



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

***December 20, 2022***

### **GOVT. TO TAKE VIEW ON PRIVATISATION OF PSBs AFTER CONSULTATION**

**WITH DFS, REGULATOR:** The government on Monday said it will take a view on privatisation of public sector banks (PSBs) after consultation with the concerned department and regulator. Consideration of issues related to disinvestment and decision on selection, terms and conditions, etc. in case of strategic sale is entrusted to the Cabinet committee designated for this purpose under the Government of India (Transaction of Business) Rules, 1961, minister of state for finance Bhagwat Karad said in a written reply to Lok Sabha. "Before such consideration for decision thereon, consultation is undertaken with the ministries and departments concerned and, where necessary, with the regulator concerned," he said. Replying to another question, Karad said, the gross NPAs of public sector banks had peaked to Rs 8,95,601 crore (Gross NPA ratio of 14.58 per cent) in 2018 primarily as a result of the asset quality review undertaken by the Reserve Bank of India.

***(Moneycontrol)***

**HDFC BANK IN TALKS FOR LOAN OF UP TO \$1 BILLION:** HDFC Bank is seeking to raise as much as \$1 billion via an offshore loan, Bloomberg reported on December 19 citing people with knowledge of the matter. The loan tenor could range from 1-5 years, the report said citing unidentified sources. HDFC Bank is seeking to tap the market as early as the coming month, in anticipation of an increase in credit demand. RBI in July hiked the external commercial borrowing limit to \$1.5 billion and raised the all-in-cost ceiling by 100 basis points in select cases up to December 31, 2022. The minimum average maturity requirement for ECBs in the infrastructure space raised by eligible borrowers has been reduced to three years from the earlier five years.

***(Moneycontrol)***

### **RBI IMPOSES RS 2.66 CRORE PENALTY ON BANK OF BAHRAIN & KUWAIT**

**BSC:** The Reserve Bank on Monday said it has imposed a penalty of Rs 2.66 crore on Bank of Bahrain & Kuwait BSC, India operations for non-compliance with directions on cyber security framework. In a statement, the Reserve Bank of India (RBI) said the bank failed to implement systems to detect unusual and unauthorised, internal or external activities in its database. It also failed to implement security operations centre for obtaining real-time/ near-real time information and insight into the security posture of the bank, and enable audit logs for database and operating system of servers, among others, as per the statement.

***(Economic Times)***



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### **YES BANK COMPLETES TRANSFER OF RS 48,000 CRORE WORTH BAD LOANS TO J.C. FLOWERS:**

Indian private lender Yes Bank said on Monday it completed the transfer of bad loans worth 480 billion rupees (\$5.81 billion) to private equity firm J.C. Flowers, in a deal aimed at cleaning up its balance sheet. The deal, the largest sale of bad loans in the Indian banking sector yet, comes more than two years after the central bank stepped in to take control of the lender after a dramatic rise in toxic assets alarmed investors and depositors.

*(Economic Times)*

### **HDFC BANK TARGETS ISSUING ONE MILLION CREDIT CARDS A MONTH:**

India's largest private bank HDFC Bank Ltd. is seeking to issue a million credit cards a month, a remarkable bounce-back for the lender after the country's regulator banned it from taking on new card clients two years ago. The bank wants to double the current pace of half a million new credit card issuances every month, according to Parag Rao, country head for payments business, consumer finance, digital banking and marketing.

*(Economic Times)*

### **OVER 1 CRORE PEOPLE EMPLOYED IN MSMEs INCORPORATED IN FY22, SHOWS GOVT DATA:**

Minister of state for MSMEs Bhanu Pratap Singh Verma sharing data on employment in MSMEs noted that 1.31 crore people were employed in units incorporated in the financial year 2021-22, up 98 per cent from 66.2 lakh employees in MSMEs incorporated in FY20 or pre-Covid year and 16 per cent more in comparison to 1.12 crore employees in units incorporated in FY21. The data shared by Verma was sourced from Udyam registration portal. This assumes significance as the government intends to add 5 crore more jobs in the MSME sector by 2025 from 11.10 crore jobs as per the National Sample Survey (NSS) 73rd round conducted during the period 2015-16. Meanwhile, according to the latest data from the Udyam portal, nearly 1.28 crore registered MSMEs employed 9.31 crore people including 2.18 crore women employees as of December 19, 2022.

*(Financial Express)*

**BANKS WROTE OFF RS 10 LAKH CRORE LOANS IN LAST 5 YEARS:** Scheduled commercial banks have written off loans amounting to Rs 10,09,511 crore in the last five financial years and the process of recovery of dues from the borrowers continues, Union Finance Minister Nirmala Sitharaman informed the Lok Sabha on Monday. Sitharaman said recovery in NPA (non performing asset) accounts, including written-off loans, was an on-going process. According to RBI data, public sector banks have recovered Rs 4,80,111 crore, including Rs 1,03,045 crore from written-off loans, during the last five financial years, she said. "As per inputs received from the RBI, scheduled commercial banks have written off an amount of Rs 10,09,511 crore during the last five financial years,"

*(Financial Express)*



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## **ELON MUSK LAUNCHES POLL ON WHETHER HE SHOULD QUIT AS TWITTER**

**CEO:** Twitter CEO Musk launched a poll on the social media platform on Sunday asking whether he should step down as head of the company, adding that he would abide by the poll results. The poll is scheduled to close around 1120GMT on Monday although the billionaire did not give details on when he would step down if the poll results said he should. Replying to a user on Twitter later, Musk said "There is no successor" in reference to a possible change in CEO. Musk said told a Delaware court last month that he would reduce his time at Twitter and eventually find a new leader to run the company. The poll comes after Twitter's Sunday policy update, which prohibited accounts created solely for the purpose of promoting other social media firms and content that contains links or usernames for rival platforms.

*(Financial Express)*

## **INDIA SET TO OFFER WHEAT TO FLOUR MILLERS, BISCUIT MAKERS TO TAME PRICES:**

India is set to offer 2 to 3 million tonnes of wheat to bulk consumers such as flour millers and biscuit makers as part of efforts to cool record high prices, two government sources said, even as state reserves have dropped to the lowest in six years. Wheat prices have surged in India this year after a sudden rise in temperatures hit crop yields and output.

*(Business Standard)*

## **LOK SABHA PASSES ANTI-MARITIME PIRACY BILL TO PROMOTE TRADE**

**SECURITY:** Lok Sabha on Monday passed the Anti-maritime Piracy Bill, 2019 that seeks to provide an effective legal instrument to combat piracy not only in territorial waters and the exclusive economic zone (EEZ) but also on the high seas. Speaking in Lok Sabha during the discussion on the Bill, External Affairs Minister S Jaishankar said "The official amendment has provided punishment for life. Earlier, there was provision for death. Now, the provision for death has been amended as per government amendment to punishment to death or with imprisonment for life, if such a person is committing the act of piracy and causes death or an attempt thereof." Notably, the Bill will empower Indian authorities to deal with piracy on the high seas beyond the exclusive economic zone which is 200 nautical miles from the country's coastline.

*(Business Standard)*

## **NOTE IN CIRCULATION RISE 8% ANNUALLY TO RS 32 TRILLION: FINANCE**

**MINISTER:** Finance Minister Nirmala Sitharaman on Monday said note in circulation (NiC) has witnessed an annual growth of 7.98 per cent to Rs 31.92 lakh crore as of December 2, 2022. The demand for currency depends upon several macroeconomic factors, including economic growth and level of interest rates, she said in a reply to the Lok Sabha. The quantum of cash or banknotes in the economy depends on the requirement for meeting the demand for



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banknotes due to GDP growth, inflation, replacement of soiled banknotes and growth in non-cash modes of payment.

*(Business Standard)*

### **ED ATTACHES ₹907 CRORE ASSETS OF CRYPTO EXCHANGES UNDER**

**PMLA:** Parliament was informed on Monday that the Enforcement Directorate (ED) has attached ₹907 crore assets of crypto exchanges and arrested three persons in connection with the money laundering case. GST officers have detected GST evasion worth ₹87.60 crore by 12 crypto exchanges. The authorities have also recovered ₹110.97 crore, including interest and penalty.

*(Live Mint)*



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## ***FINANCIAL TERMINOLOGY/CONCEPTS***

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### **GIFFEN GOODS**

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- ❖ The goods that increase consumption as the price increases are known as the Giffen good. Thus, it violates the law of demand by showing an upwards-sloping curve of the demand. Moreover, all the Giffen goods are always inferior. However, not all the inferior goods shall be considered as the Giffen.
- ❖ The focus of such goods is on non-luxury products with few substitutes. There is a striking difference between Giffen goods and the Veblen goods. Giffen goods, as said earlier, focus on non-luxury items, whereas the Veblen goods only focus on luxury items. The demand for these (Giffen) goods rises on increasing the price. It is contrary to the fundamentals of the law of demand as it creates an upward slope, unlike the downward-sloping demand curves of other goods that obey the law of demand.
- ❖ As stated above, all of these goods are inferior. Therefore, to be a Giffen good, it should be inferior. During the shortage of budget, the people rely more on such goods.
- ❖ The goods must hold a large percentage of the household budget. When the goods have a more significant portion of the budget, only an increase in the product's price will affect the consumer. The goods should have very little or no substitute option. If it does have any substitute, then the substitute must cost more than the actual good, even if the price of the good increases. For example, Rice and wheat are the staple food options for most parts of the world. Therefore, even an increase in their price could not allow other products as its substitute.



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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 : 82.6405  
INR / 1 GBP : 100.6473  
INR / 1 EUR : 87.7670  
INR /100 JPY : 60.7600

### **EQUITY MARKET**

Sensex: 61806.19 (+468.38)  
NIFTY : 18420.50 (+151.50)  
Bnk NIFTY: 43413.80 (+194.30)

### **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.**

**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)**

**To purchase please visit BFSIB portal of ICAI**

**CMA Chittaranjan Chattopadhyay  
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