



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

October 10, 2022

NO MATERIAL IMPACT OF RATE HIKE ON DEMAND FOR HOME LOANS; BANK'S HOME LOAN OUTSTANDING DOUBLES IN LAST 5YRS: Interest rates do not seem to have a material bearing on people who buy their dream residential properties on borrowed funds as the home loan outstanding of banks almost doubled to Rs 16.85 lakh crore in the last five years, shows Reserve Bank data. Even in the first five months of the current fiscal, home loan outstanding of banks has clocked double-digit growth, despite the Reserve Bank raising the key interest rate thrice during this period by a whopping 140 basis points (bps), which led to a hike in the home loan rate. As per the RBI data, the housing loan outstanding of the banks was at Rs 8,60,086 crore at the end of fiscal 2016-17, and the same has increased to Rs 16,84,424 crore at the end of 2021-22. Experts from banking and real estate industry are of the opinion that though interest rates are important, they do not deter a home buyer as the decision is based on current income and future prospects.

(Financial Express)

GOVT BUYS 60% MORE FROM SMALL BUSINESSES IN H1 FY23 FROM YEAR-AGO PERIOD: The value of goods procured by the central public sector enterprises (CPSEs) from MSEs in the first half of the financial year 2022-22 has increased by 59.5 per cent from the year-ago period, showed government data. The total amount of public procurement by CPSEs as of October 14 FY22 stood at Rs 13,325 crore in comparison to Rs 21,256 crore as of October 9 in the current financial year. According to the data from the MSME Sambandh portal, the procurement was made from 75,120 MSEs this FY, up 11.7 per cent from 67,224 MSEs during the year-ago period. The share of MSE procurement by CPSEs out of their overall purchase of various goods and services also increased from 30.15 per cent during the first half of FY22 to 32.94 in the first half of the current FY. The government has earmarked a minimum 25 per cent threshold for various ministries and departments in their annual procurement from MSEs

(Financial Express)

SBI LINES UP NPAS OVER RS 746 CR FOR SALE IN OCT-NOV: The State Bank of India has lined up various non-performing assets up for sale this month and the next, including the fraud account of Sintex BAPL, to recover over Rs 746 crore. In an auction scheduled for November 4, SBI will put up NPAs for sale to asset reconstruction companies (ARCs)/ financial institutions (FIs), banks or Non-Banking Financial Companies (NBFCs).

(Financial Express)

'OONJALS': SOUTH INDIAN BANK SETS WORLD RECORD: South Indian Bank on Sunday bagged the world record for organising a first-of-its-kind category event of staging and



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swinging 101 'oonjals' simultaneously at a single venue. The event 'Onnichirikkam Oonjaladam' saw a huge gathering of public to celebrate the unity and prosperity during the on-going festival season.

(Financial Express)

IDBI BANK BIDDERS NEED TO SEEK MHA SECURITY CLEARANCE IN BIDDING

PROCESS: In a first, the government has made it mandatory for interested buyers of IDBI Bank to provide details for security clearance from the Ministry of Home Affairs (MHA) in the first stage of the bidding process. This meant that bidders who qualified in the first or the Expression of Interest (EoI) round, were required to seek security clearance from the government while placing their financial bids. The interested parties and its directors and shareholders holding more than 10 per cent, or who exercise significant influence, will have to submit a self-declaration regarding whether they are subject to preventive detention proceedings.

(Business Standard)

INDIA-UK FREE TRADE AGREEMENT TALKS FACE DEADLOCK OVER DATA:

REPORT: Data localisation and UK companies being allowed to bid for Indian government contracts are among the issues causing a possible deadlock in the final stages of the India-UK free trade agreement (FTA) negotiations towards a Diwali draft completion deadline, according to a UK media report on Sunday. 'The Daily Telegraph' quoted a source close to the talks to say that data localisation rules that prevent foreign companies taking data out of India and allowing UK firms to bid for public sector contracts are two key "sticking points" to a comprehensive deal. The likelihood of a so-called "thin" trade deal within the symbolic Diwali or October 24 deadline and further iterative deals at a later stage is now looking like a likely outcome.

(Business Standard)

FINANCE MINISTRY MULLS STEPS TO CURB CHEQUE BOUNCE CASES:

REPORT: The finance ministry is mulling several steps like dipping into other accounts of a cheque issuer and prohibition of opening of new accounts of offenders to effectively deal with cheque bounce cases which are clogging the legal system. Many suggestions were made at a high-level meeting recently called by the ministry to deal with the high incidence of cheque bounce cases. Some of the steps suggested before taking legal recourse included debiting another accounts of the cheque issuer if his or her account is short of funds to honour the instrument, sources said. The other suggestions were treating cheque bounce as default of loan and thus reporting it to credit information companies for necessary downgrade of score, the sources said, adding a proper legal view would be taken before these suggestions are accepted. If these suggestions are implemented, it would help enforce cheque honouring by the payer without the matter going to court and also compel him/her to make payment by creating a deterrent through technology. Section 138 of the Negotiable Instruments Act, 1881 deals with dishonour of cheque due to insufficiency of funds in the account.

(Business Standard)



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NOMURA MODERATES INDIA'S FY24 GDP GROWTH TO 5.2%: Japanese brokerage Nomura has projected a sharp moderation in India's growth rate for FY24 to 5.2 per cent as compared to FY23, saying Indian policymakers are misplaced about their optimism on the country's growth prospects. After a week-long meetings with policymakers, corporates, commercial banks and political experts, its economists said its FY23 GDP growth estimate is at 7 per cent at par with the RBI's revised down forecast but it expects a "sharp moderation" to 5.2 per cent in FY24.

(Business Standard)

DIRECT TAX COLLECTION GROWS 24 PER CENT TO RS 8.98 LAKH CRORE TILL

OCT 8: The Finance Ministry on Sunday informed that India's direct tax collection surged 24 per cent to Rs 8.98 lakh crore between April 1 - October 8, 2022. The gross collection of taxes on corporate earnings rose 16.74 per cent during April 1 to October 8, while personal income tax collection jumped 32.30 per cent, reported PTI citing the tax department. Direct tax collection came at Rs 8.98 lakh crore between April 1 to October 8, 2022, 23.8 per cent higher than the gross collection in the corresponding period a year ago.

(Economic Times)

HERO MOTOCORP LAUNCHES FIRST ELECTRIC SCOOTER WORLDWIDE:

Hero MotoCorp, India's largest two-wheeler maker, on Friday launched its first electric scooter worldwide, as it looks to catch up with newer firms who have taken the lead in the country's clean mobility push. The new Hero Vida V1 electric scooter will be offered in two variants, which are Vida V1 Plus and Vida V1 Pro.

(Live Mint)

ZOMATO BOSS DEEPINDER GOYAL MIGHT DROP YOUR NEXT DELIVERY AT YOUR DOORSTEP:

Zomato boss Deepinder Goyal once in every three months dons the trademark red T-shirt to deliver orders and still no one recognises him, Sanjeev Bikhchandani, Naukri.com owner, revealed. The Zomato senior managers, including Deepinder Goyal, has been doing this for the past three years.

(Live Mint)

HSBC, START-UP THRIWE JOIN HANDS TO LAUNCH INDIA'S FIRST GOLFING PLATFORM:

Thriwe, a consumer benefit marketplace, has partnered with global banking major HSBC to launch India's first-ever indigenous golfing platform, a tech-powered portal that will enable golf enthusiasts across the country to play the sport with professionals. The HSBC Golf League, which will be hosted and managed by the bank, will also connect with corporate tycoons and track their real-time game scores. The partnership will help build a captive community of golf connoisseurs who will get to connect and enable business networking along with the chance to exhibit their sporting forte.

(Business Today)



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BANDHAN BANK'S COLLECTION EFFICIENCY RISES TO 97%: Bandhan Bank on Saturday said its collection efficiency ratio (CER) increased to 97 per cent, excluding NPAs and including restructured accounts, at the end of the second quarter of the current fiscal.

(Business Today)



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FINANCIAL TERMINOLOGY/CONCEPTS

CRYPTOCURRENCY vs CBDC vs DIGITAL MONEY: What's the difference?

- ❖ After months of anticipation, the Reserve Bank of India on Friday released a concept note on the digital currency. It said that it intends to plan pilot launches of a central bank-backed digital currency (CBDC) or e-Rupee for specific use cases.
- ❖ There has been a lot of buzz around the concept of cryptocurrencies, CBDC, and digital currencies. A central bank digital currency can be described as the digital form of a country's fiat currency, whereas a cryptocurrency is also a digital currency, which is an alternative form of payment with unique encryption algorithms. In layman's terms, a CBDC is simply digital fiat, whereas cryptocurrencies are digital assets on a decentralised network.
- ❖ The RBI also said that it will soon start the pilot launch of the digital rupee for specific use cases. The Reserve Bank of India has defined CBDC as a legal tender issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. Named the Digital Rupee, or e-Rupee, the digital currency will be the same as a sovereign currency and will be in alignment with their monetary policy.
- ❖ Cryptocurrencies, like Bitcoin and Dogecoin, are stored on a decentralised blockchain network, where transactions can happen, authenticated, and recorded in the public ledger without any third-party interference or central authority monitoring the deal.
- ❖ The basic core difference between a cryptocurrency and digital money is that cryptocurrencies use decentralised network. Whereas CBDCs, though use the blockchain technology, is entirely centralised. A central bank oversees and facilitates the transactions with the help of other third-party organisations. In the core, cryptocurrencies are private money, whereas CBDCs are government-backed forms of money. Therefore, CBDC is touted as safe form of money.



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RBI KEY RATES

Repo Rate: 5.90%
SDF: 5.65%
MSF & Bank Rate: 6.15%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.4000
INR / 1 GBP : 91.6942
INR / 1 EUR : 80.5460
INR /100 JPY: 56.8200

EQUITY MARKET

Sensex: 58191.29 (- 30.81)
NIFTY : 17314.70 (- 17.10)
Bank NIFTY: 39178.10 (- 104.70)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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