



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

January 25, 2023

GOLD HITS ALL-TIME HIGH OF RS 57,000, DEMAND DECLINES: Gold touched an all-time high of ₹57,000 per 10 gm on Tuesday, which is ₹800 more than in August 2020 when the rate had peaked at ₹56,200 per 10 gm during the covid pandemic. Jewellers said only those who have marriages in the family are buying gold now and the volume of gold jewellery consumption has dropped by 25%.

(Economic Times)

US SUES GOOGLE ON DIGITAL AD BUSINESS DOMINANCE: The US Justice Department filed a lawsuit against Alphabet's Google on Tuesday over allegations that the company abused its dominance of the digital advertising business, according to a court document. "Google has used anticompetitive, exclusionary, and unlawful means to eliminate or severely diminish any threat to its dominance over digital advertising technologies," the government said in its antitrust complaint. While Google remains the market leader by a long shot, its share of the U.S. digital ad revenue has been eroding, 28.8% last year from 36.7% in 2016, according to Insider Intelligence. Google's advertising business is responsible for some 80% of its revenue.

(Economic Times)

BANKS RELYING ON COSTLY MARKET BORROWINGS FOR LENDING: Banks are relying more on costly market borrowings instead of deposits to meet credit demand. Experts say that banks are yet to turn aggressive in mobilising deposits on concerns of getting stuck with expensive long-tenor term deposits when the interest rate cycle turns. An ET analysis shows that market borrowings by banks doubled to Rs 4.4 lakh crore in 2022. Also, at high deposit rates a lot of CASA deposits are also getting converted to term deposits, so it's a wait and watch mode in switching toward aggressive raising of deposits." Banks have sharply increased their market borrowings to lend as core deposit growth has trailed the demand for loans.

(Economic Times)

STATES INTEREST COST INCHES UP AS BORROWING GROWS 8 PC: After remaining stable for many weeks, the cost of borrowing for states inched up by 5 basis points to 7.64 per cent at Tuesday's auction when 15 of them raised Rs 25,700 crore from the market. The amount of debt raised today is a 13-week high and for the first time shows an annualised growth of 8 per cent year-to-date a first as throughout the year, the weekly borrowing has been below the year-ago weeks, yet 15 per cent lower than the indicated amount in the borrowing



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calendar, according to ICRA ratings. States have cumulatively raised Rs 5.12 lakh crore from the market, 6.7 per cent lower than what they did last year when it was Rs 5.46 lakh crore.

(Economic Times)

GOING FULLY T+1 FROM FRIDAY, INDIA WILL BE FASTEST MARKET IN THE WORLD TO SETTLE TRADES:

India is set to be the world's fastest stock market in terms of settlement of equity trades. Come January 27, all the blue-chip and large-cap stocks in India (constituting 80 per cent of market capitalisation) will be settled on T+1 cycle. Simply put, if anybody bought a stock on Monday, it would be in their account on Tuesday. Globally, it takes at least two days to settle trades. The US and Canada, too, have plans for T+1 settlement.

(Business Line)

UCO BANK POSTS HIGHEST-EVER PROFIT AT ₹653 CRORE: Riding on the back of a higher net interest income and other income, UCO Bank posted 110 per cent growth in net profit at ₹653 crore in the third quarter of FY23, as against ₹310 crore in the year-ago period. The gross NPA as a percentage of advances reduced to 5.63 per cent (8 per cent) while net NPA reduced to 1.66 per cent (2.81 per cent).

(Business Line)

PNB & AADHAR HOUSING FINANCE ENTER INTO CO-LENDING

PARTNERSHIP: Punjab National Bank (PNB) and Aadhar Housing Finance Ltd (AHFL) have entered into a co-lending agreement to offer home loans at competitive interest rates. Through this partnership, the aim is to reach out to a large section of society viz. economically weaker, lower, and middle-income groups for providing easy, convenient, and efficient home finance solutions to customers.

(Business Line)

SIDDHARTH SHARMA APPOINTED CEO OF TATA TRUSTS, APARNA UPPALURI AS COO:

Tata Trusts, one of the country's oldest public charitable foundations, on Tuesday appointed Siddharth Sharma as the Chief Executive Officer (CEO) of the Trusts and Aparna Uppaluri as the Chief Operating Officer (COO). 54-year-old Sharma, the chief sustainability officer at Tata Sons, will succeed N Srinath, who stepped down from the CEO's post in 2022 following his retirement. The company will create the COO post for the first time to accommodate Uppaluri, who is currently the programme director for India, Nepal and Sri Lanka at the Ford Foundation.

(Mint)



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CITI APPOINTS ADITYA BAGREE AS HEAD OF MARKETS FOR INDIA AND SOUTH ASIA:

Citi on Tuesday announced the appointment of Aditya Bagree as the head of markets for Citi India and the South Asia cluster, consisting of Sri Lanka and Bangladesh. Bagree replaces Badrinivas NC (Badri), who was recently appointed as the head of markets treasury for Citi, Asia Pacific.

(Mint)

PEPSICO FOUNDATION, CARE BRING GLOBAL WOMEN FARMER PROGRAMME TO BENGAL:

PepsiCo Foundation and CARE on Tuesday announced the expansion of their global 'She Feeds the World' programme to India in West Bengal, home to the company's first food factory in the country. The programme 'She Feeds the World' focuses on strengthening the role of small-scale women producers across three dimensions: economic, social and environmental. At the economic level, it would build capabilities for the small-scale farmers; socially, the project aims to promote equitable access to knowledge, resources and inclusive markets and from an environmental perspective, it would tackle soil, water, biodiversity and carbon footprint issues. Through an \$18 million, five-year global partnership between the PepsiCo Foundation and CARE International, She Feeds the World is already supporting female farmers in Egypt, Uganda, Peru, Thailand and Vietnam.

(Business Standard)

RBI APPROVES APPOINTMENT OF PRABDEV SINGH AS INDIA HEAD OF JPMORGAN CHASE:

JPMorgan Chase & Co. has received approval from India's central bank to name Prabdev Singh as the lender's chief executive officer in the country. Singh had been JPMorgan's interim CEO since November, replacing Madhav Kalyan who in October was named head of payments for Asia Pacific. The Wall Street firm, which traces its presence in India back to 1922, started commercial banking operations in the country about 15 years ago. JPMorgan has four commercial bank branches in the country, data on its website show.

(Mint)

GOVT ALLOWS FERTILISER ENTITIES TO FILE BILL OF ENTRIES FOR UREA IMPORTS:

Fertiliser marketing entities (FME), authorised by the government, have been allowed to file bill of entries at Indian ports for import of urea for agriculture purpose on government account, according to a notification of the commerce ministry issued on Tuesday. This new provision was added in the import policy condition of urea.

(Business Standard)

INDIA TO ENTER GREEN BOND MARKET WITH \$1 BILLION DEBUT AUCTION ON WEDNESDAY:

India's first sovereign green bond will go to auction Wednesday.



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Authorities have promoted the 80 billion rupee (\$984 million) issue to the country's biggest domestic asset managers, including state-run insurers and pension funds as well as foreign investors. The insurance industry regulator will allow the bonds to count toward insurers' required infrastructure investments. Banks can use it toward mandatory government holdings, and there's no limit for foreign buyers.

(Business Standard)

GAUTAM ADANI SLIPS TO 4TH SPOT ON WORLD RICH LIST; NET WORTH DECLINES \$872 MILLION IN 24 HOURS: Amazon founder Jeff Bezos on Tuesday replaced Adani Group chairman Gautam Adani to become the world's third-richest man. With a total net worth of \$120 billion, Adani, who was until recently among the three wealthiest individuals in the world, slipped to the fourth spot, according to the Bloomberg Billionaires Index, a daily ranking of the world's richest people. Adani's net worth declined by \$872 million in the last 24 hours. According to the rankings, French luxurious brand Louis Vuitton founder Bernard Arnault holds the top spot with a total net worth of \$188 billion, followed by Tesla founder Elon Musk with a net worth of \$45 billion and Amazon founder Jeff Bezos at \$121 billion.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

DISTRIBUTED LEDGER TECHNOLOGY (DLT)

- ❖ Distributed ledger technology is a decentralised peer-to-peer digital system for recording transactions between parties in multiple places at the same time. DLT deploys cryptography and consensus mechanisms to allow participants to share an immutable replica of the same ledger. It gets rid of the need for a centralised store of data and dispenses with the requirement for a central authority to carry out administrative functions, as is necessary with traditional databases.
- ❖ Blockchain, a subset of DLT, is a public permissionless ledger open to all interested participants, who may also remain anonymous to one another. All transaction data is shared with and appended by all participants with consensus achieved at the ledger level. The bitcoin blockchain is an example of a public permissionless distributed ledger.
- ❖ But DLT also includes permissioned private ledgers which are better suited to uses where privacy of transactional data is important, as is often the case with financial services applications. Participants in permissioned private ledgers are universally known to each other and the set of users who have the right to validate transactions is restricted. Information about transactions is only shared with those parties to a transaction and consensus is achieved by appending digital signatures to a smart contract, not by consulting a majority of users of the ledger.
- ❖ In a distributed ledger, data is stored across a series of decentralised 'nodes' as opposed to in one centralised system. In the context of derivatives, nodes on a network might include counterparties to a trade, regulators and others.



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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 : 81.6020
INR / 1 GBP : 101.0951
INR / 1 EUR : 88.7841
INR /100 JPY : 62.7100

EQUITY MARKET

Sensex: 60978.75 (+37.08)
NIFTY: 18118.30 (-0.20)
Bnk NIFTY: 42733.45 (-87.85)

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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CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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