



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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DAILY NEWS DIGEST BY BFSI BOARD

January 09, 2023

RBI MAY HIKE RATES IN 2023, BUT BANK DEPOSIT RATES HAVE PEAKED:

Bank deposit rates may be close to their peaks, with possibilities of further increases likely limited only to select tenures, even as the central bank might consider increasing the policy rate at least once in 2023. "There would be rise in deposit rates here and there by some basis points as credit growth continues," the chief executive of a south-based public sector bank said. "But deposit rates by and large have reached near peaks." The divergence in deposit growth and credit growth is largely due to base effect, RBI Governor said. "The credit growth is on a low base. The deposit growth is on a high base. That is why it appears that there is divergence between the two; that they look to be so divergent," Das had said during the last policy meeting. At the end of the first fortnight of December, bank loans grew 17.4% year-on-year to Rs 132 lakh crore while total deposits with banks rose 9.4% year-on-year to Rs 174 lakh crore. The weighted average lending rates on loans have increased by 117 basis points (bps) and 63 bps respectively, during the period May to October 2022.

(Economic Times)

IDBI BANK RACE: EMIRATES NBD & PREM WATSA-LED FAIRFAX GROUP SAID TO SUBMIT EOIs:

Middle East banking powerhouse Emirates NBD and billionaire Prem Watsa-led Canada's Fairfax Group are likely to have submitted EOIs or expressions of interest earlier this week for a majority stake in IDBI Bank, multiple sources in the government and the industry familiar with the development told Moneycontrol. "Emirates NBD and Fairfax Group are amongst bidders who may have expressed interest in the first stage of the process and put in EOIs," said one of the persons cited above.

(Moneycontrol)

Paytm PAYMENTS BANK GETS RBI APPROVAL TO APPOINT SURINDER CHAWLA AS MD AND CEO:

One 97 Communications, the parent company of Paytm, on January 8 said that the Reserve Bank of India (RBI) has approved the appointment of veteran banker Surinder Chawla as the new Managing Director and Chief Executive Officer of Paytm Payments Bank (PPBL). The appointment has been approved by for a period of three years. In a statement, the company said that Chawla brings with him an "illustrious career in retail banking" spanning over 28 years across marquee institutions such as HDFC Bank, RBL Bank, ABN Amro Bank and Standard Chartered Bank.

(Moneycontrol)

G20 GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION MEETING IN KOLKATA FROM JAN 9-11:

The first G20 Global Partnership for Financial Inclusion



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(GPMI) meeting under India's G20 presidency, scheduled to be held in Kolkata from January 9-11, is likely to focus on the principles of digital financial inclusion, remittance costs and availability of finance for SME sector. GPMI member countries, guest countries and international organisations invited by India will participate in the meeting to take ahead discussions on the financial inclusion agenda. The event will also feature symposiums, exhibitions and a domestic outreach programme on digital financial literacy.

(Business Line)

ROBUST GROWTH, LOAN REPRICING TO SUPPORT BANKS' MARGINS IN Q3:

Banks are expected to report another quarter of strong earnings as robust credit growth and repricing of loans are seen supporting their margins. Profitability of banks is seen rising 34-40 per cent y-o-y in the third quarter of FY23 led by a 20-24 per cent rise in the net interest income (NII), on the back of 18-23 per cent credit growth, analysts said. The pre-provisioning operating profit (PPOP) is also seen higher by 20-25 per cent, analysts said.

(Business Line)

BSE PARTNERS WITH GOA GOVT TO ENCOURAGE LISTING AMONG STATE

MSMEs: Stock exchange BSE has partnered with the Goa government to create awareness amongst SMEs in the state on the benefits of listing and also guide them on raising capital through equity infusion. Under the MoU signed between BSE and state government, the Department of Industries and Commerce, Goa will support in "mobilizing the SME representatives through the District Industries Centre as well as the state/regional associations/chambers encouraging their SME members to attend capacity-building programs organized by the Exchange," BSE said it is the largest SME Exchange in India with 410 companies with a market cap of Rs 64,520 crore listed so far. The exchange was set up in March 2012.

(Financial Express)

BANKS PUT ON HOLD Vi's CALL ON FRESH BORROWINGS: Banks are unwilling to extend fresh loans to Vodafone-Idea (Vi) till there is clarity over the infusion of funds by promoters or debt-to-equity conversion by the government. "Banks don't know where the fresh capital infusion will come from. In such circumstances, their reluctance is quite understandable," a banking industry source said. Bankers said promoters had talked about raising Rs 25,000 crore but so far have been able to put in only Rs 4,900 crore, the bulk of which also went away in clearing some dues of tower company Indus Towers.

(Financial Express)

RELIANCE CAPITAL: TORRENT OFFERS TO PAY FULL RS 8,640-CR BID AMOUNT IN CASH: Days after securing interim relief from the bankruptcy tribunal, Torrent



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Group has revised its proposal for Reliance Capital with an offer to pay the entire bid amount of Rs 8,640 crore in upfront cash. This comes as a surprise as Torrent, which had earlier termed Hinduja Group's revised bid a "blatant and arbitrary violation" of the challenge process, has now revised its bid. The move is likely to further delay the insolvency proceedings of the company. January 31 is the current deadline to complete the resolution process.

(Financial Express)

G20 LEADERS TO DISCUSS REDUCING REMITTANCE COST FOR WORKERS

OUTSIDE INDIA TO 3% BY 2027: Ahead of the first Global Partnership for Financial Inclusion meeting of the G20 scheduled from 9 to 11 January at Kolkata, the G20 leaders on Sunday, discussed the high remittances cost workers have to bear and steps to reduce this cost from the current levels. Currently, the average remittance cost stands at around 6% and discussions are on to reduce this cost to around 3% by 2027.

(Live Mint)

SREI AUDITOR FLAGS FRESH FRAUD OF RS 296 CR UNDER FORMER

PROMOTERS: The transaction auditor of debt-ridden Srei has indicated a fresh fraud amounting to Rs 296 crore under the erstwhile promoters. As per the report prepared by the transaction auditor, the concerned transactions occurred during financial years 2014-2015 to 2021- 2022, Srei Infrastructure Finance Ltd said in a regulatory filing. The fraud relates to certain disbursement made to a company called ARSS. The amount of Rs 295.69 crore is the gross outstanding, including principal and interest recoverable from the customer, as on September 30, 2021, on account of the suspect disbursement of loans, it added.

(Business Standard)

NASDAQ-LISTED ODP CORPORATION SELECTS HCLTECH AS PRIMARY IT

PARTNER: HCLTech said that Nasdaq-listed ODP Corporation has selected the company as its primary IT partner. HCLTech will be ODP's IT partner for end-to-end IT operations and enterprise-wide digital transformation to support ODP's business strategy in its Office Depot, ODP Business Solutions and Veyer business units.

(Business Standard)

IMF BULLISH ON INDIAN ECONOMY DESPITE SIGNALS OF GLOBAL

DOWNTURN: Even as the world economy is looking at recessionary trends owing to the prevailing global headwinds and fluid geopolitical situation due to the prolonging Russia-Ukraine conflict, the International Monetary Fund (IMF) has shown optimism about the Indian economy, suggesting that real GDP is expected to grow at 6.8 per cent in the current fiscal while in 2023-24 it is estimated to grow at 6.1 per cent. On November 28, the executive board of the IMF concluded the Article IV consultation with India, where it noted that the "Indian



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economy has rebounded from the deep pandemic-related downturn." It said: "Real GDP grew by 8.7 per cent in 2021-22, bringing total output above pre-pandemic levels. Growth has continued this fiscal year, supported by a recovery in the labour market and increasing credit to the private sector."

(Business Standard)

GOVT TO FOCUS ON MICRO-CREDIT FACILITY FOR STREET VENDORS IN

2023: The government will enhance its focus on providing micro-credit facility in the range of Rs 3,000-5,000 to street vendors in 2023, with the help of digital technologies, Union IT and Telecom Minister Ashwini Vaishnaw said on Saturday. While speaking at Digital India Awards, Vaishnaw said that Prime Minister Narendra Modi has allocated around Rs 52,000 crore for taking 4G and 5G services across all nooks and corners of the country for digitally connecting every citizen.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

HELICOPTER MONEY Vs QUANTITATIVE EASING

- ❖ American economist Milton Friedman coined the term Helicopter money. It basically means non-repayable money transfer from the central bank to the government.
- ❖ This is an unconventional monetary policy tool aimed at bringing a flagging economy back on track. It involves printing large sums of money and distributing it to the public. Friedman used the term to signify "unexpectedly dumping money onto a struggling economy with the intention to shock it out of a deep slump. "Under such a policy, a central bank "directly increase the money supply and, via the government, distribute the new cash to the population with the aim of boosting demand and inflation."
- ❖ Quantitative easing also involves the use of printed money by central banks to buy government bonds. But not everyone views the money used in QE as helicopter money. It sure means printing money to monetise government deficits, but the govt has to pay back for the assets that the central bank buys. It's not the same as bond-buying by central banks "in which bank-owned assets are swapped for new central bank reserves." Helicopter money is also different from a central bank directly financing the debt of a government.



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RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.6348
INR / 1 GBP : 98.4731
INR / 1 EUR : 86.9235
INR /100 JPY : 61.6300

EQUITY MARKET

Sensex: 59900.37 (-452.90)
NIFTY : 17859.50 (-132.70)
Bnk NIFTY: 42188.80 (-419.90)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

For details please visit BFSIB portal of the ICAI website

Publications by BFSI Board

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**

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