



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

16 March, 2023

TRADE DEFICIT NARROWS TO \$17.43 BILLION IN FEBRUARY 2023; EXPORTS, IMPORTS CONTRACT:

India's trade deficit came in at \$17.43 billion in February 2023, which is narrower as compared to \$18.75 billion in the year-ago period, as per the official data released on March 15.

The numbers are also marginally lower as compared to the preceding month, as the trade deficit stood at \$17.76 billion in January 2023.

The total imports in February amounted to \$51.31 billion, which was lower as compared to \$55.90 billion in the year-ago period. However, it was higher month-on-month, as the imports stood at \$50.66 billion in January.

Merchandise exports contracted by 8 percent in February to \$33.88 billion, as against \$37.15 billion in the year-ago period. A marginal increase was recorded as compared to the preceding month, when it stood at \$32.91 billion. Exports in the service category jumped nearly 37 percent on-year to \$36.85 billion, whereas, the imports rose by 12 percent to \$14.55 billion.

(Moneycontrol)

FOREIGN LAWYERS AND LAW FIRMS CAN PRACTICE IN INDIA IN MAJOR

RULE TWEAK: The Bar Council of India (BCI) has agreed to open up law practice in India to foreign lawyers, foreign law firms. The statutory body of lawyers has released rules for registration of foreign lawyers and foreign law firms in India. The latest rules enable foreign lawyers & foreign law firms to practice diverse international law, international arbitration in India. These rules based on 'principle of reciprocity in a well -defined, regulated and controlled manner', the BCI said in the notification. In a notification, the Bar Council of India said, "Opening up of law practice in India to foreign lawyers in the field of practice of foreign law; diverse international legal issues in non-litigious matters and in international arbitration cases would go a long way in helping legal profession/domain grow in India to the benefit of lawyers in India too".

(Moneycontrol)

EXCHANGES FREEZE PATANJALI FOODS PROMOTER SHARES FOR NOT COMPLYING WITH PUBLIC SHAREHOLDING NORM:

Bourses have put a freeze on the shares held by promoters and promoter entities of Patanjali Foods, a subsidiary of Patanjali Ayurved, over the failure to meet the minimum public shareholding norm, a regulatory filing stated on March 15. A total of 292.58 million equity shares have been put on freeze by the stock exchanges, the filing said. Patanjali Ayurved is among the 21 promoter and promoter group entities against whom the action has been taken. As per the rules mandated by the Security and Exchange Board of India (SEBI), at least a 25 percent stake in a listed entity must



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be held by public shareholders. The stake held by public shareholders in Patanjali Foods stood at 19.18 percent as of December-end. The company, earlier known as Ruchi Soya, had undergone an insolvency resolution process which was initiated by the National Company Law Tribunal in 2017. The resolution plan, as submitted by Patanjali Ayurved, received the tribunal's nod in 2019.

(Moneycontrol)

RBI CHIEF BAGS 'GOVERNOR OF THE YEAR' AWARD: Reserve Bank of India governor Shaktikanta Das has bagged the 'Governor of the year' 2023 award by international economics journal Central Banking. The journal has cited Das' work in strengthening the regulations governing the NBFC sector after the IL&FS crisis in 2018, banks' improving asset quality and Covid-19 crisis management as factors for the recognition. Das has also been credited with improving communication between the regulator and the government and overseeing the rise in India's digital payment infrastructure.

(Financial Express)

IFCI WIND-UP PROCESS TO BEGIN SOON: With no hope of revival or privatisation, the government will likely close the 75-year-old non-banking finance company IFCI Ltd after addressing its asset-liability mismatch. The government has been infusing equity for the last several years into the loss-making NBFC. After infusing Rs 100 crore in September 2022, it has again put another Rs 400 crore in IFCI last week to help it meet capital adequacy norms and prepay some of the subordinate bonds. The Board of Directors of IFCI would meet on March 28 to consider premature redemption of subordinate bonds worth `95 crore maturing by 2026-2032 subject to the consent of the bondholders. IFCI has financial liabilities of `8,545 crore as on March 2022. Besides IFCI's internal accruals from loan recoveries, interest income and monetisation of assets, the government will likely provide additional support in due course to meet all liabilities before the closure, the official said.

(Financial Express)

RBI, UAE CENTRAL BANK SIGN PACT FOR CBDC TRANSACTIONS: The Reserve Bank of India on Wednesday said it has signed a memorandum of understanding (MoU) with the Central Bank of the UAE for promoting various emerging areas of fintech, especially central bank digital currency (CBDCs) cross-border transactions. "Under the MoU, the two central banks will collaborate on various emerging areas of fintech, especially central bank digital currencies (CBDCs) and explore interoperability between the CBDCs of the CBUAE and the RBI," the RBI said. The two central banks will jointly conduct a proof-of-concept and pilot of a bilateral CBDC bridge, to facilitate cross-border CBDC transactions of remittances and trade. The bilateral engagement of testing a cross-border use case of CBDCs is expected to reduce costs, increase efficiency of cross-border transactions and further the economic ties between India and the UAE, the RBI said.



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(Financial Express)

CENTRE APPOINTS DEEPAK MOHANTY AS PFRDA CHAIRPERSON: Deepak Mohanty was on Wednesday appointed the chairperson of the Pension Fund Regulatory & Development Authority (PFRDA), which oversees the state system serving the old age income needs of people. Mohanty was appointed a whole-time member (economics) of PFRDA in August 2020 and retired in May 2022. He was earlier an executive director at the Reserve Bank of India (RBI), handling the Department of Economic Analysis and Policy (DEAP) and Department of Statistics and Information Management to oversee areas of household financial savings, balance of payments, state finances, capital markets, banking, corporate and external sectors.

(Business Standard)

RBI REJECTS BAJAJ FIN'S PLAN FOR PHILIPPINES OPERATIONS OVER FATF CONCERNS: The Reserve Bank of India (RBI) has turned down an application from Bajaj Finserv to enter the Philippines market for lending activities. This is because the Philippines has been increasingly coming under the lens of the Financial Action Task Force, and has already been designated as an FATF grey list country. According to sources familiar with the development, the Bajaj group had proposed to start lending operations in the Philippines, for which it had sought regulatory approval. However, the Philippines being a country under 'increased monitoring', the regulator was not in favour of the proposal. The Financial Action Task Force (FATF) is a global money laundering and terror financing watchdog. It is an intergovernmental body that develops policies to combat funneling of money to terrorist activities.

(Business Standard)

HDFC BANK, FLIPKART WHOLESALE LAUNCH CO-BRANDED CARD FOR LATTER'S MEMBERS: HDFC Bank and Flipkart Wholesale, the omnichannel B2B platform of the Flipkart Group, launched a co-branded credit card exclusively for Flipkart Wholesale members on Wednesday. The credit card will offer users five per cent cashback on Flipkart Wholesale online spending. The launch of co-branded credit cards will enhance access to credit and accelerate the adoption of digital payments while offering multiple benefits to smaller merchants in India. Members can apply for the card directly at Flipkart Wholesale stores and on its Best Price Flipkart Wholesale app.

(Business Standard)

BANKS FROM 18 COUNTRIES GET RBI'S NOD TO TRADE IN RUPEE: CENTRE IN RS: The Reserve Bank of India (RBI) has permitted banks from 18 countries to open Special Vostro Rupee Accounts (SVRAs) to settle payments in rupees, the government said.



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Speaking in Rajya Sabha, Union Minister of State for Finance Bhagwat Kishanrao Karad said that 60 such approvals have been given by the RBI. These 18 nations include Botswana, Fiji, Germany, Guyana, Israel, Kenya, Malaysia, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka, Tanzania, Uganda and the United Kingdom. SVRAs could be set up by the banks by approaching the Authorised Dealer (AD) banks in India and it may then get permission from the RBI after completion of the due process. The SVA process began in 2022 when RBI announced, "it has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports/imports in INR [Indian rupees]."
(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

WHOLESALE PRICE INDEX (WPI)

- ❖ Wholesale Price Index (WPI) represents the price of goods at a wholesale stage i.e. goods that are sold in bulk and traded between organizations instead of consumers. WPI is used as a measure of inflation in some economies.
- ❖ WPI is used as an important measure of inflation in India. Fiscal and monetary policy changes are greatly influenced by changes in WPI. In the United States, Producer Price Index (PPI) is used to measure inflation.
- ❖ WPI is an easy and convenient method to calculate inflation. Inflation rate is the difference between WPI calculated at the beginning and the end of a year. The percentage increase in WPI over a year gives the rate of inflation for that year.



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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 : 82.4955
INR / 1 GBP : 100.2485
INR / 1 EUR : 88.5452
INR /100 JPY : 61.2200

EQUITY MARKET

Sensex: 57555.90 (-344.29)
NIFTY: 16972.20 (-71.10)
Bnk NIFTY: 39051.50 (-359.90)

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- ❖ **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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TEAM BFSIB

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The Institute of Cost Accountants of India**

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