



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

February 18, 2023

BUDGET'S FOCUS ON CAPEX TO CROWD-IN PVT. INVESTMENT, PUSH GROWTH TO 7%: RBI ARTICLE:

The Union Budget's focus on capital expenditure is expected to crowd-in private investment and push the GDP growth rate close to 7 per cent in the next financial year beginning April 1, said a Reserve Bank article on 'State of the Economy'. In 2023-24, capital expenditure is budgeted at Rs 10 lakh crore which will constitute 3.3 per cent of GDP. "We believe that India will decouple from macroeconomic projections of current vintage and also from the rest of the world. "In our view, the instrument of decoupling will be the Union Budget by raising India's growth prospects over the period 2023-27; and raising India's potential growth," said the article 'State of the Economy' published in the RBI's February 2023 Bulletin. It further said the Union Budget's tax, capex and fiscal consolidation proposals can take India's real GDP growth close to 7 per cent in 2023-24 if they are effectively implemented. The Economic Survey tabled in Parliament a day ahead of the Union Budget projected the GDP growth at 6.5 per cent as the base.

(Moneycontrol)

GOVT WON'T ALLOW NEW SUGAR EXPORTS TO PREVENT DOMESTIC SHORTAGE:

India, which vies with Brazil as the world's biggest sugar producer, will not allow any more exports for now on concern that weaker production will threaten domestic supplies. The government has decided not to approve new sugar shipments after meeting with some cane officials from major producing regions this week, according to people with knowledge of the matter, who asked not to be identified as the information is private. That means there won't be additional exports beyond the 6 million tons India has already allowed this season.

(Moneycontrol)

UPI TRANSACTION GROWTH FALLS IN JANUARY 2023 FROM JANUARY 2022:

The growth rate of UPI transaction volume and value for January declined in the year 2023 from 2022, the Reserve Bank of India (RBI) monthly bulletin released on February 17 said. According to central bank bulletin data, the transaction volume of UPI in January 2022 was 100.5 percent while in 2023 it stood at 74.1 percent (down 26.6 percent). However, the transaction value of UPI in the first month of 2023 stands at 56.1 percent while it stood at 93 percent last year - a decrease of 39.6 percent.

(Moneycontrol)

RBI ISSUES DRAFT NORMS ON BANKS' MINIMUM CAPITAL REQUIREMENT FOR MARKET RISK:

The Reserve Bank of India has issued draft guidelines on minimum capital requirements for market risk as a part of the convergence of banking regulations with Basel III standards. The central bank has sought feedback on the norms by April 15, and has proposed that the final norms will come into effect from April 1, 2024. The draft guidelines propose separate



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classification of the securities that are included in banks' trading book, which is subject to market risk capital requirements, and those included in the banking book--which are subject to credit risk capital requirements. Banks will need to have clearly defined policies, procedures and documented practices for determining which instruments to include in or to exclude from the trading book for the purposes of calculating their regulatory capital, the central said. Defining market risk as the risk of losses in on and off-balance-sheet positions arising from movements in market prices, RBI said that the risks subject to market risk capital requirements include interest rate and equity risk for trading book instruments and foreign exchange risk (including gold and precious metals) for trading and banking book instruments. "Banks shall only include a financial instrument or instruments on FX in the trading book when there is no legal impediment against selling or fully hedging it. Banks shall fair value daily any trading book instrument,"

(Business Line)

RBI APPOINTS V S KHICHI AS MEMBER ON RCAP ADVISORY COMMITTEE: RBI has appointed former Bank of Baroda ED Vikramaditya Singh Khichi as a member of the Advisory Committee on Reliance Capital, it said in a release. The move follows the resignation of former Axis Bank Deputy MD Srinivasan Varadarajan, effective Friday.

(Business Line)

GOVT FURTHER CUTS RESERVE PRICE OF FCI WHEAT TO RS 2,150 PER QUINTAL FOR BULK USERS TO CHECK PRICES: The government on Friday further reduced the reserve price of FCI wheat to Rs 2,150 per quintal for bulk consumers under the Open Market Sale Scheme (OMSS) in a bid to check prices. According to the food ministry, the reserve price of fair and average quality (FAQ) wheat has been reduced to Rs 2,150 while for Under Relaxed Specifications (URS) wheat to Rs 2,125 per quintal.

(Economic Times)

QATAR LIFTS BAN ON FROZEN SEAFOOD FROM INDIA: Qatar lifted its temporary ban on the import of frozen seafood from India, paving the way for enhanced export and improved bilateral relations with the West Asian country. The ban was imposed in November last year, just ahead of the FIFA World Cup following alleged detection of Vibrio cholera from a few consignments from India. The Qatari authorities had informed India that the ban was temporary and owing to lack of sufficient testing laboratories in their country in the run-up to the football event.

(PiB)

AROUND 9,000 MOUS SIGNED WITH MSMES AT UP'S GLOBAL INVESTORS SUMMIT: Uttar Pradesh Global Investors Summit 2023 saw 9,000 Memoranda of Understanding (MoUs), out of the total 19,000, signed from the MSME sector, reported ANI. While the target of Rs 1.25 lakh crore was set for the MSME sector, the Uttar Pradesh government signed 8,829 MoUs worth Rs 1.37 lakh crore with investors, said the state government.

(Financial Express)



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ADANI ROW: SUPREME COURT 'NO' TO CENTRE'S SEALED COVER

SUGGESTION ON PANEL: The Supreme Court on Friday refused to accept in a sealed cover the Centre's suggestion on a proposed panel of experts for strengthening regulatory measures for the stock market. Observing that it wants to maintain full transparency in the interests of investors, a bench comprising Chief Justice D Y Chandrachud and Justices P S Narasimha and J B Pardiwala said it would rather not accept the Centre's suggestion in a sealed cover.

(Business Standard)

INDIA TOP COUNTRY IN AI SKILL PENETRATION GLOBALLY: NASSCOM

REPORT: India currently ranks first in terms of AI skill penetration and AI talent concentration and fifth in AI scientific publications, a Nasscom report said on Friday. India's 'AI Skills Penetration Factor' has been reported to be 3.09 -- the highest among all G20 and OECD countries. It shows that India's tech talent is 3X more likely to have or report AI skills than other countries, according to the report by the National Association of Software and Services Companies (Nasscom) in partnership with Salesforce and Draup.

(Business Standard)

NO SERVICE TAX ON TAKEAWAY FOOD ITEMS SOLD BY RESTAURANTS:

CESTAT: The Customs, Excise and Service Tax Appellate Tribunal (CESTAT) recently quashed the show-cause notice to Haldiram Marketing Private Limited, passed by the Commissioner, CGST in March 2022, the Bar & Bench reported. The CESTAT bench ruled that service tax cannot be levied on takeaway/ parcel food items sold by restaurants while hearing the pleas filed by Haldiram Marketing Pvt Ltd against the order passed by Central Goods & Services Tax Commissioner.

(Business Standard)

MONETARY POLICY STANCE MUST REMAIN DISINFLATIONARY, SAYS RBI

REPORT: Following an unexpectedly sharp rise in the CPI-based inflation in January, the state of the economy report of the Reserve Bank of India said inflation could be stubborn, and that the monetary policy stance needs to remain disinflationary, indicating that the central bank is unlikely to lower its guard on price stability. The monetary policy committee (MPC) of the RBI increased the policy repo rate by 250 bps to 6.5 per cent between May 2022 and February 2023, with analysts predicting a pause from here on. Highlighting that monetary policy actions were getting reflected in transmission channels, and that the road ahead is daunting, the report said, "Over the year ahead, the retreat of inflation is expected to be stubborn and beset by supply shocks. Almost every other component of the consumer price index – statistical and exclusion-based measures – is showing a hardening of price pressures."

(Business Standard)



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INDIA'S FOREIGN EXCHANGE RESERVES POST BIGGEST WEEKLY FALL IN 10 MONTHS: The RBI's foreign exchange reserves fell by \$8.3 billion to \$566.95 billion in the week ended February 10, marking the sharpest weekly fall since April 1, 2022. The reserves are at their lowest level since January 6, 2023. The fall was primarily on account of a fall in the foreign currency assets, which drop-ped \$7.1 billion to \$500.59 billion.
(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

ROUTING NUMBER

- ❖ The routing number (sometimes referred to as an ABA routing number, regarding the American Bankers Association) is a sequence of nine digits used by banks to identify specific financial institutions within the United States. This number proves that the bank is a federal- or state-chartered institution and maintains an account with the Federal Reserve.
- ❖ Small banks generally possess just one routing number, while large multinational banks can have several different ones, usually based on the state in which you hold the account. Routing numbers are most commonly required when reordering checks, for payment of consumer bills, to establish a direct deposit (such as a paycheck), or for tax payments.



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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 : 82.8085
INR / 1 GBP : 98.8540
INR / 1 EUR : 88.0580
INR /100 JPY : 61.4500

EQUITY MARKET

Sensex: 61002.57 (-316.94)
NIFTY: 17944.20 (-91.60)
Bnk NIFTY: 41131.75 (-499.60)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
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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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CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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