



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

January 17, 2023

EXPORTS DECLINE BY 12.2% TO \$34.48 BILLION IN DECEMBER, TRADE DEFICIT AT \$23.76 BILLION:

India's merchandise exports declined by 12.2 percent to \$34.48 billion in December 2022, as against \$39.27 billion recorded in the same month of the preceding year, as per the government data shared on January 16. This comes after a 0.6 percent rise in exports in November and a 12 percent contraction in October. The country's imports in December declined to \$58.24 billion as against \$60.33 billion recorded in the year-ago period. The merchandise trade deficit fell further to \$23.76 billion in December, after declining to a seven-month low of \$23.89 billion in November.

(Moneycontrol)

WHOLESALE INFLATION SLIPS TO 4.95% IN DECEMBER:

According to data released by Commerce & Industry Ministry, WPI-based inflation declined to 4.95 % in December against 5.85 % in November, mainly due to fall in prices of food articles and crude petroleum. a statement issued by the Ministry said. Earlier, retail inflation too had dropped to a one year low of 5.72 % in December.

(Business Line)

RBI ISSUES DRAFT ON EXPECTED CREDIT LOSS-BASED PROVISIONING BY BANKS:

The RBI has issued a discussion paper on expected credit loss (ECL)-based loan loss provisioning by banks, which when implemented, will bring provisioning requirements for banks on par with those for NBFCs. The central bank has sought comments and feedback on the paper, from which regional rural banks and smaller co-operative banks will be excluded, by February 28. It is proposed that the requirement for estimating impairment losses under the expected credit loss approach would apply to all loans and advances, lease receivables, irrevocable financial guarantee contracts, and investments classified as held-to-maturity or available-for-sale," said the discussion paper.

The expected credit loss will be measured as a probability-weighted estimate of credit losses (present value of all cash shortfalls) over the expected life of the financial instrument, it added.

The key requirement under the framework will be for banks to classify stressed assets into three categories — Stage 1, Stage 2 and Stage 3, like NBFCs. Banks will be allowed to design and implement their own models for measuring expected credit losses for the purpose of estimating loss provisions, said the RBI.

(Business Line)



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WAREHOUSING DEVELOPMENT REGULATORY AUTHORITY SIGNS PACT

WITH SBI: Warehousing Development Regulatory Authority (WDRA) has signed a memorandum of understanding with State Bank of India to help farmers in getting low interest rate loans. The Memorandum of Understanding (MoU) was signed with the intent of promoting awareness about the new loan product called 'Produce Marketing Loan' to exclusively fund against e-NWRs (electronic Negotiable Warehouse Receipt) with features such as nil processing fee, no additional collateral and attractive interest rates.

(Economic Times)

GLOBAL RECESSION LIKELY IN 2023; INDIA MAY BENEFIT FROM DIVERSIFICATION OF SUPPLY CHAINS: WEF SURVEY:

A global recession is likely in 2023, but pressures on food, energy and inflation may be peaking, the World Economic Forum said on Monday in its Chief Economists Outlook survey. At the same time, some economies in the South Asia region, including Bangladesh and India, may benefit from global trends such as a diversification of manufacturing supply chains away from China, the report said. Almost two-thirds of chief economists believe a global recession is likely in 2023; of which 18 per cent consider it extremely likely - more than twice as many as in the previous survey conducted in September 2022.

(Economic Times)

PAYTM PAYMENTS BANK GETS FINAL RBI NOD TO OPERATE AS BHARAT BILL PAYMENT OPERATING UNIT:

Paytm Payments Bank on Monday said it has received final approval from the Reserve Bank of India to operate as a Bharat Bill Payment Operating Unit (BBPOU). Under Bharat Bill Payment System (BBPS), a BBPOU is allowed to facilitate bill payment services of electricity, phone, DTH, water, gas insurance, loan repayments, FASTag recharge, education fees, credit card bill and municipal taxes.

(Economic Times)

BANK OF MAHARASHTRA Q3 PROFIT MORE THAN DOUBLES TO RS 775

CRORE: State-owned Bank of Maharashtra (BoM) on Monday reported more than two-fold jump in its profit at Rs 775 crore in the quarter ended December 2022 due to increase in net interest income and improved asset quality. The Pune-based bank had posted a net profit of Rs 325 crore in the same quarter a year ago. Net Interest Income (NII) of the bank grew by 29.65 per cent on a year-on-year basis to Rs 1,980 crore as against Rs 1,527 crore in the third quarter of the previous fiscal. The bank's total income increased to Rs 4,770 crore in the latest December quarter from Rs 3,893 crore in the year-ago period. On the asset quality front, the bank recorded an improvement with gross NPAs declining to 2.94 %, as compared to 4.73 % at the end of third quarter of previous fiscal. At the same time, net NPAs eased below 1 per



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cent to 0.47 %, as against 1.24 per cent in the same period a year ago. The capital adequacy ratio rose to 17.53 % in the December quarter as against 14.85 %.

(Financial Express)

AXIS BANK TOPS RE-BOND LEAGUE TABLE FOR 16TH CONSECUTIVE YEAR

IN 2022: Axis Bank has trumped every competitor for the 16th consecutive year in 2022 as a rupee domestic bond issue arranger, cornering 19.20 per cent market share or Rs 92,904.5 crore across 127 issuances. Significantly, the top three spots are retained by private sector lenders with the second position maintained by ICICI Bank with a market share of 17.67 per cent or Rs 85,486 crore and HDFC Bank third with 17.29 per cent

(Business Standard)

SIDBI PARTNERS WITH VFS TO EXTEND MSME LOANS UP TO RS 5 LAKH AT

13% PA: The Small Industries Development Bank of India (SIDBI) has entered into a partnership with VFS Capital to extend loans to the MSME sector, the Kolkata-based microfinance institution said. VFS Capital will extend MSME loans upto Rs 5 lakh at 13 per cent interest rate per annum, a top company official said.

(Business Standard)

RBI TWEAKS NORMS RELATED TO ACQUISITION FOR BANKS:

The Reserve Bank of India on Monday tweaked norms related to acquisition and holding of shares in banks to ensure that their ultimate ownership and control remain well diversified and the major shareholders are 'fit and proper' on a continuing basis. As per the Master Direction issued, any person who intends to make an acquisition which is likely to result in major shareholding in a banking company is required to seek prior approval of the Reserve Bank. Subsequent to such acquisition, if at any point in time the aggregate holding falls below five per cent, the person will be required to seek fresh approval from the RBI if the person intends to again raise the aggregate holding to five per cent or more of the paid-up share capital or total voting rights.

The RBI further said the banking companies have been asked to put in place a mechanism to obtain information on any change in significant beneficial owner or acquisition by a person to the extent of 10 per cent or more of paid-up equity share capital of the major shareholder. It further said permission of the Reserve Bank to acquire shares or voting rights in a banking company for non-promoter will be limited to 10 per cent in case of individuals, non-financial institutions, and financial institutions connected with large industrial houses. The limit is 15 per cent in case of financial institutions, public sector undertakings and the government. In case of promoter, the limit has set at 26 per cent of the paid-up share capital or voting rights after the completion of 15 years from commencement of business of the banking company.

(Live Mint)



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INSURERS CAN CLASSIFY GREEN BOND PURCHASES AS INFRA INVESTMENTS: IRDAI: The Insurance Regulatory and Development Authority of India has said insurers will be allowed to classify their sovereign green bond purchases as infrastructure investments.

(Business Standard)

INDIA, UK TO LAUNCH YOUNG PROFESSIONALS SCHEME ON FEBRUARY 28, SAYS MEA: India and the UK will launch the Young Professionals Scheme next month that will allow degree-holding Indian nationals in the age group 18-30 years to live and work in Britain for up to two years. The UK-India Young Professionals Scheme will offer 3,000 places annually to 18 to 30 years old degree-educated Indian nationals to come to the UK to live and work for up to two years. The programme will be reciprocal, also allowing UK professionals in the same position to participate in a professional exchange by living and working in India.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

TULIP MANIA

- ❖ Tulip mania was a period when tulips were recently introduced and bought in large quantities by many people. This caused tulip prices to shoot up. They were sold at prices higher than skilled workers' income. After reaching a peak, tulip prices crashed, leaving tulip holders bankrupt. It was the first major economic bubble.
- ❖ Tulip mania is used as a metaphor to describe an economic bubble. People start investing in a particular asset in large quantities because of positive sentiments about it. This pushes the prices of that asset to very high levels. After reaching a peak, prices suffer a sharp fall due to an extensive sell off, leaving the asset holder's bankrupt. These assets are metaphorically called tulips.



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RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 81.3719
INR / 1 GBP : 99.7272
INR / 1 EUR : 88.3460
INR /100 JPY : 63.7600

EQUITY MARKET

Sensex: 60092.97 (-168.21)
NIFTY: 17894.80 (-61.80)
Bnk NIFTY: 42167.60 (-203.70)

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.**

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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