



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

15 March, 2023

INDIA'S WHOLESALE PRICES EASE TO 3.85% IN FEBRUARY ON REDUCED FUEL & POWER PRICES:

India's Wholesale Price Index (WPI) cooled down in February for the ninth consecutive month to 3.85 percent. Reduction in the prices of manufactured goods, fuel, and power drove lower wholesale price inflation, according to data released by the Ministry of Commerce & Industry. "Decline in the rate of inflation in February 2023 is primarily contributed by fall in prices of crude petroleum & natural gas, non-food articles, food products, minerals, computer, electronic & optical products, chemicals & chemical products, electrical equipment and motor vehicles, trailers & semi-trailers," the ministry said. The WPI, the price of goods before they are sold in the retail market, has dropped considerably from 13.43 percent recorded in February 2022. The metric is also down from 4.73 percent in January. Although the wholesale prices of food articles rose month-over-month to 3.81 percent in February, it was still down from 8.19 percent recorded in February last year.

(Moneycontrol)

RBI ASKS BANKS TO REVIEW CONTRACTS WITH FINTECHS: Mumbai Nearly seven months after introducing the digital lending norms, the banking regulator is asking banks to furnish a report on the agreements they have with fintech outfits. According to highly placed sources, the purpose of this report to pinpoint certain critical aspects of the contracts, such as which entity has the ultimate ownership of the customer, whether the full responsibility of assessing the customer credit worthiness lies with the bank, fintech, or split between the two, and who is ultimately bearing the credit risk of the contract. In short, the objective is to ascertain whether the bank has full control of the underwriting process before onboarding the customer and would bear the credit risk in full, in case of defaults.

(Business Line)

MAHINDRA UNIT IN BANGLADESH WINDS UP OPERATIONS, CEASES TO

EXIST: Mahindra & Mahindra on Tuesday said its wholly-owned unit Mahindra Bangladesh Pvt Ltd has ceased to exist. Mahindra Bangladesh Pvt Ltd (MBPL) convened the final extraordinary general meeting of its shareholders on March 14, 2023 and approved the final voluntary winding up, Mahindra & Mahindra (M&M) said in a statement. Hence, MBPL has been liquidated and has ceased to be in existence with effect from March 14, 2023, it added.

(Economic Times)

BANDHAN GROUP MULLS FORAY INTO INSURANCE BUSINESS:

Bandhan Group, which mainly has banking, mutual fund and microfinance operations, plans to foray into the insurance business, first through general insurance and then via life insurance, CNBC-



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TV18 reported on Tuesday. Bandhan Group officials recently met the country's insurance regulator in this regard, CNBC-TV18 reported, citing people with knowledge of the matter.
(Economic Times)

US CPI DATA FOR FEBRUARY SHOWS INFLATION AT 6%: US CPI data for February shows the annual inflation has remained sticky during the month. Today, on March 14 at 8:30 A.M. Eastern Time (6 pm IST), the US inflation data for February was released by the US Bureau of Labor Statistics (BLS). The US annual inflation rate fell to 6% in February 2023 after falling for eight consecutive months, which was the lowest level since September 2021. The number, which compares to 6.4% in January, was in line with market expectations.
(Financial Express)

BANKS' GROSS NPAS IN MSME LOANS DROP TO 6.1%: The gross non-performing asset (GNPA) ratio pertaining to MSMEs in the scheduled commercial banks (SCBs) has dropped to 6.1 per cent as of December 12 in the current financial year, according to the data from the Reserve Bank of India (RBI) shared by the minister of state in the finance ministry Bhagwat Karad in a written reply to a question in the Rajya Sabha on Tuesday. SCBs' GNPA ratio in MSME loans in FY22 stood at 7.6 per cent, 7.3 per cent in FY21 and 8.9 per cent in FY20.
(Financial Express)

INDIA POST PAYMENT BANK WANTS TO CONVERT ITSELF TO UNIVERSAL BANK: India Post Payments Bank (IPPB) wants to convert itself to a universal bank as the vast network of post office branches would help in achieving financial inclusion, its MD and CEO J Venkatramu said on Tuesday. He said when the IPPB started operations in 2018, 80 per cent of the transactions would happen in cash. However, with technology adoption, presently only 20 per cent of the transaction happens in cash and 80 per cent digitally. Given the network of post offices, probably we fit the bill in terms of being the institution which can reach every nook and corner. If we get a full fledged banking licence, especially for financial inclusion, that will help us serve larger goals," Venkatramu said at a CII event here.
(Financial Express)

SBI TO HIKE LENDING RATE BY 70 BPS FROM MARCH 15: SBI will hike its benchmark prime lending rate (BPLR) by 70 basis points (bps) or 0.7 per cent to 14.85 per cent from March 15. The current BPLR stands at 14.15 per cent. The country's largest public lender will also hike base rate by 70 bps from the existing 9.40 per cent to 10.10 per cent. SBI revised its benchmark prime lending rate as well as base rate on December 15, 2022. The public lender, however, decided to keep the marginal cost of funds-based lending rates unchanged. This implies that the rate of home loans will not be impacted.
(Business Today)



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META TO LAY OFF 10,000 EMPLOYEES IN SECOND ROUND OF JOB CUTS:

Facebook-parent Meta Platforms on Tuesday became the first Big Tech company to announce a second round of mass layoffs as CEO Mark Zuckerberg announced 10,000 job cuts, just four months after it let go 11,000 employees. "We expect to reduce our team size by around 10,000 people and to close around 5,000 additional open roles that we haven't yet hired," Chief Executive Officer Mark Zuckerberg said in a message to staff.

(Business Today)

CHANGE OF GUARD AT LIC: M JAGANNATH, TABLESH PANDEY APPOINTED

MDs: Life Insurance Corporation (LIC) said on Tuesday Siddhartha Mohanty will be its interim chairperson for three months, succeeding M R Kumar. M Jagannath took charge as the MD of LIC on March 13, succeeding Raj Kumar, whose tenure ended on January 31. Jagannath was previously the zonal manager (In-Charge), South Central Zone, at Hyderabad. Tablesh Pandey has been appointed as the MD of the corporation from April 1. He was earlier the executive director of the corporation and he succeeded B C Patnaik in the new post. Typically, LIC has one chairperson and four MDs. While Mohanty will be the MD and chairperson, Mini Ipe, Pandey, and Jagannath will be the other three MDs.

(Business Standard)

NOT IN FAVOUR OF SETTING UP FISCAL COUNCIL, CENTRE TELLS RAJYA

SABHA: The central government on Tuesday informed the Rajya Sabha said that it is not in favour of setting up a Fiscal Council as was suggested by the different Finance Commissions. The 15th Finance Commission had suggested to the centre to set up an independent Fiscal Council with powers to access records as required from the Union as well as the States. Similar suggestions were made by the 13th and the 14th Finance Commissions.

(Business Standard)

BANK BORROWINGS JUMP 64% IN FY23, CROSS RS 5 TRILLION MARK FOR FIRST TIME:

A structural change in the liquidity landscape brought about by much lower surplus cash and booming credit growth has resulted in a surge in banks' reliance on short-term funding avenues in the current financial year. RBI data shows that in the current financial year, so far, bank borrowings have averaged Rs 4.2 trillion, against Rs 2.6 trillion in the previous financial year. The RBI's data reflects fortnightly changes and the latest data shows the outstanding bank borrowing as on February 24. According to the RBI's handbook for its statistical supplement, the bank borrowings section represents total borrowings from outside the banking system, apart from domestic borrowings. It also includes loans or borrowings from abroad by banks in India. Borrowings from the RBI are excluded from this item.

(Business Standard)



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PNB SIGNS DEAL WITH WAREHOUSING BODY FOR FINANCING AGAINST e-NWR: PNB and Warehousing Development & Regulatory Authority (WDRA) signed on Monday an agreement to promote financing against e-NWR (Electronic Negotiable Warehousing Receipt).
(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

GIG ECONOMY

- ❖ A gig economy is a labor market that relies heavily on temporary and part-time positions filled by independent contractors and freelancers rather than full-time permanent employees.
- ❖ Gig workers gain flexibility and independence but little or no job security. Many employers save money by avoiding paying benefits such as health coverage and paid vacation time. Others pay for some benefits to gig workers but outsource the benefits programs and other management tasks to external agencies.
- ❖ Examples of gig workers include freelancers, independent contractors, project-based workers and temporary or part-time hires. Gig apps and digital technology are often used to connect customers and gig workers. The gig economy is a recent trend, with a number of factors contributing to its rise. The two most important factors are; The workforce has become more mobile and Work is increasingly done remotely via digital platforms.
- ❖ The gig economy provides consumers with an alternative to commercial products and industries. They turn to the gig economy for convenience, better service or both. This is the case with ride-hailing apps, like Uber, and food delivery services, like Grubhub. Gig apps have also met consumer demand where a service is in short supply or expensive. This is a role Airbnb has played in places where hotel rooms are in short supply, making more temporary accommodations available, sometimes at lower prices.



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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 : 82.3619
INR / 1 GBP : 100.1845
INR / 1 EUR : 88.1047
INR /100 JPY : 61.6400

EQUITY MARKET

Sensex: 57900.19 (-337.66)
NIFTY: 17043.30 (-111.00)
Bnk NIFTY: 39411.40 (-153.30)

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**
- ❖ **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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