



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

**November 30, 2022**

### **OPERATIONALISATION OF CENTRAL BANK DIGITAL CURRENCY- RETAIL**

**(e₹-R) PILOT:** RBI announces the launch of the first pilot for retail digital Rupee (e₹-R) on December 01, 2022. The pilot would cover select locations in closed user group (CUG) comprising participating customers and merchants. The e₹-R would be in the form of a digital token that represents legal tender. It would be issued in the same denominations that paper currency and coins are currently issued. It would be distributed through intermediaries, i.e., banks. Users will be able to transact with e₹-R through a digital wallet offered by the participating banks on mobile phones / devices. Transactions can be both Person to Person (P2P) and Person to Merchant (P2M). Payments to merchants can be made using QR codes displayed at merchant locations. Eight banks have been identified for phase-wise participation in this pilot. The first phase will begin with four banks, viz., State Bank of India, ICICI Bank, Yes Bank and IDFC First Bank in four cities across the country.

**(RBI press release)**

### **SEBI INTRODUCES CREDIT RATING WISE INVESTMENT LIMIT FOR ACTIVE**

**DEBT FUNDS:** Securities and Exchange Board of India (Sebi) on November 29 introduced credit rating-based single issuer limit for investment for most actively managed debt mutual fund schemes. The market regulator in a circular said for schemes other than credit risk funds, a mutual fund scheme will not invest more than 10 percent of its NAV (net asset value) in debt and money market securities rated AAA by a single issuer. Similarly, the limit is 8 percent for those rated AA and 6 percent for those rated A and below. "The above investment limits may be extended by up to 2 percent of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC (asset management companies), subject to compliance with the overall 12 percent limit specified in clause 1 of Seventh Schedule of MF Regulation,". Under Sebi MF Regulations, a mutual fund scheme is not allowed to invest more than 10 percent of its NAV in debt instruments, issued by a single issuer.

**(Moneycontrol)**

### **SBI BOARD APPROVES RAISING RS 10,000 CRORE VIA INFRASTRUCTURE**

**BONDS:** SBI approved raising Rs 10,000 crore through infrastructure bonds during the financial year 2023, the lender said in an exchange filing. "Raising Infrastructure Bonds up to an amount of Rs. 10,000 crores (including a green shoe option of Rs. 5,000 crores) through a public issue or private placement, during FY23," the release said.

**(Moneycontrol)**



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**TATA GROUP TO MERGE VISTARA WITH AIR INDIA:** The Tata Group today announced the consolidation of its airlines, Vistara and Air India. With this consolidation, Air India with a combined fleet of 218 aircraft shall become India's largest international carrier and second-largest domestic carrier.

*(Business Line)*

**SIDBI INKS MoU WITH FRENCH DEVELOPMENT AGENCY FOR COOPERATION ON CLIMATE CHANGE, GREEN FINANCE:**

SIDBI and France's public financial institution Agence française de développement (AFD) on Tuesday announced signing a memorandum of understanding for strengthening cooperation on climate change and "greening" finance. The partnership will look at a "sustainable finance facility" towards green finance and other projects related to SIDBI and in turn aim to strengthen the implementation of India's climate pledge to the Paris Agreement and net-zero emissions target by 2070. The two entities will define potential cooperation and business development areas related to the Green Indian Financial System (GIFS) initiative.

*(Financial Express)*

**Airtel SEES STRONG UPTAKE OF SOVEREIGN CLOUD OFFERING AMONG PSU BANKS, GOVT:**

In a bid to strengthen its cloud business, India's second-largest telecom operator Bharti Airtel is banking on public sector banks and government departments with its newly launched sovereign cloud offering. According to the company, the solutions will help public sector companies, especially banks and other government organisations, to fast-track their digital transformation journey and manage their critical data securely over a private cloud. The concept of a sovereign cloud has emerged at a time when the world is grappling with data privacy and security issues. Through sovereign cloud, the companies can manage critical data in compliance with government laws that require them to store data within the local geography.

*(Financial Express)*

**FINTECH LENDERS DISBURSE RS 14K-CRORE LOANS IN SECOND QUARTER OF FY23:**

Fintech lending values have recovered consistently in the past few quarters, outpacing the previous year's growth by a huge margin. According to The Fintech Association for Consumer Empowerment (FACE), a lobby group consisting of around 32 fintech lenders, the total value of loans disbursed by its members increased by around 216% in Q2FY23 in comparison to the same period last year, whereas the volume of loans disbursed has seen a 149% growth over the last year.

*(Financial Express)*



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**AXIS BANK EYES RURAL PIE; ICICI BANK, HDFC BANK LEAD:** Axis Bank is looking to increase its penetration in the rural and semi-urban markets by adding 75-80 new branches in the current financial year, through its Bharat banking division. Axis Bank currently has 43% of its total 4,758 branches in these geographies. In comparison, ICICI Bank and HDFC Bank have 52% and 50% of its total branches in those geographies, respectively.

*(Financial Express)*

**CENTRE LIFTS BAN ON EXPORTS OF ORGANIC NON-BASMATI RICE:**

India decided on Tuesday to lift the ban on exports of organic non-basmati rice, including broken rice after the easing of domestic supplies moderated prices. The government had, in early September, banned the export of broken rice with an aim to increase domestic availability. This followed a 20 per cent duty on the export of non-basmati rice aimed at shoring up domestic supplies after prices surged in retail markets.

*(Economic Times)*

**GeM CROSSES RS 1 TRILLION IN GROSS MERCHANDISE VALUE, SHOWS**

**DATA:** The Government e-Marketplace (GeM) portal on Tuesday crossed Rs 1 trillion in gross merchandise value (GMV) this financial year, according to the official data. Cumulatively, GeM has surpassed GMV worth Rs 3 trillion since inception and the number of transactions on GeM exceeded 12 million. “The target for FY23 for the GeM portal is to achieve Rs 1.5 trillion in GMV. But, citing the pace of growth, it seems that we will be able to exceed the target,” he added. In terms of value, Gujarat is the top state in procuring from the portal, followed by Uttar Pradesh, Maharashtra, and Madhya Pradesh. GeM is an online platform for government users launched in 2016, and it leverages technology to enhance transparency, efficiency, and speed in public procurement. It provides the tools for e-bidding, reverse e-auction, and demand aggregation to facilitate government users and achieve the best value of their money.

*(Business Standard)*

**GROUNDING JET AIRWAYS' CABIN CREW ASSOCIATION MOVES NCLT FOR LIQUIDATION:**

A Jet Airways employees' union has moved court for liquidation amid continued differences between lenders and the Kalrock-Jalan consortium over the revival of the grounded airline. Last month, the consortium had made an application to the National Company Law Tribunal (NCLT) seeking control of the airline. The consortium said it has fulfilled all the conditions according to the plan and said banks should initiate steps to hand the company over to them.

*(Business Standard)*



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### **GOVT EXEMPTS ISRO FROM PROVISIONS OF EXPLOSIVES RULE TO PROMOTE BUSINESS:**

The government has exempted the Indian Space Research Organisation (ISRO) from taking its approval for manufacturing, storage, use and transportation of solid propellant for space rockets to promote ease of doing business. Earlier, ISRO was required to take a license from the Petroleum and Explosives Safety Organisations (PESO), an arm of the department for promotion of industry and internal trade (DPIIT).

**(Business Standard)**

### **FLIPKART TO GO FOR \$700 MILLION ESOP BUYBACK DURING PHONEPE FUNDING:**

As part of PhonePe's new financing round, Flipkart is likely to go for a \$700 million employee stock buyback. In this round, PhonePe is expected to raise \$1.5-2 billion and the round will be led by Walmart, a report in the *Economic Times (ET)* said. Currently, PhonePe, valued at \$5.5 billion, is categorised as an asset in Flipkart's valuation, the report added.

**(Business Standard)**



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

### **GREEN SHOE OPTION**

- ❖ The term greenshoe originated in 1919 when the company named Greenshoe manufacturing company, which is now known as the Stride Rite Corporation, introduced a specific clause into their underwriting agreements. This clause allowed the underwriters to purchase or sell some percentage of the company's total shares. This is over and above the number of shares that are allotted in the IPO in the first place. This is done for regulating IPO prices and is now known as the greenshoe option.
- ❖ The greenshoe provides initial stability and liquidity to a public offering. As an example, a company intends to sell one million shares of its stock in a public offering through an investment banking firm, which the company has chosen to be the offering's underwriters. The underwriters function as the brokers of these shares and find buyers among their clients. A price for the shares is determined by careful examination of their value and expected worth. When shares begin trading in a public market, the lead underwriter is enabled to help the shares trade at or above the offering price.
- ❖ When a public offering trades below its offering price, the offering is said to have "broke issue" or "broke syndicate bid". This can create the perception of an unstable or undesirable offering, which can lead to further selling and hesitant buying of the shares. To manage this situation, the underwriters initially oversell ("short") the offering to clients by an additional 15% of the offering size (in this example, 1.15 million shares). When the offering is priced and those 1.15 million shares are "effective" (become eligible for public trading), the underwriters are able to support and stabilize the offering price bid (also known as the "syndicate bid") by buying back the extra 15% of shares (150,000 shares in this example) in the market at or below the offer price. The underwriters can do this without the market risk of being "long" this extra 15% of shares in their own account, as they are simply "covering" (closing out) their short position.
- ❖ When there is high demand for an offering, it causes the price of shares of the stock to rise and remain above the offering price. If the underwriters were to close their short position by purchasing shares in the open market, they would incur a loss by purchasing shares at a higher price than the price at which they sold them short.
- ❖ The greenshoe (over-allotment) would now come into play. The company had initially granted the underwriters the ability in the greenshoe clause to purchase from the company up to 15% more shares than the original offering size at the original offering price. By exercising the greenshoe, the underwriters are able to close their short position by purchasing shares at the same price for which they short-sold the shares, so the underwriters do not lose money.



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### **RBI KEY RATES**

Repo Rate: 5.90%  
SDF: 5.65%  
MSF & Bank Rate: 6.15%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 81.7121  
INR / 1 GBP : 98.0665  
INR / 1 EUR : 84.8248  
INR /100 JPY : 58.9600

### **EQUITY MARKET**

Sensex: 62681.84 (+177.04)  
NIFTY : 18618.00 (+55.20)  
Bnk NIFTY: 43053.40 (+33.00)

### **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)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

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