



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

20 March, 2023

UBS MAKES OFFER TO BUY CREDIT SUISSE FOR UP TO \$1 BILLION:

Switzerland's largest banking entity, UBS Group AG, has made an offer to buy the crisis-hit Credit Suisse, which is also the country's second-largest private lender, for up to \$1 billion, a report in the Financial Times said on March 19. The proposed all-share deal is expected to be finalised and signed by this evening, the newspaper said, adding that the deal will be priced at a fraction of Credit Suisse's closing price on March 17.

(Moneycontrol)

KOTAK MAHINDRA BANK MULLS HIVING KOTAK 811 AS SUBSIDIARY:

As part of business reorganisation and succession planning, Kotak Mahindra Bank is working on carving out its digital platform and super app Kotak 811 into a wholly-owned subsidiary. It is learnt that the once Kotak 811 is made into a subsidiary, it would approach the regulator for payment aggregator/payments gateway (PA/PG) licenses. Also, the digital platform which is already available to non-Kotak Bank customers will aggressively extend financial services in the payments space.

(Business Line)

SEBI ADOPTS STRICTER APPROACH IN IPO CLEARANCE; RETURNS DRAFT

PAPER OF SIX COMPANIES: After Paytm's IPO fiasco, SEBI has turned cautious while giving clearance to the initial share sales as it has returned the preliminary papers of half a dozen companies, including Oravel Stays, which operates the hospitality chain OYO, in over two months. These companies have been asked to re-file their draft red herring prospectus (DRHP) with certain updates. Apart from OYO, the firms whose draft papers have been returned by the regulator are — Go Digit General Insurance Ltd, a firm backed by Canada-based Fairfax Group; home-grown mobile maker Lava International; B2B payments and services provider Paymate India; Fincare Small Finance Bank India and integrated services company BVG India, according to an analysis of data with Sebi.

(Moneycontrol)

WOMEN IN INDIA OWN 35% OF BANK ACCOUNTS, BUT ONLY 20% OF

TOTAL DEPOSITS: Women own a little over one-third of deposit accounts but only one fifth of the total deposit amount in scheduled commercial banks, a report by the Statistics Ministry showed. It also revealed that only one of four bank employees are women. The report noted that not even one-fourth of the female population holds managerial position across the organisations. Also, their share in unpaid work is much higher than their male counterparts.

(Business Line)



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FED LENT \$300B IN EMERGENCY FUNDS TO BANKS IN THE PAST WEEK:

Cash-short banks have borrowed about \$300 billion from the Federal Reserve in the past week, the central bank announced Thursday. Nearly half the money - \$143 billion - went to holding companies for two major banks that failed over the past week, Silicon Valley Bank and Signature Bank, triggering widespread alarm in financial markets. The Fed did not identify the banks that received the other half of the funding or say how many of them did so. The holding companies for the two failed banks were set up by the Federal Deposit Insurance Corporation, which has taken over both banks. The money they borrowed was used to pay their uninsured depositors, with bonds owned by both banks posted as collateral. The FDIC has guaranteed the repayment of the loans, the Fed said. The rest of the money was borrowed by banks seeking to raise cash - likely, at least in part, to pay off depositors who tried to withdraw their money. Many mega banks, such as Bank of America, have reported receiving inflows of funds from smaller banks since the bank failures last weekend.

(Economic Times)

GOVT'S MSME REGISTRATION PORTAL UDYAM CROSSES 1.5-CRORE MARK:

The registration count on the MSME ministry's MSME registration portal Udyam has crossed the 1.5-crore mark, over two and a half years after it was launched on July 1, 2020 with the reclassification of MSMEs post the Covid pandemic. The first 50 lakh registrations came in nearly 15 months after the portal's launch while the next 50 lakhs came in around the following 11 months, hitting the 1-crore count in August last year. The time frame was further narrowed to around seven months for the subsequent 50 lakh registrations. The growth in registrations assumes significance as Udyam is among the flagship initiatives undertaken by the MSME ministry post-pandemic to formalise the informal units in the MSME sector that comprises around 6.3 crore units in the country, 99 per cent of which are micro.

(Financial Express)

JSPL GETS APPROVAL TO MANUFACTURE INDIA'S FIRST FIRE-RESISTANT STEEL STRUCTURES:

Jindal Steel and Power Ltd (JSPL) on Sunday said it will manufacture India's first fire-resistant steel structures at its unit in Raigarh, Chhattisgarh. With the production of a special steel item for the first time in India, the company will target segments like refineries, bridges, metro projects, industrial structures, steel, power plants, hospitals, commercial and residential buildings, JSPL said in a statement. "JSPL has received BIS certification to manufacture India's first fire-resistant steel structures at its rail mill in Chhattisgarh. The BIS 15103 grade steel structural steels are designed to withstand temperatures up to 600 degrees celsius for 3 hours," it said.

(Financial Express)

BANK CREDIT TO MSMEs GREW 71% DURING FY15-FY22 PERIOD: GOVT

DATA: Credit to micro, small and medium enterprises (MSMEs) by scheduled commercial



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banks in the past eight years has grown by 71 per cent from Rs 11.71 lakh crore deployed during the financial year 2014-15 to Rs 20.11 lakh crore during the financial year 2021-22. According to the data shared by the minister of state in the MSME ministry.

(Financial Express)

BANK OF BARODA RAISES INTEREST RATES ON RETAIL TERM DEPOSITS

BY 25 BPS: Bank of Baroda has increased interest rates on domestic retail term deposits, including NRO and NRE term deposits, by 25 basis points on select tenors. The new rate on deposits of above 3 years to 5 years is 6.5 per cent and for resident Indian senior citizens, it is 7.15 per cent. For term deposits of above 5 years to 10 years, the new rate is 6.5 per cent and for senior citizens it is 7.5 per cent.

(Business Standard)

ADANI GROUP SUSPENDS WORK ON RS 34,900 CRORE PETCHEM PROJECT:

Adani Group has suspended work on a Rs 34,900 crore petrochemical project at Mundra in Gujarat as it focuses on resources to consolidate operations and address investor concerns following a damning report by a US-based short seller, sources said. The group's flagship Adani Enterprises Ltd (AEL) had in 2021 incorporated a wholly-owned subsidiary, Mundra Petrochem Ltd for setting up a greenfield coal-to-PVC plant at Adani Ports and Special Economic Zone (APSEZ) land in Kutch district of Gujarat.

(Business Standard)

SWISS AUTHORITIES WEIGH NATIONALISING CREDIT SUISSE AMID TAKEOVER TALKS WITH UBS:

Swiss authorities are reportedly mulling over the possibility of fully or partially nationalizing Credit Suisse, as it looks for alternatives to a UBS takeover. The move comes in response to the growing crisis at the bank. According to sources familiar with the matter, the Swiss government is exploring all options to help salvage the beleaguered bank, which has seen its share price plummet this week. The possibility of nationalization is being seriously considered as it would provide the bank with the necessary capital to weather the storm, and could also provide a measure of stability and assurance for investors.

(Business Today)

UK INTRODUCES SMARTPHONE EMERGENCY ALERT SYSTEM FOR ITS

CITIZENS: The British government has introduced a new emergency alert service for its citizens. The government has announced that a siren-like alert will be sent to mobile phone users across the UK next month. The service will be a part to test a new public warning system over life-threatening events such as severe weather events. According to news agency PTI, a



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UK-wide alerts test will take place in the early evening of Sunday, April 23, which will see people receive a test message on their smartphones.

(Mint)

FSIB TO SOON START SELECTION PROCESS FOR NEW LIC CHAIRMAN: The Financial Services Institutions Bureau (FSIB), the headhunter for directors of state-owned banks and financial institutions, may select a new chairman of insurance behemoth LIC this month. The chairman will be selected from the four managing directors of the company, sources said.

(Financial Express)



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FINANCIAL TERMINOLOGY/CONCEPTS

FACTORING

- ❖ Factoring is an arrangement between a financial institution and a business concern selling goods or services to trade customers, wherein the financial institution purchases the accounts receivables / book debts of the business concern, controls the credit extended to the customers of the business concern and also administers its sales ledger.
- ❖ The financial institution that purchases the receivables is called as a factor and the business organization whose receivables is called its client.
- ❖ A factor may purchase the receivables with or without recourse to its client. In a with recourse factoring, the Factor has a right to recover the dues from the business entity / assignor if the factor is unable to recover the receivables from the debtors of the client/business entity. In a without recourse factoring, the assignor of receivables makes an absolute transfer of all rights in favour of the factor. In without recourse factoring, the factor assumes credit risk relating to the debtors of its client.
- ❖ The client / seller sells the goods to its customers and sends the invoices to the factoring company and releases the advance to the client after deducting stipulated margin. Factoring in India is governed by the Factoring Regulation Act 2011.



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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 : 82.4663
INR / 1 GBP : 100.2477
INR / 1 EUR : 87.8090
INR /100 JPY : 62.0300

EQUITY MARKET

Sensex: 57989.90 (+355.06)
NIFTY: 17100.00 (+114.40)
Bnk NIFTY: 39598.10 (+465.50)

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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TEAM BFSIB

**Banking, Financial Services & Insurance Board
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