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DAILY NEWS DIGEST BY BFSI BOARD

23 March, 2023

GOVT TO SELL UP TO 3.5% STAKE IN HAL VIA OFFER FOR SALE: The Centre is planning to sell up to 3.5 percent stake in aerospace and defence company Hindustan Aeronautics Ltd (HAL) via offer for sale (OFS), according to an exchange filing on March 22. The stake sale would be valued at Rs 2,867 crore, and the government has set a floor price of Rs 2,450 apiece, which is at a 6.6 percent discount from its current share price. (Moneycontrol)

MUKESH AMBANI ONLY INDIAN IN TOP 10 HURUN GLOBAL RICH LIST 2023:

Mukesh Ambani, bags the richest Indian title with net worth of \$82 billion. RIL Chairman is the only Indian to feature in the list of top ten billionaires in the world, according to 2023 Hurun Global Rich List. With a net loss of \$28 billion, Gautam Adani slipped to the second spot. With a wealth of \$14 billion, Uday Kotak, Managing Director of Kotak Mahindra Bank, is the tenth richest person in India. Uday Kotak, the founder of the fourth-largest bank in India by market capitalization, is the third wealthiest banker in the 2023 M3M Hurun Global Rich List. (Moneycontrol)

RIL ANNOUNCES LAUNCH OF 'AFFORDABLE' FMCG PRODUCTS: Reliance Industries announced the launch of a range of home and personal care products, including bathing and washing soaps, toilet and floor cleaners and laundry detergents. While the company did not disclose the price points at which the products are being launched, sources indicated that they are at significant discounts to the existing products. A 100-gm bathing soap bar, for instance, will be available at about 30 per cent discount to a comparable product in the market. This is a pan-India launch that its subsidiary Reliance Consumer Products is undertaking through omni channels of distribution across the country over the coming months. (Business Line)

CAS WORRIED AS RBI LETS PSBS DECIDE ON AUDIT EXPOSURE OF

BRANCHES: Chartered accounts (CAs) who audit public sector banks (PSBs) are worried as the Reserve Bank of India has left it to the banks to decide the percentage of their branch business they want to get audited from FY24. Auditors say this would severely impact their ability to properly assess the situation and highlight the risks. For the current financial year, the RBI has drastically reduced the percentage of business of the branches that can be audited. For FY 2022-23, statutory branch audit of PSBs shall be carried out so as to cover a minimum of 70% of all funded and 70% of all non-funded credit exposures.(Earlier it was 90%) (Business Line)

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UK INFLATION JUMPS TO 10.4%, SURPRISING ANALYSTS: Britain's inflation rate rose for the first time in four months in February, surprising an analysts and increasing pressure on the Bank of England to raise interest rates at its meeting on Thursday. The consumer price index jumped to 10.4 per cent in the 12 months through February from 10.1 per cent the previous month, as high energy prices continued to squeeze household budgets, the Office for National Statistics said Wednesday. The central bank has approved 10 consecutive rate increases since December 2021, pushing its key bank rate to 4 per cent. (*Economic Times*)

INDIA PARTICIPATES IN THE 2ND INDO-PACIFIC ECONOMIC FRAMEWORK (IPEF) NEGOTIATING ROUND: An Inter-Ministerial delegation from India led by Department of Commerce participated in the second Indo-Pacific Economic Framework for Prosperity (IPEF) negotiating round in Bali, Indonesia from March 13-19, 2023. Negotiators from 13 other countries, including, the United States, Australia, Brunei Darussalam, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam also participated. **(PiB)**

ROLL OUT OF 'AIS FOR TAXPAYER' MOBILE APP: The Income Tax Department has launched a Mobile app, namely, 'AIS for Taxpayer' to facilitate taxpayers to view their information as available in the Annual Information Statement (AIS) / Taxpayer Information Summary (TIS). 'AIS for Taxpayer' is a mobile application provided free of cost by the Income Tax Department, and is available on Google Play & App Store. The app is aimed to provide a comprehensive view of the AIS/TIS to the taxpayer which displays the information collected from various sources pertaining to the taxpayer. Taxpayers can use the mobile app to view their information related to TDS/TCS, interest, dividends, share transactions, tax payments, Income Tax refunds, Other Information (GST Data, Foreign Remittances, etc.) as available in AIS/TIS. The taxpayer also has the option and the facility to provide feedback on the information displayed in the app. To access this mobile app, the taxpayer needs to register on the app by providing PAN number, authenticate with the OTP sent on mobile number & e-mail registered on the e-filing portal. Subsequent to the authentication, the taxpayer can simply set a 4-digit PIN to access the mobile app. (PiB)

PRESIDENT OF INDIA PRESENTS PADMA AWARDS 2023: The President of India, Smt Droupadi Murmu presented 3 Padma Vibhushan, 4 Padma Bhushan and 47 Padma Shri Awards for the year 2023 at the Civil Investiture Ceremony-I held at Rashtrapati Bhavan on March 22, 2023. Of the 106 Padma awards that were announced, six are Padma Vibhushan, nine are Padma Bhushan and 91 are Padma Shri. Mulayam Singh Yadav, Zakir Hussain, KM Birla and Sudha Murty are among 106 Padma Award recipients this year.

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(PiB)

PMFME SCHEME FOR MICRO FOOD PROCESSING UNITS SANCTIONS OVER

25,000 LOANS: PM Formalisation of Micro Food Processing Enterprises Scheme (PMFME), which offers credit-linked subsidy to set up or upgrade micro food processing units, has received over 1,02,515 loan applications so far. Out of the applications received, 25,774 loan applications have been sanctioned, according to the data shared by the minister of food processing industries Pashupati Kumar Paras in a written reply to a question in the Lok Sabha on Tuesday. The scheme looks to support the setting up of 2 lakh micro food processing enterprises through credit-linked subsidy during the five-year period from 2020-21 to 2024-25 with an outlay of Rs 10,000 crore.

(Financial Express)

PFC SIGNS AGREEMENT WITH JAPAN'S JBIC FOR PROJECT LOAN OF RS

165 CR: Power Finance Corporation has inked a pact with Japan Bank for International Cooperation (JBIC) for a project loan of JPY 2.65 billion or about Rs 165 crore. Under this facility, JBIC has proposed to finance some of PFC's projects which ensure effective reduction of greenhouse gas emissions and conservation of the global environment. This pact was executed under a general agreement signed between PFC and JBIC for JPY (Japanese Yen) 30 billion.

(Business Standard)

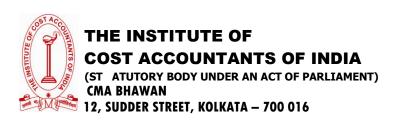
WORLD BANK ARM IFC TO INVEST RS 600 CR IN M&M's NEW LAST-MILE

MOBILITY FIRM: In a bid to scale up the penetration of affordable electric three-wheelers and small commercial vehicles (SCV), World Bank arm IFC is investing Rs 600 crore in a new last-mile mobility company wholly owned by Mahindra and Mahindra (M&M). The firm will be a newly incorporated company (NewCo). This is IFC's first investment in an Indian EV manufacturer and the first in electric three-wheelers globally. It will be in the form of compulsory convertible instruments at a valuation of up to Rs 6,020 crore. The Rs 600 crore investments will give IFC an ownership of 9.97-13.64 per cent in the NewCo.

(Business Standard)

PNB, IOB, DCB BANK TO OFFER AT1 BONDS; MAY HAVE TO OFFER

PREMIUM RATES: Punjab National Bank (PNB), Indian Overseas Bank (IOB), and DCB Bank may have to offer higher interest rates on their bonds as they plan to sell them at a time when global banks have come under immense pressure, according to a report published in The Economic Times (ET). The troubles have been exacerbated after the Swiss regulator decided to write down nearly \$17 billion of Additional Tier 1 (AT1) instruments in the Credit Suisse bailout.



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(Business Standard)

PHDCCI SEEKS REVIVAL OF CREDIT LINKED SUBSIDY FOR MICRO, SMALL

UNITS: Industry body PHDCCI has approached the government seeking reintroduction of the Credit Linked Capital Subsidy Scheme to facilitate technology upgradation of micro and small enterprises. The scheme provided an upfront capital subsidy of 15 per cent subject to a maximum amount of Rs 15 lakh on institutional finance availed by the enterprises for induction of well-established and improved technology in the specified 51 sub-sectors/products. It was valid till 2019-20 and was discontinued thereafter.

(Business Standard)



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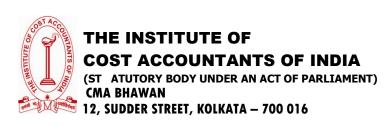
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FINANCIAL TERMINOLOGY/CONCEPTS

AT1 BONDS

- ❖ AT1 bonds are a type of unsecured, perpetual bonds that banks issue to improve their core capital base. The money raised through these bonds is kept aside as a shock absorber by the bank. When in trouble, banks can convert AT1 bonds to equity or be written down. These bonds were created in the wake of the 2008 financial crisis to absorb the losses. Using money raised through these bonds reduces the chances of a taxpayer payout. AT1 bonds are also called contingent convertible bonds or CoCos.
- These bonds are also mandatory under Basel=III norms. The banks must maintain capital at a minimum ratio of 11.5 per cent of their risk-weighted loans. Of this, 9.5 per cent needs to be in Tier-1 capital. AT1 bonds fall under this type of capital. These bonds are long-term and do not carry any maturity date. Because of a higher risk, they offer a higher yield.
- ❖ In the recent Credit Suisse crisis, the investors' fear was accentuated after the UBS-Credit Suisse deal wiped out \$17 billion worth of additional tier one (AT1) bonds of Credit Suisse. The owners of these have been left in the cold as they would now not receive even a single penny in the payout. Generally, when a bank fails, the bondholders rank higher in the pecking order than the shareholders. But in the case of Credit Suisse, the shareholders will receive some compensation while the bondholders will not. The question of hierarchy has spread panic across bond investors with other banks.
- In 2020, India's private lender YES Bank wrote off AT1 bonds worth Rs 8,415 crore as a part of its bailout. The investors took the matter to the courts, and in January this year, the Bombay High Court quashed the bank's decision to write off the bonds.



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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 : 82.6799 INR / 1 GBP : 101.2812 INR / 1 EUR : 88.5237 INR /100 JPY : 62.8900

EQUITY MARKET

Sensex: 58214.59 (+139.91) NIFTY: 17151.90 (+44.40) Bnk NIFTY: 39999.10 (+104.40)

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- Certificate Course on Treasury and International Banking
- Certificate Course on InvestmentManagement
- Certificate Course on General Insurance.

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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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