



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

February 14, 2023

RETAIL INFLATION SURGES TO 6.52% IN JANUARY FROM 5.72% IN DECEMBER: India's headline retail inflation rate jumped to a three-month high of 6.52 % in January from December's one-year low of 5.72 %, data released on February 13 by the Ministry of Statistics and Programme Implementation showed. At 6.52 percent, the latest Consumer Price Index (CPI) inflation print is significantly above the consensus estimate. The rise in headline inflation in January was led by food components, whose inflation shot up to 5.94 % from 4.19 % in December.

(Moneycontrol)

HDFC BANK BEGINS OFFLINE PAYMENT PILOT UNDER RBI SANDBOX: HDFC Bank on Monday said it is attempting to execute digital payments in an offline mode under a regulatory facility to test innovations. HDFC Bank has begun the pilot in a partnership with Crunchfish, IDFC Bank and M2P Fintech under the RBI's regulatory sandbox programme after getting the nod in September 2022, it said. The offline transaction amount would be limited to up to Rs 200 per transaction.

(Moneycontrol)

RBI CANCELS TWO NBFC PERMITS FOR IRREGULAR LENDING PRACTICES: RBI on February 13 said it has cancelled certificate of registration of two non-banking finance companies (NBFC) -Kudos Finance and Investments Pvt Ltd and Credit Gate Pvt Ltd. for engaging in alleged irregular lending practices. "The certificate of registration (CoR) of the abovementioned NBFCs have been cancelled on account of violation of RBI guidelines on Outsourcing and Fair Practices Code in their digital lending operations undertaken through third party apps which was considered detrimental to public interest," the RBI said in a press release. Further, the central bank added that these companies were also not complying with the extant regulations pertaining to charging of excessive interest and had resorted to undue harassment of customers for loan recovery purposes.

(Moneycontrol)

HINDENBURG-ADANI CASE: GOVT, SEBI HAVE NO OBJECTION TO SC CONSTITUTING EXPERT COMMITTEE: The Union government and the Securities Exchange Board of India (SEBI) on Monday said they have no objection to the Supreme Court constituting an expert committee to examine the existing regulatory regime and frameworks in the securities market to protect investors from share value meltdowns like those seen in the Adani Group, triggered by the US-based short seller Hindenburg Research report on the conglomerate. But the Centre and SEBI urged a three-judge Bench led by Chief Justice of India DY Chandrachud



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to allow it to “suggest” to the court the committee’s mandate and the names of its members in a sealed cover in order to protect the market from any upsets.

(Business Line)

1.19 CRORE BORROWERS BENEFIT FROM GUARANTEES AMOUNTING TO RS 3.61 LAKH CRORE UNDER ECLGS AS ON 31ST JANUARY 2023:

The Emergency Credit Line Guarantee Scheme (ECLGS) was launched in May, 2020 to support eligible Micro, Small and Medium Enterprises (MSMEs) and business enterprises in meeting their operational liabilities and restarting their businesses in the context of the disruption caused by the COVID-19 pandemic. This was stated by the Union Minister of State for Finance Dr Bhagwat Kisanrao Karad in a written reply to a question in Lok Sabha. The Minister stated that as per the information received from National Credit Guarantee Trustee Company Limited (NCGTC), the agency operating the scheme, as on 31.1.2023, guarantees amounting to Rs 3.61 lakh crore have been issued under ECLGS, benefiting 1.19 crore borrowers.

(PiB)

MORE THAN 200% GROWTH IN DIGITAL PAYMENT VOLUME IN LAST FOUR YEARS SINCE FY 2018-19:

There has been a growth of more than 200% in digital payment volume during the last four years since 2018-19. Further, as per the data sourced from National Payments Corporation of India (NPCI), UPI transactions registered in FY 21-22 were 45 billion, showing 8 times growth in last 3 years and 50 times growth in last 4 years. For promotion of digital payments, Ministry of Electronics and Information Technology (MeitY) has introduced the Incentive Scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions for the current financial year. The Scheme provides financial incentive to Banks for promoting point-of-sale (PoS) and e-commerce transactions using RuPay Debit Cards and person-to- merchant (P2M) transactions of low value (i.e up to Rs. 2,000) on the BHIM-UPI platform. The Scheme also promotes UPI lite and UPI 123 PAY as economical and user-friendly digital payment solutions. MeitY has allocated Rs. 2,600 crore for the Scheme for FY 2022-23.

(PiB)

TATA STEEL TO MERGE SEVEN FIRMS BY FY24: Tata Steel expects to complete the merger of its seven subsidiaries with itself in the next financial year. The plans were announced earlier in September. The completion of the merger will depend on regulatory approvals, including that from the National Company Law Tribunal (NCLT), a top official said. However, the company has no plans to merge the recently acquired Neelachal Ispat Nigam Ltd (NINL), which it acquired last year for about Rs 12,000 crore, Tata Steel CEO & MD TV Narendran told PTI. According to the terms of purchase with the government, a new asset has to be run as a separate legal entity for three years. Tata Steel will decide on NINL later.

(Financial Express)



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RBI REJECTS RTI SEEKING INFORMATION ON ITS CORRESPONDENCE WITH

GOVT: Responding to a RTI appeal, the Reserve Bank of India has said that revealing remedial measures meant to contain inflation, and shared with the government after it failed to meet the flexible target last year, could lead to market disruptions and cause financial market volatility. The section of RTI Act cited by RBI is used to exclude sharing of information which could affect the sovereignty and integrity of India, security, strategic, scientific or economic interests of the state, relations with a foreign state, or lead to incitement of an offence. The central bank said that public disclosure of confidential communication from RBI to the government, especially containing remedial actions, can "unmoor expectations and impede monetary policy transmission".

(Business Standard)

VELOCITY LAUNCHES INDIA'S FIRST CHATGPT-POWERED AI CHATBOT 'LEXI':

Homegrown financial technology firm Velocity on Monday launched India's first AI chatbot integrated with OpenAI's ChatGPT, called "Lexi". Velocity has integrated this latest advancement in artificial intelligence with its existing analytics tool, Velocity Insights. Indian eCommerce brands that utilise Velocity Insights receive a daily business report on Whatsapp, which led the company also integrate ChatGPT in the same Whatsapp interface.

(Business Standard)

INDIA'S SEAFOOD EXPORTS TO REACH ALL-TIME HIGH OF \$8 BN DESPITE

HURDLES: Country's seafood exports are likely to reach an all-time high of US\$ 8 billion in FY 2022-23 despite three years of a sluggish global market caused by the pandemic, logistical hurdles and strict inspections of shrimp consignments. During 2021-22, India exported 13,69,264 tonnes of marine products worth US\$ 7.76 billion (Rs 575.86 billion), registering an all-time high export by value, while shrimp production crossed one million MT. Frozen shrimp remained the major export item in quantity and value, accounting for a share of 53 per cent in quantity and 75 per cent of the total revenue.

(Business Standard)

YES BANK APPROACHES SUPREME COURT AGAINST BOMBAY HC DECISION

ON AT-1 BONDS: YES Bank has approached the Supreme Court to challenge the Bombay High Court's January 20 order quashing the write-off of the additional tier-1 (AT-1) bonds, a report by BQ Prime said quoting two people aware of the developments. The bank has said that its administrator had the power to write off these bonds worth Rs 8,415 crore. On January 20, the Bombay High Court quashed YES Bank's decision to write off AT-1 bonds in March 2020. "The final scheme sanctioned by the Central government did not contain the clause or provision for writing down AT-1 bonds," the court had said.

(Business Standard)

VODAFONE IDEA IN TALKS WITH BANKS TO REFINANCE RS 3-4K CRORE

LOANS: Vodafone Idea (Vi) has initiated talks with Indian banks SBI, PNB and HDFC Bank to



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refinance loans of Rs 3,000-4,000 crore, said bankers aware of the development. This is expected to free up some cash for the telco, which needs to pay urgently to Indus Towers, Nokia and Ericsson. In September this year, Vi must pay Rs 9,600 crore worth of debt to different lenders. It owes Rs 7,000 crore to Indus Towers alone. As of September 2022, its total debt stands at Rs 2.2 trillion.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

INVISIBLE HAND

- ❖ The unobservable market force that helps the demand and supply of goods in a free market to reach equilibrium automatically is the invisible hand.
- ❖ The phrase invisible hand was introduced by Adam Smith in his book 'The Wealth of Nations'. He assumed that an economy can work well in a free market scenario where everyone will work for his/her own interest.
- ❖ He explained that an economy will comparatively work and function well if the government will leave people alone to buy and sell freely among themselves. He suggested that if people were allowed to trade freely, self interested traders present in the market would compete with each other, leading markets towards the positive output with the help of an invisible hand.
- ❖ In a free market scenario where there are no regulations or restrictions imposed by the government, if someone charges less, the customer will buy from him. Therefore, you have to lower your price or offer something better than your competitor. Whenever enough people demand something, it will be supplied by the market and everyone will be happy. The seller end up getting the price and the buyer will get better goods at the desired price.



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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 : 82.7046
INR / 1 GBP : 99.7241
INR / 1 EUR : 88.3109
INR /100 JPY : 62.5700

EQUITY MARKET

Sensex: 60431.84 (-250.86)
NIFTY: 17770.90 (-85.60)
Bnk NIFTY: 41282.20 (-277.20)

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.**

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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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