



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**February 11, 2023**

**INDIA'S IIP GROWTH DECLINES TO 4.3% IN DECEMBER:** India's industrial growth, as per the Index of Industrial Production (IIP), declined to 4.3 % in December 2022, data released on February 10 by the Ministry of Statistics and Programme Implementation, showed. Industrial growth in December 2021 was 1 %. At 4.3 %, the latest IIP growth figure is well below November's revised number of 7.3 %. The data further showed that the manufacturing sector's output grew by 2.6 % in December 2022. Electricity sector recorded the highest production in December, with a growth of 10.4 percent followed by mining at 9.8 percent.

*(Moneycontrol)*

**ALIBABA EXITS INDIA AFTER SELLING ENTIRE STAKE OF 3.4% EQUITY IN PAYTM:** Chinese multinational Alibaba has sold its entire stake of 3.4 per cent equity in Paytm in 10 February's block deal, reported news agency ANI. With this, Alibaba is no longer a stakeholder in PayTm. The Chinese multinational in January had sold around 3.10 percent of 6.26 percent equity in Paytm.

*(Mint)*

**AIR INDIA SIGNS AGREEMENT WITH AIRBUS, BOEING FOR LARGEST PURCHASE IN HISTORY:** Air India Ltd. has signed agreements with Airbus SE and Boeing Co. for what could become the largest purchase of jetliners in commercial aviation history, as the carrier seeks to reinvent itself with a fuel-efficient fleet that can take on local low-cost rivals and powerful Gulf airlines like Emirates. Airbus stands to win about 250 orders and commitments in total, made up of 210 of the A320 single-aisle family models and 40 A350s wide-bodies, the people said. Boeing has secured about 290 possible purchases, with 190 737 Max aircraft and the option for 50 more, as well as 20 787 Dreamliners and the same number as a possible top-up, alongside 10 777x aircraft.

*(Mint)*

**MOODY'S DOWNGRADES 4 ADANI COMPANY'S OUTLOOK, STOCK ROUT CONTINUES:** Moody's Investors Service on Friday downgrades the outlook on four out of the eight Adani Group companies it rates to negative from stable, in a move that could have short-term implications for the embattled group's fundraising ability.

*(Mint)*



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## **RELIEF FOR DIGITAL LENDING STARTUPS; MEITY TO REVOKE BAN POST**

**REVIEW:** Big relief to digital lenders Kissht, LazyPay, Buddy Loan, Faircent, and CashTM as the Ministry of Electronics and Information Technology (MeitY) has decided to revoke the ban orders passed on the 6th of February after reviewing the apps and conducting meetings with the industry players. "We thank the Government of India and MeitY for revoking the order to block Kissht. The Government has shown unrelenting support in ensuring that credible and fully compliant apps such as Kissht continue to work towards greater financial inclusivity in the country," Kissht's cofounder Ranvir Singh said in a response to Moneycontrol's queries.

*(Moneycontrol)*

**UK ECONOMY SHOWS ZERO GROWTH IN FINAL QUARTER OF 2022:** British gross domestic product was unchanged in the final three months of 2022, figures from the Office for National Statistics showed on Friday. Economists polled by Reuters had forecast zero growth for the fourth quarter of the year. The Bank of England forecast last week that Britain would enter a shallow but lengthy recession, starting in the first quarter of this year and lasting five quarters. British living standards have been hammered by a surge in inflation, which hit a 41-year high of 11.1% in October, and firms and households will also feel an increasing impact from the BoE's rapid increase in interest rates since December 2021.

*(Economic Times)*

## **KOTAK ACQUIRES SONATA FINANCE IN ₹537-CRORE ALL-CASH DEAL:**

Private lender Kotak Mahindra Bank on Friday said it has acquired micro-finance company Sonata Finance for ₹537 crore in an all-cash deal. Sonata Finance will be a wholly owned subsidiary of the bank after receiving regulatory and other approvals, it said. "Bank has executed a binding share purchase agreement to acquire 100% of equity shares of Sonata Finance Private Limited," the lender said in a press release. Kotak said Sonata Finance will provide a strong platform to enable the bank to become a significant player in the financial inclusion segment, catering to economically weaker and underserved households in a commercially viable manner.

*(Economic Times)*

**GOVT. WILL ROLL OUT DIGITAL CREDIT SERVICES:** The Government will roll out digital credit service this year which will enable even small street vendors to avail credit from large banks, Telecom and IT Minister Ashwini Vaishnaw said. Speaking at 'Digital Payments Utsav', Vaishnaw said it will be rolled out like UPI service.

*(Economic Times)*

## **BANK OF MAHARASHTRA HAS LAUNCHED A PRIVATE CLOUD PLATFORM:**

Bank of Maharashtra has launched a private cloud platform, strengthened asset monitoring



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mechanism via predictive machine learning model, and upgraded its mobile banking application as part of its strategy to strengthen its digital infrastructure and channels BoM has launched its own private cloud infrastructure, Mahabank Nakshatra, to facilitate high-performance cloud capabilities for digital infrastructure and hosting applications of the bank, per the Bank's statement.

**(Business Line)**

**SREI TWIST: FRESH OFFER FROM EX-PROMOTERS:** In a new development in the insolvency proceedings of two SREI companies, erstwhile promoters Kanorias have put forward a fresh settlement offer to the creditors. According to sources, the proposal to withdraw Srei Infrastructure Finance (SIFL) and its subsidiary Srei Equipment Finance (SEFL) from the corporate insolvency resolution process (CIRP) under Section 12A of the IBC, was made through SIFL promoter company Adisri Commercial. As per the resolution offer, the creditors' entire claim of around Rs 32,000 crore will be repaid using multiple financial instruments such as upfront cash, NCDs, OCDs and equity over time. The fresh settlement offer to the lenders includes Rs 3,500 crore upfront cash with net present value (NPV) of Rs 7,000 crore, which is highest among existing bid offers," the sources told FE.

**(Financial Express)**

**ADANI GROUP HIRES US LEGAL FIRM TO FIGHT SHORT-SELLER:** The Adani group has hired US legal firm Wachtell Lipton to take on US-based short-seller Hindenburg Research, reported Financial Times. The report said the group had approached senior lawyers at New York's Wachtell, Lipton, Rosen & Katz for a solution to tackle the crisis. The law firm, which was previously engaged by Twitter in its battle against Elon Musk.

**(Financial Express)**

**CENTRE LOWERS WHEAT RESERVE PRICE THEREBY, REDUCING PRICE OF ATTA:** In order to reduce the price of wheat and atta, the Department of Food & PD, in consultation with Ministry of Finance, has decided that the reserve price for sale of wheat under OMSS will be Rs 2350/Qtl (Pan India) for FAQ and Rs. 2300/Qtl (Pan India) for URS wheat of all crops including RMS 2023-24 without adding any transportation cost component. This will help supply of wheat to general public in different part of the country at a reasonable price. Further, the rate of wheat has been reduced to Rs. 21.50/Kg for sale to NCCF/NAFED/ Kendriya Bhandar/State Govt. Cooperatives/ Federations etc. as well as community kitchen /charitable/NGO etc engaged in relief operations/ running relief camps for migrant labourers/vulnerable groups. This concessional rate for NCCF/NAFED/ Kendriya Bhandar/State Govt. Cooperatives/ Federations etc. will be applicable with the stipulation that they will convert wheat to atta and offer it to public at an MRP not exceeding ₹ 27.50/Kg.

**(PiB)**



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## **STATE BANK OF INDIA EXPECTS MODERATION IN GROWTH IN GLOBAL**

**BOOKS:** After witnessing more than 20 per cent year-on-year (YoY) growth in its international loan books till December 2022, State Bank of India (SBI) expects it to moderate to 9-10 per cent. Its overseas books cover India-linked loans, local loans in foreign offices, and trade finance. Foreign office advances were up by 21.47 per cent to ~4.86 trillion in December 2022 from ~4 trillion in December 2021. Deposits grew 27.94 per cent to ~1.65 trillion in December 2022 from ~1.29 trillion a year ago.

*(Business Standard)*

## **BANK CREDIT GROWS AT 16.3% TO RS 133.41 TRILLION, SHOWS RBI DATA:**

Bank credit grew at 16.3 per cent year-on-year (YoY) in the fortnight ended January 27 to Rs 133.41 trillion, latest data by the Reserve Bank of India (RBI) showed, moderating marginally from the growth witnessed till last fortnight (16.5 per cent). Meanwhile, deposit growth of the banking system came in at 10.5 per cent YoY for the fortnight ended January 27.

*(Business Standard)*



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

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### **BLACK-SCHOLES MODEL**

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- ❖ The Black-Scholes is a pricing model used to determine the fair price or theoretical value for a call or a put option based on six variables such as volatility, type of option, underlying stock price, time, strike price, and risk-free rate. The quantum of speculation is more in case of stock market derivatives, and hence proper pricing of options eliminates the opportunity for any arbitrage. There are two important models for option pricing – Binomial Model and Black-Scholes Model. The model is used to determine the price of a European call option, which simply means that the option can only be exercised on the expiration date.
- ❖ Black-Scholes pricing model is largely used by option traders who buy options that are priced under the formula calculated value, and sell options that are priced higher than the Black-Scholes calculated value.



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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 : 82.5787  
INR / 1 GBP : 99.9615  
INR / 1 EUR : 88.5668  
INR /100 JPY : 62.7600

### **EQUITY MARKET**

Sensex: 60682.70 (-123.52)  
NIFTY: 17856.50 (-37.00)  
Bnk NIFTY: 41559.40 (+5.10)

### **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)**

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**CMA Chittaranjan Chattopadhyay**

**Chairman,**

**Banking, Financial Services & Insurance Board**

**The Institute of Cost Accountants of India**

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