



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

13 March, 2023

SILICON VALLEY BANK STAFF OFFERED 45 DAYS OF WORK AT 1.5 TIMES

PAY: Employees of Silicon Valley Bank were offered 45 days of employment at one and a half times their salary by the Federal Deposit Insurance Corp, the U.S. regulator that took control of the collapsed lender on Friday, according to an email to staff seen by Reuters. Workers will be enrolled and given information about benefits over the weekend by the FDIC, and healthcare details will be provided by the former parent company SVB Financial Group, the FDIC wrote in an email entitled "Employee Retention" late on Friday.

(Economic Times)

EX-INFOSYS PRESIDENT NEW TECHM MD & CEO: Tech Mahindra, the country's sixth-largest IT firm, has appointed former Infosys president Mohit Joshi as MD and CEO-designate, with the mandate to take charge from CP Gurnani, who retires in December. Joshi, who has more than two decades of experience in the enterprise technology software and consulting space, will join Tech Mahindra much ahead of Gurnani's retirement date.

(Financial Express)

GOVT'S 59-MIN LOAN SCHEME: 2.45 LAKH LOANS SANCTIONED TILL MARCH 1 IN CURRENT FY:

The government and SIDBI's 59-minute loan approval scheme for MSMEs – PSB Loans in 59 Minutes – has sanctioned 5,314 loans in the current financial year as of March 1, 2023, showed an analysis of the official data. Banks sanctioned 2,45,065 loans involving Rs 83,938 crore as of March 1 under the scheme, growing by only 2.2 per cent from 2,39,751 loans involving Rs 81,141 crore sanctioned as of April 1 in the current financial year, data from the MSME ministry's dashboard showed. In terms of disbursements, the scheme disbursed 4,089 loans with 1.83 per cent growth in loans disbursed to 2,26,778 loans involving Rs 67,847 crore till the beginning of March this year vis-a-vis 2,22,689 loans amounting to Rs 65,834 crores disbursed as of April 1 last year.

(Financial Express)

PM VISHWAKARMA YOJANA: OUR AIM IS TO TURN ARTISANS INTO BIG ENTREPRENEURS OF TOMORROW, SAYS PM MODI:

Prime Minister Narendra Modi on Saturday said the PM Vishwakarma Yojana will immensely benefit crores of artisans with holistic institutional support provided by the government to every artisan. PM Modi said the government will ensure the artisans get loans easily, their skills are enhanced and they receive all kinds of technical support. "Our aim is to turn today's artisans into big entrepreneurs of tomorrow," he said discussing digital empowerment, brand promotion and market access of the products made by artisans. Addressing the post-budget webinar on the scheme, PM Modi



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said that given the importance of sustainability in the business model of artisans, “we are also working on improving the products they make with attractive designing, packaging and branding. In this, the needs of the customers are also being taken care of.

(Financial Express)

SILICON VALLEY BANK IS LARGEST FAILURE SINCE FINANCIAL CRISIS:

Startup-focused lender SVB Financial Group became the largest bank failure since the financial crisis on Friday, in a sudden collapse that roiled global markets and stranded billions of dollars belonging to companies and investors. California banking regulators closed the bank, which did business as Silicon Valley Bank, on Friday and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver for later disposition of its assets. The genesis of SVB’s collapse lies in a rising interest rate environment. As higher interest rates caused the market for initial public offerings to shut down for many startups and made private fundraising more costly, some SVB clients started pulling money out.

(Financial Express)

CAG TO CHAIR G20 SAI MEETING ON ‘BLUE ECONOMY’ IN ASSAM:

The Comptroller and Auditor General (CAG) of India Girish Chandra Murmu will serve as the chairperson for the G20 SAI (Supreme Audit Institutions) meeting from March 13-15 in Guwahati, Assam, news agency ANI reported. Murmu is leading the Supreme Audit Institutions-20 (SAI20) Engagement Group as the Chair under India's G20 Presidency. As part of this role, the CAG will preside over the SAI20 Delegates Meeting. Representatives from G20 member countries, guest countries, and various international organizations will attend the SAI20 event, hosted by India as part of its G20 Presidency.

(Live Mint)

GOVT APPOINTS SIDDHARTHA MOHANTY AS INTERIM CHAIRMAN OF LIC:

The Centre has appointed Siddhartha Mohanty as the interim chairman of Life Insurance Corporation of India (LIC) for a period of three months starting March 14. Mohanty is presently a managing director and chief executive officer of LIC Housing Finance, as the MD of Life Insurance Corporation (LIC), effective February 1st, 2021. Siddhartha Mohanty was nominated to serve as the MD of LIC until his superannuation on June 30, 2023.

(Business Standard)

PhonePe REACHES \$1 TRN ANNUALISED PAYMENT VALUE RUN RATE: Digital payments platform PhonePe has achieved an annualised total payment value run rate of USD 1 trillion, or Rs 84 lakh crore, mainly on account of its lead in UPI transactions, the company said on Saturday. The company claims to have digitised over 35 million offline merchants spread across tier 2, 3, 4 cities and beyond, covering 99 per cent pin codes in the country.

(Business Standard)



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NET DIRECT TAX COLLECTION HITS RS 13.73 TRN, 83% OF FY23 REVISED

ESTIMATE: Net direct tax collection so far this fiscal grew 17 per cent to reach Rs 13.73 lakh crore, which is 83 per cent of the revised target for the full financial year, the Central Board of Direct Taxes (CBDT) said on Saturday. The growth in direct tax mop-up, which comprises personal income tax and corporate taxes, was driven by PIT collections. On a gross basis, the collection grew 22.58 per cent to Rs 16.68 lakh crore. Refunds amounting to Rs 2.95 lakh crore have been issued during April 1, 2022 to March 10, 2023, which are 59.44 per cent higher than refunds issued during the same period in the preceding year. Direct tax collection, net of refunds, stands at Rs 13.73 lakh crore which is 16.78 per cent higher than the net collections for the corresponding period of last year.

(Business Standard)

IDFC MUTUAL FUND REBRANDS ITSELF AS BANDHAN MF: IDFC Mutual Fund has rebranded itself as Bandhan Mutual Fund and its schemes will reflect the new name from Monday. The fund house has also unveiled a new logo. "IDFC Mutual Fund is set to adopt its new brand identity as Bandhan Mutual Fund on Monday, March 13, 2023. Consequently, each scheme of the fund house will be renamed to replace the word 'IDFC' with the word 'Bandhan'," the fund house said in a press release. The company, which was earlier a part of the IDFC group, was acquired by a Bandhan Financial Holdings-led consortium in April 2022. The deal was approved by the Securities and Exchange Board of India (Sebi) in November 2022.

(Business Standard)

BANK OF MAHARASHTRA CUTS HOME LOAN RATE TO 8.4% FROM

EXISTING 8.6%: State-owned Bank of Maharashtra (BoM) on Sunday announced a reduction in the interest rate on home loans to 8.4 per cent from the existing 8.6 per cent. The new rate is effective from March 13, 2023, BoM said in a statement. The home loan at 8.4 per cent makes it one of the lowest in the banking sector.

(Business Standard)

GOVT TO INFUSE MORE CAPITAL IN PUBLIC SECTOR GENERAL INSURERS

NEXT YEAR: The government may have to infuse more capital in the three public sector general insurance companies to improve their financial health, a senior government official said. The government last year provided Rs 5,000 crore capital to three insurers --National Insurance Company Limited, Oriental Insurance Company Limited and United India Insurance Company. Based on the performance in the FY23, the finance ministry would take a call as to how much capital they would require to meet regulatory requirement, the official said.

(Business Standard)



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RAJESH AGRAWAL TO LEAD LONDON TRADE MISSION TO INDIA STARTING

MARCH 13: London Deputy Mayor for Business Rajesh Agrawal will lead a delegation to India starting March 13, in a first in-person trade mission run by the Mayor's International Business Programme to the country since 2019, to promote stronger trade and investment links. On a four-day mission from March 13-16, India-born Agrawal will visit New Delhi and Bengaluru and will be joined by 10 London tech companies including Electric Miles, Guider, OneID and Softtools, according to a statement.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

SILICON VELLY FAILURE AN INSIGHT & ITS IMPACT

- ❖ US-based Silicon Valley Bank (SVB) shut down over the weekend triggering a decline and volatility in financial markets worldwide.
- ❖ **What is the business of SVB?** SVB is a bank based in California that started operations in 1983. Its business is mostly with technology companies. The bank lends to tech firms and most of its depositors are also from the tech sector: venture capitalists (VC), high net-worth individuals (HNI), and Start-ups.
- ❖ **Why did SVB fail?** Since the global financial crisis of 2008, the US Federal Reserve and other developed economy central banks have followed an easy monetary policy. This was also a period where we started transitioning to an increasingly digitised economy. This, along with an easy monetary policy, led to a significant boom in technology companies. Tech companies of all sizes found it easy to raise and deploy funds. SVB was a beneficiary of this boom as well as the bank's business revolved around Silicon Valley and technology companies. The bank opened offices across the world in this period: Israel, China, Ireland, Germany, Canada, Denmark, and so on. It also opened an office in Bengaluru. It featured on Forbes' list of best US banks for the last five years, including the last such list released just three days before the bank tanked. The easy monetary policy finally ended with the Russia-Ukraine war. The war led to a surge of inflation across the world, particularly in developed countries. The rise in inflation led central banks to tighten monetary policy aggressively. The Fed has increased policy rates by 450 basis points (bps) in the last one year, and other rich country central banks have also tightened policy rates significantly.
- ❖ The reversal of monetary policy and decline of tech stocks started to weigh on the banking system and SVB was no different. The bank released its annual report for 2022 on 23 Feb 2022, and reported a capital ratio of 16 percent, higher than the required ratio of 10 percent. It highlighted the growing risks in the banking system due to the change in policy, but there were no immediate concerns. But suddenly, on Wednesday, March 8, 2023, the bank started to unravel. There was news that one of the funds run by leading VC Peter Thiel had asked to withdraw funds from SVB. This spread like wildfire and depositors started to withdraw their funds.
- ❖ What will be the impact on Indian financial markets? India is part of the global economy, not an isolated island. We have seen this in each global crisis yet somehow believe that the Indian economy can decouple from global shocks. As India is a more consumption-oriented economy, the impact may be muted, but there will be some impact.



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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 : 82.0147
INR / 1 GBP : 97.7927
INR / 1 EUR : 86.8366
INR /100 JPY : 59.9800

EQUITY MARKET

Sensex: 59135.13 (-671.15)
NIFTY: 17412.90 (-176.70)
Bnk NIFTY: 40485.45 (-771.30)

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**
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- ❖ **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,

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