal deficit for April 2022-January 2023 accounts for 67.8 percent of the full-year target for 2022-23. Fiscal deficit in the first 10 months of the last financial year was 58.9 percent of that year's target. The Centre made an upward revision in its fiscal deficit target for 2022-23 in the 2023 Budget to Rs 17.55 lakh crore from Rs 16.61 lakh crore. However, with the size of India's economy this year set to exceed the Budget estimate, the fiscal deficit as a percentage of GDP is seen unchanged from the initial target of 6.4 percent.

(Moneycontrol)

SBI LEADS IN CREDIT CARD ISSUANCES IN JAN: State Bank of India (SBI) led the banking system in fresh credit card issuances in January ahead of market leader HDFC Bank. SBI issued 330,000 credit cards during the month, with total outstanding cards at 16.2 million. HDFC Bank followed with addition of 230,000 credit cards, taking the total to 17.2 million credit cards. ICICI Bank added 130,000 credit cards, with total outstanding cards to 13.7 million.

(Financial Express)

CASHFREE PAYMENTS ACQUIRES CHECKOUT PLATFORM ZECPE: Payments gateway platform Cashfree Payments has acquired one-click checkout platform Zecpe for an undisclosed amount. Zecpe, which enables e-commerce businesses to improve checkout



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conversion by making the process quick for customers, will operate as a wholly-owned subsidiary of Cashfree Payments, the company said in a media statement on February 28. "We see immense synergies between our existing products and the solutions offered by Zecpe, making it an excellent addition to our D2C Payments Suite enabled for e-commerce businesses. We are certain that this acquisition will strengthen our D2C one-click checkout capabilities and further elevate our leadership position in the SMB space," Cashfree Payments CEO and co-founder Akash Sinha said.

(Moneycontrol)

BANKS EYE HIGHER UNSECURED RETAIL LOAN PIE: Banks are focusing on expanding their unsecured retail loan portfolio at a time when their net interest margins are likely to witness compression in the medium term. In the next three quarters, Kotak Mahindra Bank expects unsecured retail loans to comprise around 15% of overall advances. Similarly, the share of unsecured retail loans in Axis Bank's overall advances rose to 12% as on December 31, from 11% a year ago.

(Financial Express)

CARS ON HIGHWAYS TO BE OFFERED INSURANCE COVER USING FASTAG

SOON: REPORT : The Centre is discussing a plan to change the way auto insurance is offered in India. According to a report in Mint, vehicles travelling on highways may be offered on-the-spot insurance cover using the Fastag account. Currently, 40-50 per cent of all vehicles in India are uninsured. Also, the Centre may also come up with a plan to provide third-party insurance coverage for motor vehicles when they are impounded by traffic police or transport department officials. Handheld devices and the Vahan app may also be used. "The hand-held devices with police and transport department officials would not only check for insurance status of vehicles using the road and highway ministry's Vahan app but also provide instant third-party insurance options with relevant policies of general insurers linked with the transport department's network," an official aware of the matter told.

(Mint)

CITI INDIA STAFFERS SET TO CHART NEW 'AXIS': The consumer banking business of Citibank India is all set to be merged with Axis Bank from Wednesday 11 months after the deal was signed. The process of rebranding has already begun, marked by the signboard at Citi India's iconic Kolkata office being taken down. The social media were flushed with several Citi India employees posting nostalgic memories of working at the bank. While the merger is set to come into effect from March 1, Citibank India employees expect some time to pass before the actual integration of the two behemoths to come into effect in a meaningful way. Axis Bank and Citibank India have different work culture and human resource (HR) policies including leaves policies and accessibility of supervisors, said a Citibank India



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employee on condition of anonymity, adding that, the difference in work culture stems from the fact that Citi India is owned and operated by multinational organisation based in the US.

(Financial Express)

SBI's \$1 BILLION ESG LOAN COMPLETED: LARGEST EVER SOCIAL SYNDICATED LOAN BY AN ASIA PACIFIC COMMERCIAL BANK:

SBI has raised Asia Pacific's largest ever ESG loan of \$1 billion in syndicated social funds for further onlending to smaller institutions to aid social sector funding. This includes a greenshoe of \$500 million, from global banks. The loan is significant for SBI and also the ESG financing market in India, as it is the largest ESG loan by a commercial bank in the Asia Pacific and the second-largest social loan globally, SBI said in a statement. Also, this is SBI's inaugural social loan and the first syndicated loan in the past five years. The funds will be used to further lend to microfinance institutions and self-help groups.

(Financial Express)

ASIAN DEVELOPMENT BANK AGREES FOR FUNDING RS 1,311.20 CR TOURISM PROJECTS:

The Asian Development Bank (ADB) has agreed in principle to provide Rs 1,311.20 crore under phase-1 of the proposed infrastructure development investment programme, Chief Minister Sukhvinder Singh Sukhu said on Tuesday. The State Government has been laying special emphasis for making Himachal the best tourist destination in India by developing unexplored tourist places in a phased manner. The Chief Minister said that this would help in the sustainable development of the tourism sector.

(Business Standard)

INDIAN BANK TIES UP WITH TOYOTA KIRLOSKAR MOTOR TO OFFER VEHICLE FINANCING:

Public sector Indian Bank has inked a pact with automaker Toyota Kirloskar Motor to offer vehicle financial options to its customers, the bank said on Tuesday. The tie-up would offer various initiatives including 90 per cent on-road funding with no processing fee, foreclosure and party payment charges to prospective customers. The development will now enable bank's customers, especially in the rural and semi-urban markets to buy their vehicles from Toyota Kirloskar Motor.

(Business Standard)

INDIAN BANKS UNPREPARED FOR RBI'S ESG PUSH, SURVEY SHOWS: REPORT:

Indian banks are not prepared to adopt environmental, social and governance (ESG) norms as part of their lending models due to reasons including a lack of clarity on how they apply to lenders, a survey conducted by an industry body on behalf of the central bank showed, said two people aware of the matter. The Reserve Bank of India (RBI), which has acknowledged climate change as a source of financial risk, will likely use the findings to frame



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the first set of guidelines to boost green finance, the people said. The guidelines will likely be issued later this year, they added. Globally, a rising number of loans are being restructured to link them to a borrower's ESG performance. Such ESG-based lending surged to \$322 billion globally in 2021, from \$6 billion in 2016, to account for over 12% of total lending, per research by London-based Acuity Knowledge Partners published in January. The survey in India showed a majority of domestic banks, particularly mid-sized and small ones, are grappling with issues on the ESG definitions applicable to lenders, how the norms will be built into lending decisions and the lack of technology and systems to track their implementation, said one of the people. The RBI and the Indian Banks' Association, which conducted the survey, did not respond to an email seeking comment.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

GIG ECONOMY

- ❖ A gig economy is a labor market that relies heavily on temporary and part-time positions filled by independent contractors and freelancers rather than full-time permanent employees.
- ❖ Gig workers gain flexibility and independence but little or no job security. Many employers save money by avoiding paying benefits such as health coverage and paid vacation time. Others pay for some benefits to gig workers but outsource the benefits programs and other management tasks to external agencies.
- ❖ Examples of gig workers include freelancers, independent contractors, project-based workers and temporary or part-time hires. Gig apps and digital technology are often used to connect customers and gig workers. The gig economy is a recent trend, with a number of factors contributing to its rise. The two most important factors are; The workforce has become more mobile and Work is increasingly done remotely via digital platforms.
- ❖ The gig economy provides consumers with an alternative to commercial products and industries. They turn to the gig economy for convenience, better service or both. This is the case with ride-hailing apps, like Uber, and food delivery services, like Grubhub. Gig apps have also met consumer demand where a service is in short supply or expensive. This is a role Airbnb has played in places where hotel rooms are in short supply, making more temporary accommodations available, sometimes at lower prices.



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RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.6816
INR / 1 GBP : 99.6010
INR / 1 EUR : 87.5471
INR /100 JPY : 60.6800

EQUITY MARKET

Sensex: 58962.12 (- 326.23)
NIFTY: 17304.00 (- 88.70)
Bnk NIFTY: 40269.05 (-38.05)

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CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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