



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

**December 09, 2022**

### **ADB APPROVES \$ 780 MILLION LOAN FOR BETTERING CHENNAI METRO**

**RAIL:** The Asian Development Bank (ADB) has approved a \$780 million loan to build new lines and improve the connectivity of Chennai's metro rail system with existing bus and feeder services. "This project will expand Chennai's metro rail system to provide a safe and integrated transport solution essential in improving urban mobility and make the city more livable.

*(Economic Times)*

### **GoI INVESTS OVER RS 5,000 CR MORE IN SWAMIH INVESTMENT FUND I TO HELP HOMEBUYERS:**

The government of India has invested over Rs 5,000 crore in the SBICAP Ventures-backed SWAMIH Investment Fund I, set up under the Special Window for Affordable and Mid-Income Housing, taking its final close to Rs 15,530 crore. This is amongst the biggest corpus raised by any funds in India in the last few years.

*(Economic Times)*

### **IndiGo TO LAUNCH ITS LARGEST-EVER STATION AT NEW GOA INTERNATIONAL AIRPORT:**

IndiGo, on December 8 announced 12 daily and a total of 168 weekly, new flights to and from the soon-to-be inaugurated New Goa International Airport (Mopa, North Goa) effective from January 05, 2023. This will be IndiGo's largest-ever new station launch and will immediately connect New Goa International Airport to 8 cities across India. These new flights are being introduced to cater to the increasing demand and will improve direct connectivity to North Goa. The present Goa Dabolim Airport in South Goa will remain active, and IndiGo will continue its existing operations there.

*(Moneycontrol)*

### **GIVE US MONEY TO BURN, WE CAN BUILD A UPI-LIKE PRODUCT, SAYS AXIS BANK'S AMITABH CHAUDHRY:**

After being chided by RBI brass for missing the UPI bus by not investing early, a top executive of Axis Bank on Thursday said banks do not have money to burn for building such businesses. "We didn't have Rs 3,000 crore of money to make a loss on," was the quick response of Amitabh Chaudhry, the managing director and chief executive of the third largest private sector lender, when asked to comment on RBI Deputy Governor T Rabi Sankar's weekend statement. Speaking at an event organised by brokerage Motilal Oswal, Chaudhry further said businesses like Unified Payments Interface (UPI) are loss-making and also lack cash flows, and wondered how their valuations keep going up. Entities like Google Pay and the Walmart-backed PhonePe are pumping money into such products because they have some other business to do.

*(Economic Times)*



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## **RATING AGENCIES SAY BAN ON SHORT-TERM LOAN SECURITISATIONS TO**

**CRIMP VOLUME:** The ban imposed by the RBI on short-term loan securitisation will hit the industry, especially gold and personal loan segments as also microfinance borrowing, three rating agencies said in separate notes. RBI on December 5 amended the master directions on securitisation of standard assets, barring securitisation of loans with residual maturity of under 365 days with immediate effect, other than for trade receivables. The changes will limit the issuance of pass-through certificates (PTCs) backed by shorter tenure loans originated by NBFCs and will affect 5 per cent of such deals as the ban makes gold and personal loans out of bound for PTCs, the largest rater Crisil said in a note on Thursday. But it added that direct assignments are not expected to be impacted. Separately, Crisil said the minimum holding period (MHP) for mortgages has now been linked to the date of full disbursement, or registration of security interest.

*(Financial Express)*

**IRDAI ALLOWS FOREIGN INVESTORS IN CAPITAL RAISING:** In a major boost to insurance sector, the insurance regulator IRDAI has allowed foreign investors, including FPIs, to invest in preference shares and subordinated debt issued by Indian insurers, expanding their pools of capital to fund their business growth in the world's fastest growing large economy. The regulator has also now allowed the subordinated debt issued by the Indian insurers to be listed in local stock exchanges (no overseas listing allowed).

*(Business Line)*

## **RELIANCE GENERAL INSURANCE SEEKS 'URGENT' HELP OF RS 600 CRORE FROM RCAP TO PRESERVE BUSINESS, BOOST SOLVENCY:**

Reliance General Insurance Company Ltd (RGICL), a subsidiary of debt-laden Reliance Capital (RCap), has sought an "urgent" capital infusion of Rs 600 crore from the parent firm to pursue growth. The capital is required to preserve the business, enhance the value and take the company's solvency to about 175% from the present 155%. RGICL has sought for the capital infusion by December 31, 2022.

*(Financial Express)*

**RBI RELAXES UPI PAYMENTS FOR E-COMMERCE SPENDS:** RBI on Wednesday allowed users to block their funds in their bank accounts using UPI, which can be used to make specific payments later on. This will enable faster transactions in the stock market, retail purchases of government securities, spends on e-commerce platforms and hotel bookings.

*(Financial Express)*



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**START-UP FUNDING DROPS 35% IN 11 MONTHS OF 2022:** Funding in Indian start-ups has dropped by 35 % to \$24.7 billion in 2022 YoY from \$37.2 billion in the same period last year, according to Tracxn Geo Quarterly Report: India Tech 2022. The significant drop in funding is attributed to a decline in late-stage investments, which fell by 45 %.

*(Business Line)*

**CENTRE PROPOSES ‘CONCURRENT AUDIT’ OF MULTI-STATE COOPERATIVE SOCIETIES:** Multi-State Co-operative Societies (MSCS) with a turnover or deposits above an amount to be specified will be subject to concurrent audit, the Centre has proposed. The proposal is part of the Multi State Co-operative Societies (amendment) Bill, 2022, introduced by B. L. Verma, Minister of State for Cooperation in the Lok Sabha on wednesday.

*(Business Line)*

**ICICI BANK RAISES RS 5,000 CR VIA INFRASTRUCTURE BONDS FOR FUNDING PROJECTS:** Private sector lender ICICI Bank has raised Rs 5,000 crore through infrastructure bonds for funding projects in segments like power and roads, etc. The coupon for seven-year paper was fixed at 7.63 per cent, about 25 basis points above yield on government benchmark bonds with similar maturity.

*(Business Standard)*

**NEW BUSINESS PREMIUM OF LIFE INSURANCE COMPANIES RISES 30% IN NOVEMBER:** Life insurance companies reported a 30 per cent year-on-year (YoY) growth in new business premiums (NBP) in November due to a stellar show by state-owned Life Insurance Corporation (LIC), even as private insurers saw their premium growth moderating. Data released by the Insurance Regulatory and Development Authority of India reveals the life insurance industry’s NBP was to the tune of Rs 35,458 crore in November, up 30 per cent YoY. While private sector insurers reported marginal growth of 2 per cent YoY to Rs 11,426 crore, LIC’s NBP soared 51 per cent YoY to Rs 24,032 crore during the same period.

*(Business Standard)*

**ONLINE GAMING INDUSTRY AGREES FOR 28% GST ONLY ON GGR NOT ON ENTRY AMOUNT:** Online skill-based gaming industry is fine with the government raising GST on online gaming from 18 per cent to 28 per cent but it should be levied only on gross gaming revenue (GGR) and not on contest entry amount as could hit the USD 2.2-billion sector, say industry players. There are reports that upcoming GST Council may consider imposing a 28 per cent Goods and Services Tax (GST) on the total amount rather than the current practice of 18 per cent on GGR. GGR is the fee charged by an online skill gaming platform as service charges to facilitate the participation of players in a game on their platform



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while Contest Entry Amount (CEA) is the entire amount deposited by the player to enter a contest on the platform.

***(Business Standard)***

**CENTRE SEEKS PRIVATE SECTOR PROFESSIONAL TO BE FIRST CHIEF EXECUTIVE OF LIC:**

Gol aims to appoint a private sector professional as the first chief executive of the Life Insurance Corporation of India in an effort to modernise its largest insurer after a disappointing stock market debut, two government officials said. A private sector appointee to lead India's largest insurer, which manages 41 trillion rupees (\$500.69 billion) in assets, would be a first in its 66-year history.

***(Business Standard)***



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## ***FINANCIAL TERMINOLOGY/CONCEPTS***

### **PRIORITY SECTOR LENDING CERTIFICATES (PSLC)**

- ❖ The Priority Sector Lending Certificate scheme was introduced to enable banks to achieve the priority sector lending target and sub-targets by purchase of these instruments in the event of shortfall and at the same time incentivize the surplus banks; thereby enhancing lending to the categories under priority sector.
- ❖ The seller will be selling fulfillment of priority sector obligation and the buyer would be buying the same. There will be no transfer of risks or loan assets. The PSLCs will be traded through the CBS portal (e-Kuber) of RBI.
- ❖ The sellers/buyers are Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), Local Area Banks (LABs), Small Finance Banks (when they become operational) and Urban Co-operative Banks who have originated PSL eligible category loans subject to such regulations as may be issued by the Bank.
- ❖ There are **4 kinds of PSLCs**; PSLC Agriculture: Counting for achievement towards the total agriculture lending target, PSLC SF/MF: Counting for achievement towards the sub-target for lending to Small and Marginal Farmers, PSLC Micro Enterprises: Counting for achievement towards the sub target for lending to Micro Enterprises and PSLC General: Counting for achievement towards the overall priority sector target.
- ❖ A bank having shortfall in achievement of any sub-target (e.g. SF/MF, Micro), will have to buy the specific PSLC to achieve the target. However, if a bank is having shortfall in achievement of the overall target only, as applicable to it, may buy any of the available PSLCs.
- ❖ Normally PSLCs will be issued against the underlying assets. However, with the objective of developing a strong and vibrant market for PSLCs, a bank is permitted to issue PSLCs upto 50 percent of previous year's PSL achievement without having the underlying in its books.
- ❖ All PSLCs will expire by March 31st and will not be valid beyond the reporting date (March 31st), irrespective of the date it was first sold.
- ❖ The PSLCs would have a **standard lot size of ₹ 25 lakh** and multiples thereof.



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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 : 82.2844  
INR / 1 GBP : 100.4045  
INR / 1 EUR : 86.5171  
INR /100 JPY : 60.1700

### **EQUITY MARKET**

Sensex: 62570.68 (+160.00)  
NIFTY : 18609.30 (+48.80)  
Bnk NIFTY: 43596.80 (+498.10)

### **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)**

**To purchase please visit BFSIB portal of ICAI**

**CMA Chittaranjan Chattopadhyay  
COUNCIL MEMBER**

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