



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

January 28, 2023

EQUITY MUTUAL FUNDS MOVE TO T+2 REDEMPTION PAYMENT CYCLE: AMFI:

In a move to benefit investors, all AMC's in India will move to T+2 redemption payment cycle for equity schemes from February. The Association of Mutual Funds in India (AMFI) said that the move will be implemented uniformly with effect from February 1, 2023. The announcement has come on the heels of Indian equity markets moving to a T+1 settlement cycle for all stocks, shortening the settlement cycle by a day.

(Moneycontrol)

SEBI INCREASES SCRUTINY OF ADANI GROUP: India's market regulator has increased scrutiny of deals by the Adani Group over the past year and will study a report issued by short-seller Hindenburg Research to add to its own ongoing preliminary investigation into the group's foreign portfolio investors, according to sources aware of the matter. On Wednesday, the U.S. short-seller said it held short positions in the Indian conglomerate, accusing it of improper use of offshore tax havens and flagging concerns about high debt, leading to a massive sell-off of India-listed shares of the conglomerate's companies.

(Moneycontrol)

EXPOSURE OF INDIAN BANKS TO OVERALL ADANI GROUP DEBT HAS REDUCED MATERIALLY: CLSA:

Amid the dust raised by Hindenburg Research's report on the Adani Group, CLSA said the Indian banking sector's exposure to the group is less than 40 per cent of total group debt. Analysts with the institutional brokerage and investment group, in a report, estimated that on an absolute level, exposure of banks to top-5 Adani group companies—Adani Enterprises, Adani Ports, Adani Power, Adani Green and Adani Transmission—is ₹70,000-80,000 crore of the group's consolidated debt of ₹2 lakh crore in FY22. "While debt levels have doubled from ₹1-lakh crore to ₹2-lakh crore in the past three years, bank debt has increased by more than 25 %." "The share of bank debt in overall group debt has reduced materially and we estimate that incrementally banks have only lent ₹15,000 crore, or 15 % of the ₹1 lakh crore the group companies have borrowed over the past three years," said the analysts.

(Business Line)

OVERALL AREA OF RABI CROPS UP 3% AS SOWING NEARS COMPLETION: The area under all rabi crops has increased by 3 per cent from a year ago as sowing has nearly been completed except in paddy where another 30 lakh hectares (lh) are likely to be covered over the next two months. This might take the total area under rabi crops to over 730 lh. The total area under all rabi crops has increased to 700.92 lh in the ongoing season against 678.78 lh a year ago.

(Business Line)



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INDIA'S TOP BANKS SAY ADANI EXPOSURE WITHIN RBI LIMITS BUT REMAIN

WATCHFUL: Some of India's leading public sector banks said their exposure to the Adani Group was within the limits prescribed by the central bank, assuaging fears of default risks from their exposure to the conglomerate. The conglomerate, helmed by Gautam Adani, has come under attack from U.S. short-seller Hindenburg Research, leading to a sharp fall in shares of group companies and the lenders that have exposure to it. RBI allows for no more than 25% of a bank's available eligible capital for exposure to any one group of connected companies.

(Economic Times)

SIX BANKS JOIN GRANT THORNTON IN LEGAL FIGHT AGAINST WINSOME'S

MEHTAS: At least half a dozen banks in India (IDBI Bank, Axis Bank, Exim, Bank of Maharashtra, Standard Chartered Bank and State Bank of Mauritius) have staked their claims on the future spoils of a complex legal battle in a London court spearheaded by Grant Thornton UK against Jatin Mehta and his family, the promoters of one of the country's largest wilful defaulters Winsome group.

(Economic Times)

INDIA-UAE TRADE DEFICIT WIDENS TO \$5 BN POST FTA: Eight months into a free trade agreement with the United Arab Emirates, India's trade gap with the Gulf nation has widened by more than \$5 billion, lifted by elevated global crude oil prices and increase in non-oil trade. While India's exports to the UAE grew by 11% during this period to \$20.25 billion, imports climbed 24.4% to \$36.23 billion, data from the department of commerce showed. This caused a trade gap of \$15.98 billion, compared to a deficit of \$10.89 billion in the corresponding period last year. India's non-oil trade deficit more than doubled between May and December 2022 to about \$2.2 billion from \$1.01 billion a year earlier. The India-UAE comprehensive economic partnership agreement (CEPA) came into force on 1 May 2022.

(Mint)

CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS (CBIC) CELEBRATES

INTERNATIONAL CUSTOMS DAY, 2023: The Central Board of Indirect Taxes and Customs (CBIC) and all its field formations observed the International Customs Day, 2023 on 27th January 2023. The theme for this year, as given by the World Customs Organisation (WCO) was "Nurturing the Next Generation: Promoting a Culture of Knowledge-sharing and Professional Pride in Customs".

(Press Information Bureau)

EPFO LAUNCHES "NIDHI AAPKE NIKAT 2.0"- A DISTRICT OUTREACH PROGRAM FOR EXPANDING ITS PRESENCE IN THE COUNTRY:

Employees' Provident Fund Organisation launched a massive district outreach program in all the districts of the country through a revamped Nidhi Aapke Nikat program. The aim of this program is to reach all the districts of the country on the same day i.e. 27th of every month. EPFO organized camps in 685 districts of the



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country. The initiative as the new face of service delivery which would go a long way in strengthening the relationship between the organization and its stakeholders.

(Press Information Bureau)

BANK CREDIT GROWTH RISES TO 16.5% TO RS 132.81 TRILLION IN JAN 13

FORTNIGHT: After a slight moderation in growth in the previous fortnight, bank credit growth picked up in the fortnight ended January 13, 2023, with 16.5 % YoY growth to Rs 132.81 trillion, latest data released by RBI showed. Having said that, in the first fortnight of the calendar year, credit growth contracted 0.2 %. Meanwhile, deposit growth gathered pace as deposits accretion in the system grew at 10.6 % YoY to Rs 176.74 trillion in the fortnight ended January 13. In the previous fortnight ended December 30, deposit accretion grew at 9.2 % YoY.

(Business Standard)

BharatPe LOSES RS 5,610 CR IN FY22 AFTER CHANGE IN FAIR VALUE OF

CCPS: Fintech platform BharatPe suffered huge losses to the tune of Rs 5,610.7 crore in the financial year 2021-22, due to a one-time non-cash expense related to change in fair value of compulsory convertible preference shares (CCPS). In FY21, the company had posted a net loss of Rs 1,619.2 crore. Apart from the CCPS cost, the company's adjusted loss grew 2.2 times to Rs 828.2 crore in FY22, from Rs 227.3 crore in the earlier fiscal year, according to its financial statement with the Registrar of Company (RoC).

(Business Standard)

MICROSOFT PARTNERS WITH GLOBAL SOLAR LEADER QCELLS TO CURB CARBON EMISSIONS:

Tech giant Microsoft has announced that it has partnered with global solar leader Qcells to curb carbon emissions and power the clean energy economy. The "strategic alliance" aims to enable a strong supply chain for new renewable electricity capacity projected to require at least 2.5 gigawatts of solar panels and related services, which is equivalent to powering over 400,000 homes, Microsoft said in a blogpost on Wednesday. Qcells, owned by Hanwha Solutions headquartered in Seoul, will work with the tech giant to create solar projects and will also provide panels and engineering, procurement and construction (EPC) services to selected solar projects Microsoft has contracted for through power purchase agreements (PPAs).

(Business Standard)

RBI's FOREIGN EXCHANGE RESERVES RISE \$1.7 BN IN A WEEK TO \$573 BN:

RBI's foreign exchange reserves climbed \$1.7 billion to \$573.73 billion in the week ended January 20, latest data showed. The rise was on account of an increase in the RBI's foreign currency assets as well as its gold holdings. The foreign currency assets rose \$839 million to \$506.36 billion, while gold reserves increased by \$821 million to \$43.71 billion in the previous week, the data showed.

(Business Standard)



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LIC LOSES RS 18,000 CRORE IN JUST 2 DAYS AS ADANI GROUP STOCKS

CRASH: The ongoing fall in Adani Group stocks made a deep dent in their investors' portfolios in mere two trading sessions. The country's biggest institutional investor, Life Insurance Corporation of India (LIC), is one of those affected investors. LIC's combined investment in Adani group stocks plunged to Rs 62,621 crore on January 27, 2023 from Rs 81,268 crore on January 24, 2023, indicating a notional loss of Rs 18,647 crore.'

(Business Today)



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FINANCIAL TERMINOLOGY/CONCEPTS

BALANCED ADVANTAGE MUTUAL FUNDS

- ❖ A balanced advantage fund as 'an open-ended fund that must invest in equity / debt that is managed dynamically'. Investors should not confuse a balanced advantage fund with a balanced fund. Although both fall under the hybrid fund category, a balanced hybrid fund (as per SEBI guidelines) must invest between 40 percent and 60 percent of the total assets in equity and equity related instruments of total assets, whereas 40 percent to 60 percent of total assets in debt instruments. However, in a balanced advantage fund, the fund manager has to take the existing market conditions into consideration and then dynamically allocate assets to equity and debt in accordance with the scheme's investment objective.
- ❖ Since this fund adjusts its asset allocation dynamically depending on market conditions, there is no point of investing in a balanced advantage fund for the short term. Balanced advantage funds do invest a certain portion of their total assets in equity and equity related instruments.
- ❖ This is a unique type of hybrid fund which is why adding balanced advantage to your portfolio will not be a bad idea at all. The fund managers have the liberty of dynamically allocating assets and this flexibility of shifting assets depending on market vagaries may actually help investors.



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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 : 81.6263
INR / 1 GBP : 100.6523
INR / 1 EUR : 89.0135
INR /100 JPY : 62.5900

EQUITY MARKET

Sensex: 59330.90 (-874.16)
NIFTY: 17604.30 (-287.70)
Bnk NIFTY: 40345.30 (-1302.35)

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)**

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CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

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