



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

14 March, 2023

CPI INFLATION EDGES DOWN TO 6.44% IN FEBRUARY: India's headline retail inflation rate edged down to 6.44 percent in February from January's three-month high of 6.52 percent, data released by the ministry of statistics and programme implementation on March 13 showed. Retail inflation has now been above the Reserve Bank of India's (RBI) medium-term target of 4 percent for 41 months in a row.

(Moneycontrol)

HSBC ACQUIRES SILICON VALLEY BANK'S UK UNIT FOR £1: HSBC Holdings Plc on March 13 announced that its UK ring-fenced subsidiary, HSBC UK Bank plc, is acquiring Silicon Valley Bank UK Limited (SVB UK) for £1. SVB UK had loans of around £5.5 billion and deposits of around £6.7 billion as on March 10, 2023. For the financial year ending December 31, 2022, SVB UK recorded a profit before tax of £88 million. SVB UK's tangible equity is expected to be around £1.4 billion. The final calculation of the gain arising from the acquisition will be provided in due course.

(Moneycontrol)

US BANKING CRISIS. SENSEX, NIFTY ON CRASH COURSE; INVESTORS EYE

US FED MEET: Global equity markets in Asia and Europe were on a crash course on Monday as the share price of yet another US bank, First Republic Bank, crashed by another 60 per cent in futures trading, days after the collapse of the Silicon Valley Bank. The US Federal Reserve's emergency programme on Sunday also failed to calm investor nerves roiling the sentiments further in the global markets. Sensex fell by 900 points or 1.52 per cent to close at 58,237. The Nifty index declined 260 points or 1.49 per cent at 17,154. Analysts are of the view that the only ray of hope now was any signal by the Fed of a pause or a cut in its interest rates. The Fed would meet on March 21 and 22 to decide on its rates.

(Business Line)

RELIANCE, NAYARA ACCOUNT FOR 45% OF RUSSIAN OIL IMPORTS: Reliance Industries and Russia-backed Nayara Energy together took 45% of all the Russian oil imported by India since the outbreak of the Ukraine war, far higher than their 35% share in the domestic refining capacity, data from energy cargo tracker Vortexa shows. India imported on an average 870,000 barrels of oil per day from Russia in the 12 months through February this year, about 20% of its total crude imports, according to Vortexa.

(Economic Times)



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RBI MAY HIKE BENCHMARK LENDING RATES BY 25 BPS IN APRIL POLICY:

DBS RESEARCH: The Reserve Bank is likely to hike benchmark lending rates by 25 basis points in its bi-monthly policy next month to bring down inflation within the central bank's comfort zone, DBS Group Research said on Monday. To contain the rising prices, the RBI has hiked interest rates by 250 basis points since May last year. The latest rate hike of 25 basis points in February took the benchmark policy rate to 6.50 per cent.

(Economic Times)

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.

(Economic Times)

YES BANK TANKS 13% AS LOCK-IN PERIOD EXPIRES: Shares of Yes Bank fell nearly 13% in intra-day trade on Monday as the three-year lock-in period for several key investors came to an end. The stock closed 4.9% lower at Rs 15.70 on the National Stock Exchange, after it hit an eight-month low of Rs 14.40 earlier in the day. The stock closed down 5.3% at Rs 15.65 on the BSE. Yes Bank was the most-traded stock on the NSE as 56.05 crore shares changed hands. It was the second most-traded stock on the BSE.

(Financial Express)

LIC'S DEBT EXPOSURE IN ADANI GROUP COMPANIES DIPS marginally TO RS 6,183 CR AS OF MARCH 5:

LIC's debt exposure in Adani group companies fell marginally to Rs 6,183 crore as of March 5 from Rs 6,347 crore as of December 31, 2022, Parliament was informed on Monday. In a written reply to the Lok Sabha, Finance Minister Nirmala Sitharaman said, "The Life Insurance Corporation of India (LIC) has informed that its debt exposure to Adani Group of Companies, was Rs 6,347.32 crore and Rs 6,182.64 crore, as on December 31, 2022, and March 5, 2023, respectively". LIC has a debt exposure of Rs 5,388.60 in Adani Ports and SEZ as of March 5. The exposure in Adani Power (Mundra) was Rs 266 crore, Adani Power Maharashtra Ltd – Phase I (Rs 81.60 crore), Adani Power Maharashtra Ltd – Phase III (Rs 254.87 crore), Raigarh Energy Generation Ltd (Rs 45 crore) and Raipur Energen Ltd (Rs 145.67 crore), as per the reply.

(Financial Express)

ADANI GROUP FIRMS' FRESH SHARE PLEDGE FOR AUSTRALIA PROJECT:

SBI: State Bank of India (SBI) on Monday said the fresh pledge of shares of three Adani



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Group companies was on account of the requirement to top-up the collateral for its coal mine project in Australia. The lender also clarified that it has not issued fresh loans to the group for the pledged shares. “No additional finance is extended by SBI against such shares pledged,” a SBI spokesperson said in a statement. Adani Enterprises’ flagship project in Australia is the Carmichael mine and rail project, which aims to produce 10 million tonne per annum in coal, combined with a 200-km narrow gauge rail line through several locations in the country. A fresh pledge of shares of three companies — Adani Ports & SEZ, Adani Transmission and Adani Green Energy — was reported by SBICAP Trustee last week.

(Financial Express)

AFTER SVB, SIGNATURE BANK LATEST CASUALTY OF TURMOIL IN BANKING SECTOR: Signature Bank was closed by New York state financial regulators on Sunday as the fallout from last week’s implosion of SVB Financial Group’s Silicon Valley Bank spreads to other lenders. Depositors at the New York-based bank will have access to their money under “a similar systemic risk exception” to one that will allow Silicon Valley Bank clients to get their money on Monday, the Treasury Department, the Federal Reserve and the Federal Insurance Deposit Corp. said in a joint statement Sunday. Signature Bank, a New York state-chartered commercial bank that’s FDIC-insured, had total assets of about \$110.36 billion and total deposits of roughly \$88.59 billion as of Dec. 31, the New York Department of Financial Services said in a separate statement.

(Business Standard)

STATE-OWNED IREDA GETS INFRASTRUCTURE FINANCE COMPANY STATUS FROM RBI: State-owned Indian Renewable Energy Development Agency (IREDA) on Monday said it has received Infrastructure Finance Company status from the Reserve Bank of India. RBI granted an 'Infrastructure Finance Company (IFC)' status to Indian Renewable Energy Development Agency (IREDA) on Monday, a company statement said. It was earlier classified as an 'Investment and Credit Company (ICC)'. With the IFC status, IREDA will be able to take higher exposure in RE financing.

(Business Standard)

OVER 50 START-UPS WITH SVB EXPOSURE OPEN ACCOUNTS AT GIFT CITY TO DEPOSIT FUNDS : Gujarat International Finance Tech- City is emerging to be a popular destination to route deposits for Indian start-ups who are domiciled in the US and are affected by the Silicon Valley Bank collapse. While the chips are yet to completely fall in what can be called the Lehman Brothers moment in the California tech sector – Indian or Indian American start-ups are looking for a safe space to park their funds before they can chart out their next steps.

(Business Line)



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FDIC NAMES FORMER FANNIE MAE CHIEF TIM MAYOPOULOS AS CEO OF SILICON VALLEY BANK :

The Federal Deposit Insurance Corporation on Monday named former Fannie Mae head Tim Mayopoulos as the chief executive officer of Silicon Valley Bank, a subsidiary of the defunct SVB Financial Group. He steps in after regulators shuttered the startup-focused lender on Friday after a run on its deposits that left it with a dearth of capital. Mayopoulos served as the chief executive officer of mortgage financier Fannie Mae for more than six years.

(Economic Times)



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FINANCIAL TERMINOLOGY/CONCEPTS

SOFT CURRENCY

- ❖ Soft currency is a currency which is hyper sensitive and fluctuates frequently. Such currencies react very sharply to the political or the economic situation of a country.
- ❖ It is also known as weak currency due to its unstable nature. Such currencies mostly exist in developing countries with relatively unstable governments. Soft currencies cause high volatility in exchange rates as well, making them undesirable by foreign exchange dealers. These currencies are the least preferred for international trade or holding reserves.
- ❖ Zimbabwean dollar is a classic example of soft currency.



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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 : 81.9132
INR / 1 GBP : 99.2215
INR / 1 EUR : 87.8393
INR /100 JPY : 60.9400

EQUITY MARKET

Sensex: 58237.85 (-897.28)
NIFTY: 17154.30 (-258.60)
Bnk NIFTY: 39564.70 (-920.70)

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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