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Current Banking

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English

Part-1



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Banking, Finance & Economy PDF 2023 – January

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RBI IN NEWS

SBI, HDFC & ICICI Banks in the RBIs 2022 list of D-SIBs

On January 2, 2023, the Reserve Bank of India (RBI) released the 2022 list of Domestic Systemically Important Banks (D-SIBs) based on the data from March 31, 2022. In this, State Bank of India (SBI), ICICI Bank, and HDFC Bank kept the status as D-SIBs, under the same bucketing structure as in the 2021 list of D-SIBs.

- D-SIBs are interconnected entities, whose failure can impact the whole of the financial system and create instability. They are also known as **'too-big-to fail'** banks.

Highlight:

i.SBI will be in the **3rd** bucket with an Additional Common Equity Tier (CET)- 1 requirement as a percentage of Risk Weighted Assets (RWAs) of **0.60%**.

ii.ICICI Bank, and HDFC Bank will be in the **1st** bucket with an Additional CET-1 requirement as a percentage of RWAs of **0.20%**.

Table showing list of D-SIBs with Additional CET1 capital requirement:

Bucket	Banks	Additional CET1 requirement (as a percentage of RWAs)
5	-	1.00%
4	-	0.80%
3	State Bank of India	0.60%
2	-	0.40%
1	ICICI Bank, HDFC Bank	0.20%

Key Points:

i.The additional CET-1 requirement for D-SIBs was launched on April 1, 2016, and became effective from April 1, 2019.

ii.The additional CET1 requirement will be in addition to the capital conservation buffer.

iii.SBI and ICICI Bank were designated as D-SIBs in 2015 and 2016 respectively while HDFC Bank became D-SIB in 2017.

Background:

In 2014, the Framework for dealing with D-SIBs was introduced by the RBI. Under this, the Reserve Bank is required to disclose the names of banks designated as D-SIBs starting from 2015 and place these banks in appropriate buckets depending upon their Systemic Importance Scores (SISs).

i.Based on the bucket in which a D-SIB is placed, an additional CET has to be applied to it.

ii.There is Global Systemically Important Bank (G-SIB) also which is a foreign bank having a branch in India.

- It has to maintain an additional CET1 capital surcharge in India as applicable to it as a G-SIB, proportionate to its RWAs in India.

How D-SIBs are Selected and Assessed?

i.The D-SIBs will be selected by RBI based on the size of the bank as a percentage of GDP(Gross Domestic Product) i.e the banks having a size beyond 2% of GDP.

ii.The selected D-SIBs are assessed through the 4 indicators of Size, Interconnectedness, Lack of readily available substitutes or financial institution infrastructure, and Complexity

RBI approves SBI Mutual Funds to acquire 9.99% of Equitas SFB through Various Schemes

On 3rd January 2023, the Reserve Bank of India (RBI) approved SBI Funds Management Limited (SBIFML – SBI Mutual Funds) to acquire up to 9.99% of the paid-up equity capital of Equitas Small Finance Bank (SFB) (formerly Equitas Microfinance Ltd) through various schemes of SBI Mutual Fund.

Key Highlights:

i. This approval by RBI is subject to compliance with the provisions of the Banking Regulation Act, 1949, Master Direction on Prior Approval for Acquisition of shares or voting rights in private sector banks and Master Direction on Ownership in Private sector Banks issued by RBI, provisions of the regulations issued by SEBI, provisions of the Foreign Exchange Management Act, 1999 and any other statutes as applicable.

- This is valid for a year till 2nd January 2024.

ii. Equitas SFB provides goods and services to suit the demands of affluent and mass-affluent, corporates, small and medium-sized enterprises (SMEs), and individuals with limited access to formal finance channels.

About the SBI Funds Management Limited (SBIFML):

Managing Director (MD) & Chief Executive Officer (CEO)- Shamsher Singh

Headquarters- Mumbai, Maharashtra

Establishment- 1992

About Equitas Small Finance Bank (SFB):

MD & CEO- Vasudevan P N

Headquarters- Chennai, Tamil Nadu

Establishment- 2016

Issues related to cards, Net Banking Top Complaint Areas at OBO: RBI Report

On January 4, 2023, the Reserve Bank of India (RBI) released the Annual Report of the Ombudsman Schemes for the period April 01, 2021 – March 31, 2022. Its details are as follows:

Highlights:

i. Issues related to ATM (Automated Teller Machine)/debit cards were the highest at 14.65% of the total received at the Office of Banking Ombudsman (OBO) from April 1 to November 11, 2021.

- These were followed by mobile/ electronic banking at 13.64%.

ii. Complaints relating to digital modes of payment and transactions were the highest in number, constituting 42.12% of the total complaints received during the year.

iii. The volume of complaints received under the Ombudsman Schemes/Consumer Education and Protection Cells during 2021-22 increased by 9.39% at 4,18,184 as compared to FY21.

iv. Of these, 3,04,496 complaints were handled by the 22 Offices of RBI Ombudsman (ORBIOs), including the complaints received under the three erstwhile Ombudsman Schemes till November 11, 2021.

- The rate of disposal of complaints by RBIOs improved to 97.97% in 2021-22 from 96.59% in 2020-21.

v. Of the 1,49,419 complaints handled at the Centralized Receipt and Processing Center (CRPC), 1,43,552 complaints had been disposed of at the end of March 31, 2022.

vi. Majority (63.63%) of the maintainable complaints were resolved through a mutual settlement.

Key Developments during 2021-22:

i. Three erstwhile Ombudsman Schemes viz., Banking Ombudsman Scheme (BOS) 2006, Ombudsman Scheme for Non-Banking Financial Companies (OSNBFC) 2018, and Ombudsman Scheme for Digital Transactions (OSDT) 2019 were integrated into the Reserve Bank – Integrated Ombudsman Scheme (RB-IOS), 2021 and launched by Prime Minister Narendra Modi on November 12, 2021.

- RB-IOS also included Non Scheduled Urban Cooperative Banks (UCBs) with deposits above Rs 50 crore.
- Credit Information Companies (CICs) were brought under RBI-IOS with effect from September 1, 2022.

ii. Under the RB-IOS, 2021, a CRPC was established at RBI, Chandigarh to receive complaints through email/physical mode from across India.

- It handle the initial scrutiny and processing of these complaints before assigning the maintainable ones to ORBIOs for further redressal.

iii. A Nationwide Intensive Awareness Programme, 'Ombudsman Speak' was launched on the World Consumer Rights Day on March 15, 2022, to strengthen the on-going financial awareness and education by the department and Ombudsman Offices.

[Click Here for Official Report](#)

RBI lifts restrictions on Mahindra & Mahindra Financial Services

Reserve Bank of India (RBI) lifted restrictions on Mahindra & Mahindra Financial Services Limited (MMFSL) on recovery operations via third party collection agents.

- The lifting of restrictions followed submissions made by MMFSL and its pledge to strengthen recovery practices and outsourcing arrangements while tightening the process of onboarding third-party agents and strengthening its accountability framework,

Background:

In September 2022, RBI, in exercise of its powers under section **45L(1)(b)** of the RBI Act, 1934, bars Mahindra & Mahindra Financial Services Ltd. (MMFSL), Mumbai (Maharashtra) from carrying out any recovery or repossession activity through outsourcing arrangements.

Reason: This regulatory action follows the incident of the 27-year-old pregnant woman who was crushed to death on September 15, 2022 in Jharkhand, by a tractor being driven by a recovery agent acting on behalf of MMFSL.

RBI: Annapurna Finance Private Applies for Universal Bank License

On 4th January 2022, the Reserve Bank of India (RBI) has received an application from Bhubaneswar (Odisha) based **Annapurna Finance Private Limited (AFPL)**, formerly known as Annapurna Microfinance Private Limited, under the Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector issued on 1st August 2016.

- AFPL was the only entity to apply for a universal bank licence during the quarter ended December 31, 2022.

Note – Under these guidelines large industrial houses cannot apply for bank permits. Also, eligible promoters need to have at least 10 years of experience in the financial sector.

In May 2022, RBI rejected applications from UAE Exchange and Financial Services Ltd, The Repatriates Cooperative Finance and Development Bank Ltd (REPCO Bank), Chaitanya India Fin Credit Pvt Ltd and Pankaj Vaish and others for setting up Universal Banks.

RBI selected 6 firms under 4th cohort of RS to Test Anti-Fraud Solutions

On January 5, 2023, the Reserve Bank of India (RBI) had selected six entities out of nine applications for the Test Phase under the 4th cohort of Regulatory Sandbox (RS) on the theme '**Prevention and Mitigation of Financial Frauds**'.

- The selected entities will commence testing of their products on Anti-Fraud Solutions from **February 2023**.
- The 4th cohort under RS was announced in June 2022.

Selected entities & their Products:

i. Bahwan Cybertek

Product: rt360 Real Time Monitoring System

Product Description: It provides a surveillance mechanism for monitoring transactions and events from loan accounts on a continuous and real time basis.

Headquarter– Chennai, Tamil Nadu

ii. Credivatch Information Analytics

Product: Credivatch EWS

Product Description: It is an early warning system for credit monitoring and fraud identification that looks at data across public and private data sources to uncover early signs of trouble for commercial borrowers

Headquarter- Bengaluru, Karnataka

iii. enStage Software Private Limited (Wibmo)

Product: Trident FRM

Product Description: It is a risk-based authentication solution aimed at providing frictionless i.e. without OTP (One Time Password) transaction experience for low value transactions based on risk assessment of users.

Headquarter- Bengaluru, Karnataka

iv. HSBC in collaboration with Wibmo

Product Description: It is a closed user group AI/ML (Artificial Intelligence/Machine Learning) based solution which helps in card-not-present fraud detection by using historical transactions and contextual information from collaborated banks and financial institutions.

HSBC India Headquarters- Mumbai, Maharashtra

v. napID Cybersec

Product: napID Fraud Filter Layer

Product Description: It locks the login form, payment form, ATM (Automated Teller Machine), POS (Point of Sale) machines. It gets unlocked for the authorized user to initiate the transaction using their credentials via napID Zero-Factor Authenticator app.

Headquarter- Chennai, Tamil Nadu

vi. Trusting Social

Product: Trusting Social CI & AV

Product Description: It helps in address verification by running its proprietary AI algorithms on non-personally identifiable data on subscriber usage, location signals, among others to predict residential and office address of users. This helps to verify the accuracy of address declared by prospective customers, and assess the risk of default of a loan applicant.

Headquarter India- Mumbai, Maharashtra

Global Headquarter- Singapore

About Regulatory Sandbox (RS):

- The RS was established on August 13, 2019 based on the recommendations of the Working Group on FinTech and Digital Banking, set up by Financial Stability and Development Council – Sub Committee (FSDC-SC).
- It refers to the live testing of new products or services in a controlled/test regulatory environment. Through this field tests are conducted on the advantages and drawbacks of the new financial innovations.
- The target applicants for entry to the RS are fintech companies, including startups, banks, financial institutions, any other company and Limited Liability Partnerships (LLPs) and partnership firms, partnering with or providing support to financial services businesses.

The Previous 4 Cohorts under RS are:

- First- Retail Payments
- Second- Cross Border Payments
- Third- MSME lending
- Fourth- Prevention and Mitigation of Financial Frauds

RBI announced the 5th Cohort under RS which will be themed 'Neutral' in September 2022.

About Reserve Bank of India (RBI):

i. The Reserve Bank of India was established on April 1, 1935, in accordance with the provisions of the RBI Act, 1934.

ii. The Central Office of the Reserve Bank was initially established in Calcutta but was permanently moved to Mumbai in 1937.

iii. Though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India.

RBI Launches Medium-Term Strategy Framework “Utkarsh 2.0” For 2023-2025

The Governor of the **Reserve Bank of India** (RBI), Shaktikanta Das, has launched the [“Utkarsh 2.0” Medium-Term Strategy Framework](#) for the period **2023-2025**.

- Utkarsh 2.0 would enable the RBI to respond to socioeconomic challenges in both a proactive and reactive manner.
- Utkarsh 2.0 relies on the strengths of Utkarsh 2022 by retaining the six vision statements, as well as the core purpose, values, and mission statement.

Utkarsh 2022

i. The first strategy framework, **“Utkarsh 2022”**, covering the period **2019-2022**, was launched in July 2019.

- It evolved into a medium-term strategy document that guided the RBI’s work toward the achievement of the defined milestones.

ii. Utkarsh’s core purpose is to promote monetary and financial stability while retaining growth as a priority, in order to support the establishment of an effective and inclusive financial system.

Six Vision statements of Utkarsh 2.0

- Excellence in performance of its functions
- Strengthened trust of citizens and Institutions in the RBI
- Enhanced relevance and significance in national and global roles
- Transparent, accountable and ethics-driven internal governance
- Best-in-class and environment-friendly digital and physical infrastructure
- Innovative, dynamic and skilled human resources

Key Points:

i. Utkarsh 2.0 will include the adoption of tools driven by artificial intelligence (AI) and machine learning (ML) for data analysis and information generation.

ii. The RBI oversees the program’s implementation and development, through a Sub-committee of its Central Board.

About the Reserve Bank of India (RBI):

Governor – Shaktikanta Das

Deputy Governors – Mahesh Kumar Jain, Michael Debabrata Patra, M. Rajeshwar Rao, T. Rabi Sankar

Headquarters – Mumbai, Maharashtra

Establishment – 1935

RBI to Issue Its Maiden Green Bonds for Rs. 16,000 Crore in Two Tranches of Rs. 8,000 Crore Each

The Reserve Bank of India (RBI) has announced that the **maiden Sovereign Green Bonds (SGrBs)** for an aggregate sum of **Rs. 16,000 crore** will be issued in two tranches of Rs. 8,000 crore each in January and February 2023, with the intention of mobilizing resources for green infrastructure.

- The proceeds would be used to fund public-sector projects that will help India reduce its carbon emissions.

The RBI has announced the indicative calendar for the issuance of SGrBs for the fiscal year 2022-23 (FY23), in consultation with the Government of India (GoI).

S.No	Date of Auction	Amount	Security-wise Allocation
1	25-Jan-23	Rs. 8000 crores	i. 05 Year SGrB for Rs. 4,000 crore
			ii. 10 Year SGrB for Rs. 4,000 crore
2	09-Feb-23	Rs. 8000 crores	i. 05 Year SGrB for Rs. 4,000 crore
			ii. 10 Year SGrB for Rs. 4,000 crore

[Click here for official notification](#)

Backdrop

i.The **Union Budget for 2022-2023** included SGrBs, in accordance with the objective to significantly minimize the carbon intensity of the economy.

ii.On September 29, 2022, it was announced in the half-yearly issuance calendar for marketable dated securities for the second half of FY23 that SGrBs worth Rs. 16,000 crore would be issued.

iii.Since then, the GoI has issued the Sovereign Green Bond Framework as part of its overall market borrowings on November 9, 2022.

What are Green Bonds?

Green bonds are financial instruments used by the government to raise funds from potential investors for programmes/schemes that promote environmental sustainability and climate adaptation.

- The objective of the SGrBs is to raise funds for green infrastructure as part of the GoI's overall market borrowings in 2022-23.

Features of the SGrB issuance:

i.Issuance Method: SGrBs will be issued through Uniform Price Auction.

ii.Non-Competitive Bidding Facility: In accordance with the "Scheme for Non-competitive Bidding Facility" in the auction of Government of India-dated securities and Treasury bills, 5% of the notified amount of sale will be set aside for retail investors.

iii.Eligibility for Repurchase Transactions (Repo): SGrBs will be eligible for Repurchase Transactions (Repo) under the terms and conditions outlined in the "Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018" as amended from time to time.

iv.Eligibility for Statutory Liquidity Ratio (SLR): SGrBs shall be considered as acceptable investments for SLR purposes.

v.Underwriting: The underwriting in the auction of SGrBs by Primary Dealers will be in accordance with the "Revised Scheme of Underwriting Commitment and Liquidity Support."

vi.When-issued Trading: SGrBs will be eligible for "When Issued" trading in accordance with the RBI's guidelines for "Transactions in the When Issued Market in Central Government Securities."

vii.Tradability: SGrBs will be eligible for trading in the secondary market.

viii.Investment by Non-Residents: Under the "Fully Accessible Route," SGrBs will be designated as specified securities for non-residents to invest in government securities.

RBI notifies revised List of Accredited Credit Rating Agencies

On January 9, 2023, the Reserve Bank of India (RBI) issued the revised list of accredited Credit Rating agencies (CRAs) for the purpose of assigning risk weight to assets for capital adequacy purposes by the banks.

The six credit rating agencies are as follows:

i.Acuite Ratings & Research Limited (Acuite)

ii.Credit Analysis and Research Limited (CARE)

iii.CRISIL Ratings Limited

iv.ICRA Limited

v.India Ratings and Research Private Limited (India Ratings)

vi.INFOMERICS Valuation and Rating Pvt Ltd

Key Points:

i.In this regard, RBI has advised banks to use the ratings of the six domestic credit rating agencies for risk weighting their claims for capital adequacy purposes.

ii.In October 2022, RBI dropped Brickwork Ratings India Private Limited from the list of accredited rating agencies.

What are Credit Rating agencies (CRAs)?

CRA evaluates and assesses an individual's or a company's creditworthiness, means, these agencies consider a debtor's income and credit lines to analyze the debtor's ability to repay the debt or if there is any credit risk associated. The credit rating indicates if the borrower is worth trusting with the new loan.

- In India, CRAs are regulated by the Securities and Exchange Board of India (SEBI) as per the **SEBI Regulations, 1999** of the SEBI Act, 1992.
- The creditworthiness of an individual or a company is decided based on the lending and borrowing transactions done in the past.
- On October 31, 2022, SEBI issued norms regarding the standardization of rating scales used by CRAs. [Click here to know more](#)

Hitachi Payment Services gets RBI's in-principle nod for Payment Aggregator Licence

On January 10, 2022, the Reserve Bank of India (RBI) provided its in-principle authorization to Hitachi Payment Services to act as a payment aggregator (PA).

- PAs are entities that facilitate e-commerce sites and merchants to accept various payment instruments from customers to complete payments.

Key Points:

i.Hitachi Payment Services is a wholly-owned subsidiary of Hitachi Ltd.

ii.As a PA it will further augment its digital solutions with various merchant-friendly digital payment solutions such as UPI (Unified Payments Interface), netbanking, cards and wallets.

BharatPe receives in principle nod from RBI for online PA

RBI also awarded its in-principle approval to **Resilient Payments Private Ltd**, a 100% owned subsidiary of Resilient Innovations Private Ltd (BharatPe), to operate as an online PA.

- However, the final authorization is subject to fulfilment of certain conditions.

Key Points:

i.BharatPe was founded in 2018, and launched UPI interoperable QR (Quick Response) code, the first zero MDR (Merchant Discount Rate) payment acceptance service.

ii.In 2020, post-Covid, BharatPe also launched a card acceptance terminal – BharatSwipe.

iii.In October 2021, the consortium of Centrum Financial Services Ltd (Centrum) and BharatPe, was issued a Small Finance Bank (SFB) license by the RBI.

- It also entered the Buy Now Pay Later segment with the launch of postpe.

RBI shortlists 7 global consultancy firms to use AI, ML to improve regulatory supervision

RBI has shortlisted seven global consultancy firms to use artificial intelligence (AI) and machine learning (ML) for supervisory functions. This shortlisting followed the expressions of interest (EoI) invited by RBI in September 2022 for engaging consultants for the same.

The seven firms are as follows:

- Accenture Solutions Private Limited
- Boston Consulting Group (India) Pvt Ltd
- Deloitte Touche Tohmatsu India LLP
- Ernst and Young LLP
- KPMG Assurance and Consulting Services LLP
- McKinsey and Company
- Pricewaterhouse Coopers Pvt Ltd.

Key Points:

i.RBI is already using AI and ML in supervisory processes, it now intends to upscale it to ensure that the benefits of advanced analytics can accrue to its Department of Supervision.

ii.The RBI's Department of Supervision undertakes supervision over banks, urban cooperative banks, NBFCs, payment banks, small finance banks, local area banks, credit information companies and select all Indian financial institutions to assess their financial soundness, solvency, asset quality, governance framework, liquidity, and operational viability to protect depositors' interests and financial stability.

RBI Grants In-principle Approval for Payment Aggregator Licence to EnKash

On 11th January 2023, the Reserve Bank of India (RBI) has provided in-principle approval for the Fintech startup EnKash, for payment aggregator's licence. This will enable EnKash to broaden its product offerings to millions of businesses for digital transactions.

- EnKash, established in 2018, has assisted around 1 lakh businesses to digitise and decentralise their corporate payments.

Note – Hitachi Payment Services an end-to-end payment service provider and BharatPe, a fintech unicorn have also received in-principle approval from RBI for a payment aggregator licence.

RBI Released State Finances Study Report; Advises State against Risk over Reverting to OPS

On January 16, 2023, the Reserve Bank of India (RBI) released the annual report titled "[State Finances: A Study of Budgets of 2022-23](#)", which provides data and analysis of the fiscal position of State governments in India for FY23.

- The theme of the 2023 Report is "**Capital Formation in India – The Role of States**".

Key Fiscal Indicators:

i. The States' capital outlay-GDP (Gross Domestic Product) ratio is budgeted to increase to **2.9 percent** in FY23 from 2.3 percent in FY22.

ii. The ratio of revenue expenditure to capital outlay (RECO) for the States is budgeted to improve to 5.2 in FY23 from 6.1 in FY22.

iii. States' consolidated Gross Fiscal Deficit (GFD) in FY21 rose to 4.1 percent of GDP, the highest level since FY05.

iv. For FY23, the States' consolidated GFD is about 3.4 percent of GDP, which is within the Centre's indicative target of 4 percent.

v. Expenditure:

- As per the data of the Comptroller and Auditor General of India (CAG), the State governments' capital expenditure has grown at a rate of 7 percent in H1 FY23.
- The revenue expenditure of States increased by 20.7 percent in 2021-22.

vi. States' debt to GDP ratio is projected to be higher at **29.5 percent** by end-March 2023, as against 31.1 percent in 2020-21.

- Debt to GDP is still higher than 20 percent, which is recommended by Fiscal Responsibility & Budget Management (FRBM) Review Committee, 2018 (Chairman: Nand Kishore Singh).

Suggestions by RBI:

i. States are suggested by RBI to mainstream capital planning rather than treating them as residuals and first stops for cutbacks in order to meet budgetary targets.

ii. RBI also advised states to increase allocations of capital expenditure for sectors like health, education, infrastructure, and green energy transition to expand production capacities.

iii. States are suggested to create a Capital Expenditure (CAPEX) buffer fund during good times when revenue flows are strong. They are also instructed to encourage and facilitate higher inter-state trade and businesses to realise the full benefit of spillover effects of State CAPEX across the country.

-RBI advises states against reverting to OPS:

i. In the report, RBI stated risk over the subnational fiscal horizon due to restoring the Old Pension Scheme (OPS) by some States.

ii. RBI mentioned that under OPS, by postponing the current expenses to the future, the States risk the accumulation of unfunded pension liabilities in the coming years. The annual saving in fiscal resources that OPS entails is short-lived.

iii. Among the States, Chhattisgarh, Rajasthan, Punjab, and Himachal Pradesh have so far restored the OPS for government employees.

About OPS, NPS:

- Under OPS, pension was **50 percent** of the last drawn salary of the employee and the entire amount was paid by the government.
- The OPS was discontinued and replaced with New Pension Scheme (NPS) on April 01, 2004.
- Under the New Pension Scheme, employees contribute **10 percent** of their basic salary towards pension while the state government contributes **14 percent**.

Note – The report was provided against the backdrop of the underlying dynamics of the state's budgetary operations during 2020-21 (actuals), 2021-22 (revised estimates/provisional accounts) and 2022-23 (budget estimates). It has been prepared in the Division of State Finances of the Department of Economic and Policy Research.

About the Reserve Bank of India (RBI):

Governor – Shaktikanta Das

Deputy Governors – Mahesh Kumar Jain, Michael Debabrata Patra, M. Rajeshwar Rao, T. Rabi Sankar

Headquarters – Mumbai, Maharashtra

Establishment – 1935

RBI issues Guidelines on Acquisition in Banks; Protean's arm gets RBI nod for AA Licence

On January 16, 2023, the Reserve Bank of India (RBI) issued 'Acquisition and Holding of Shares or Voting Rights in Banking Companies Directions, 2023' which allowed promoters to hold 26% from the current 15% of the paid-up share capital or voting rights of a bank after the completion of 15 years from commencement of its business.

- This increase in the cap on promoters' stake is based upon the Internal Working Group (IWG) recommendations in 2021.

Key Points:

i.If the shareholder intends to get a strategic stake, the board has to inform the RBI even if the shareholding is less than 5%.

- In case, the shareholding is not compliant with RBI's norms, banks must submit an action plan for diluting shares within **6 months**.

ii.A 'fit and proper' clearance is required through continuous monitoring before buying a stake in a bank.

iii.During the period prior to the completion of the 15 years, the promoters of banking companies are allowed to hold a higher percentage of shareholding as part of the licensing conditions or as part of the shareholding dilution plan submitted by the banking company and approved by the RBI.

iv.RBI also permits higher shareholding on a case-to-case basis under circumstances such as relinquishment by existing promoters, supervisory intervention including under Prompt Corrective Action (PCA), reconstruction/restructuring of banks, entrenchment of existing promoters etc., as per the guidelines issued.

v.The guidelines also bar investors from countries not compliant with **Financial Action Task Force (FATF)** rules.

- Currently, **38 countries** are compliant, while others are at various levels of non-compliance.

vi.Any bank shareholder permitted to hold over 10% but below 40% shares will remain under lock-in for the first 5 years from the date of completion of the acquisition.

- In case any person is permitted to have a shareholding of 40% or more, only 40% of the shareholding will remain under lock-in for the first five years from the date of completion of the acquisition.
- The shares which are under lock-in cannot be encumbered.

[Click Here for Official Notification](#)

Protean's arm gets RBI nod for AA Licence

Protean eGov Technologies Limited (formerly NSDL e-Governance Infrastructure Limited), has received approval from the RBI for its wholly owned subsidiary to operate as an Account Aggregator (AA) with an NBFC (Non-Banking Financial Company)-AA certificate.

- AA is a type of RBI regulated entity (that helps an individual to securely and digitally access and share information from one financial institution they have an account with to any other regulated financial institution. Data cannot be shared without the consent of the individual.

About Protean:

It has collaborated with the government over the last 25 years to create digital public infrastructure and develop innovative citizen centric e-governance solutions, including modernizing the direct tax infrastructure, providing a tax identity to citizens and corporates through issuance of PAN cards, strengthening the old-age social security infrastructure through the National Pension System (NPS) and Atal Pension Yojna, and enabling Aadhaar-based identity authentication and e-Sign services.

About Protean eGov Technologies Limited:

MD & CEO– Suresh Sethi

Headquarters– Mumbai, Maharashtra

RBI Prior Approval Now a Must for Picking Up Over 5% Stake in Banks

The Reserve Bank of India (RBI) mandated in its [“Reserve Bank of India \(Acquisition and Holding of Shares or Voting Rights in Banking Companies\) Directions, 2023”](#) published on January 16, 2023, anyone who intends to make an acquisition that is likely to result in a major shareholding in a banking company should first obtain the RBI’s prior approval by submitting an application.

- “Major shareholding” refers to a person’s “aggregate holding” of 5% or more of the paid-up share capital or voting rights in a banking company.

Significance

i. The purpose of these guidelines is to maintain “fit and proper” status among the major shareholders of banking companies and to ensure that the ultimate ownership and control of banking companies are well diversified.

ii. These directions are issued in accordance with the powers granted by Sections 12, 12B, and 35A of the Banking Regulation Act, 1949.

- These directions may be read along with the [“Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies”](#) issued by the RBI.

iii. These directions will take effect on the date of issue i.e., January 16, 2023.

Key Points:

i. The decision of the RBI to permit, deny, or permit a lower number of shares will be binding on the applicant and the bank when the entity intending to acquire a stake in banks has completed its due diligence.

ii. If a person’s shareholding falls **below 5% after an acquisition**, the person must seek fresh approval from the RBI if the person intends to increase the aggregate holding to 5% or more.

- A reference must be made to the RBI by the banking company along with a copy of the board resolution and all necessary documents, even if the acquisition/aggregate holding is less than 5% of the paid-up share capital or voting rights of the banking company.

iii. Banks whose aggregate shareholding of entities does not meet the guidelines will be required to comply within **6 months**.

iv. The RBI will specify a differentiated shareholding dilution plan for **Private Banks** where the state or union government owns a stake.

v. Any person from the **Financial Action Task Force (FATF)** non-compliant jurisdiction will be restricted from acquiring a major shareholding in a bank.

- However, the existing major shareholders from such FATF-non-compliant jurisdictions will be permitted to keep investing as long as no additional acquisitions are made without the RBI’s prior approval.

Paytm Payments Bank gets final RBI nod to operate as Bharat Bill Payment Operating Unit

The RBI has granted final approval to **Paytm Payments Bank Ltd (PPBL)** for it to operate as a Bharat Bill Payment Operating Unit (**BBPOU**) under the Payment and Settlement Systems Act, 2007.

- As a BBPOU, PPBL has the ultimate power to manage bill payment and aggregation business as an entity under the Bharat Bill Payment System (BBPS).
- BBPS is owned by the National Payments Corporation of India (NPCI).

Key Points:

i. A BBPOU is permitted to provide bill payment services under BBPS for services like electricity, phone, DTH (Direct to Home), water, insurance, gas, loan repayments, FASTag recharge, education fees, credit card bills, and municipal taxes.

- PPBL has been carrying out this activity until now with RBI’s in principle approval.

ii.All agent institutions onboard will be displayed by PPBL on its website in accordance with directions from the RBI.

About Paytm Payments Bank Ltd (PPBL):

Chairman- Vijay Shekhar Sharma

Headquarters- Noida, Uttar Pradesh

Establishment- 2017

GoI Switches Bonds Maturing in 2024 With RBI in Cash-Neutral Deal

i.The Government of India (GoI) has been conducting conversion/switch operations with market participants as well as the Reserve Bank of India (RBI) in order to streamline its liability profile and promote market development.

ii.The GoI entered into a conversion/switch transaction with the RBI on January 17, 2023 (settlement on January 18, 2023), as part of these operations. [Click here for official notification.](#)

- The GoI bought back 6.18% bonds maturing in 2024 (FY 2024-25) worth Rs. 22,610 crore (USD 2.78 billion) at a price of Rs. 98.62, and it issued 8.28% 2032 bonds to the RBI worth Rs. 21,025.914 crore at a price of Rs. 106.05.
- The transaction was processed using Financial Benchmarks India Pvt. Ltd. (FBIL) prices as of January 16, 2023.

iii.Prior to this switch, the GoI had switched bonds worth more than Rs. 820 billion in FY23, falling short of its target of Rs. 1 trillion. [1 USD = 81.2680 INR (Indian Rupee)]

Three Key Takeaways from RBI's Report On State Government Budgets

The Reserve Bank of India (RBI) released a report titled "[State Finances: A Study of Budgets for 2022-2023](#)" on January 16, 2023, under the theme "Capital Formation in India: The Role of States."

- The report is an **annual** publication that presents information, analysis, and an assessment of state government finances for **2022-2023** (FY23) in comparison to actual and revised/provisional accounts for 2020-2021 and 2021-2022, respectively. [Click here to know more.](#)

The three key observations from the RBI report are as follows:

Debt-to-GDP

i.The report states that the state's debt to gross domestic product (GDP) ratio continues to be extraordinarily high.

- The debt-to-GDP ratio has decreased from 31.1% in 2020-21 to 29.5% in 2022-23.
- A high debt-deficit burden suggests that states may have to pay more to fulfil their obligations.

ii.A 20% debt-to-GDP ratio for states was suggested by the **Fiscal Responsibility and Budget Management (FRBM)** review committee, which was led by **N K Singh**.

iii.According to the report, state interest payments increased to 2% of GDP in 2020-21 from 1.7% in 2017-18, with states anticipating a drop to 1.8% in 2022-23.

iv.The states with the highest interest payments to revenue receipts ratios are Punjab, Tamil Nadu, Haryana, and West Bengal.

- This suggests that a significant amount of the states' revenues in these states go toward interest payments, leaving them with less money to spend on other high-priority areas like health or education.

Contingent Liabilities

i.The report claims that the contingent liabilities of state governments have also significantly increased.

- The obligations of a state government to repay the principal and interest payments if a state-owned entity fails on a loan are referred to as contingent liabilities.

ii.The amount of guarantees issued by state governments increased from Rs. 3.12 lakh crore (2% of GDP) in 2017 to Rs. 7.4 lakh crore (3.7% of GDP).

- Andhra Pradesh, Telangana, and Uttar Pradesh have the most outstanding guarantees at the end of March 2021.

iii. The state's finances are adversely affected by the state-owned power distribution companies (discoms).

iv. An RBI study estimated that a discom bailout would cost 2.3% of GDP for the 18 major states.

Old Pension Scheme (OPS)

i. The report also warns of new concerns, with some states preferring to return to the Old Pension Scheme (OPS).

- In the early 2000s, a **new pension framework** to lessen the financial burden on the state was implemented as it became apparent that financing the OPS would be challenging.

ii. Despite the fact that the majority of states agreed to the new pension scheme at the time, states such as Rajasthan and Chhattisgarh have now decided to withdraw, putting state budgets at risk.

iii. A substantial portion of state tax revenues are already allocated to pensions; in 2020–21, Rs. 3.86 lakh crore was allocated to pensions.

- Switching to the OPS will further increase pension liabilities, leaving less scope for more constructive spending.

RBI Data: Indians Remitted Nearly USD 2 Billion Under LRS Scheme in November 2022

According to the most recent Reserve Bank of India (RBI) data on [“Outward Remittances under the Liberalised Remittance Scheme \(LRS\) for Resident Individuals.”](#) Indians remitted about USD 1.99 billion in November 2022 under the LRS.

- Outward remittances under LRS increased 29% to USD 1.99 billion from USD 1.54 billion in November 2021.
- Sequentially, the outward remittances under LRS increased by around 3.5%.

The data was released in the [January 2023 Bulletin](#) of the RBI.

Liberalised Remittance Scheme (LRS)

i. The Liberalised Remittance Scheme (LRS) of the RBI was launched in 2004, with an initial ceiling of USD 25,000.

- The LRS limit has been gradually revised to align with the current macroeconomic and microeconomic conditions.

ii. The scheme allows all residents, including minors, to freely remit up to USD 250,000 each fiscal year for any permitted current or capital account transaction, or combination of both.

Outward Remittances under the LRS for Resident Individuals

i. According to the RBI data, Indians have remitted around USD 17.28 billion in outward remittances under the LRS to date (until November 2022) in the fiscal year 2022-23 (FY23).

ii. Outflows could reach an all-time high by the end of FY23, accompanied by an increase in international travel.

- Outflows of USD 19.61 billion touched an all-time high in **FY22**, driven by overseas education and international travel.

iii. Under the LRS, India's remittances recorded USD 12.68 billion in **FY21**, a 32.38% decrease from FY20, when remittances were USD 18.76 billion.

iv. Outward remittances suffered setbacks in FY21 as COVID-19 pandemic-related restrictions affected international travel for a longer period of time.

Key Statistics:

i. Over 50% of all outward remittances made by Indians under the LRS in November 2022 were attributed to international travel.

- Outward remittances for international travel totaled USD 1.03 billion, a 2.25-fold increase from November 2021.

ii. Following international travel, Indians spent the most on maintenance of close relatives, followed by gifts and overseas education.

- In November 2022, the outward remittance made for the maintenance of close relatives was USD 305.35 million.
- This was followed by USD 220.90 million in gifts and USD 211.65 million for overseas education.

Start-up fundraising to Rebound Rapidly: RBI Paper

As per the paper titled '**What Drives Startup Fundraising in India**' in Reserve Bank of India's (RBI) January 2023 bulletin, the start-up fundraising in India is expected to rapidly rebound from the macroeconomic disturbances seen over the last 2-3 years.

- The paper is written by Rajas Saroy, Ashish Khobragade, Rekha Misra, Sakshi Awasthy and Sarat Dhal.

Key Points:

i. As per the paper, the concerns about macroeconomic and financial stability may arise due to their rapid integration into global supply chains and finance.

ii. According to data from the National Investment Promotion and Facilitation Agency, there were 107 unicorns as of September 2022, with an aggregate valuation of \$341 billion.

iii. Bengaluru (Karnataka), Gurugram (Haryana), and Mumbai (Maharashtra) are the top three cities with the highest number of unicorns in India.

iv. There is a need to keep track of foreign financial flows and the changes in management control arising from that.

v. Establishment of International Financial Services Centres will help in the onshoring of such investments.

[Click Here for Official Paper](#)

RBI January 2023 Bulletin: RBI to Direct Inflation Toward a 4% Target by 2024

According to the article titled "[State of the Economy](#)" published in the "[January 2023 bulletin](#)" of the Reserve Bank of India (RBI), the RBI's 2023 monetary policy objective is to keep inflation within the required tolerance band (2%-6%) and lead it towards the medium-term target of **4% by 2024**, which is the second milestone.

- The first monetary policy milestone has been reached, with inflation now falling inside the tolerance band.

Key Points:

i. According to provisional data issued by the National Statistical Office (NSO) on January 12, 2023, **Retail inflation**, as measured by Year-on-year (y-o-y) fluctuations in the all-India Consumer Price Index (CPI), slowed to 5.7% in December 2022 from 5.9% in November 2022. It was driven by a significant drop in food inflation.

- After remaining above the RBI's tolerance range of 2%-6% for 10 months, it has fallen below 6% for the second consecutive month.
- Inflation has been declining after reaching 7.4% in September 2022.

ii. In its monetary policy, the RBI projected that **headline inflation** would be 6.6% in Q3 FY23 and 5.9% in Q4 FY23.

iii. The projected CPI inflation was 5% in Q1 FY24 and 5.4% in Q2 FY24 before declining to the mandated level of 4%.

iv. According to the RBI's September 2022 monetary policy report, **Real Gross Domestic Product (GDP)** in FY24 could slow from 7% in 2022-2023 to 6.5%.

v. In 2023, India's economy, which now surpasses the UK as the world's fifth largest, will have a USD 3.7 trillion economy at current prices and exchange rates.

vi. According to International Monetary Fund (IMF) estimates, India would rise to fourth place in 2025 and third place in 2027, with a USD 5.4 trillion economy.

vii. The current fiscal year (FY23), which ends in March 2023, saw the **Current Account Deficit (CAD)** rise to 4.4% of GDP in the July-September quarter, the highest level since the June quarter of 2013.

RBI Directs Banks to Complete Renewal Agreements for Existing Safe Deposit Lockers by Dec 31, 2023

On January 23, 2023, the Reserve Bank of India (RBI) extended the deadline for banks to complete the process of renewal of agreements for the existing safe deposit locker holders by December 31, 2023 from January 1, 2023.

- The deadline is extended in a phased manner with intermediate milestones of 50% by **June 30, 2023**, and 75% by **September 30, 2023**.
- The Banks are provided with a deadline of April 30, 2023, to notify all their customers regarding the revised requirements.

Background:

In August 2021, the RBI had issued revised instructions with respect to the Safe Deposit Locker/Safe Custody Article Facility that required banks to enter into revised agreements with the existing locker holders by January 1, 2023. [Click here to know more](#)

- However, there are still a large number of customers who are yet to sign the revised agreement. In many cases, the banks are yet to inform the customers about the same before. Therefore this extension has been provided to banks.

Key Points:

i. Banks have been advised to make necessary arrangements to facilitate the execution of the revised agreements by ensuring the availability of stamp papers, etc.

ii. In cases where operations in lockers have been frozen for non-execution of the agreement by January 1, 2023, the same will be unfrozen with immediate effect.

iii. The revised rules on bank lockers were applicable to existing customers from January 2023 and were already in force for new customers from January 2022.

iv. Banks would report the status of compliance with the instructions on the DAKSH supervisory portal of the RBI

v. Earlier, the RBI had made it mandatory for banks to install CCTVs (Closed-Circuit Television) to monitor locker rooms and to store the footage for 180 days, and send SMS (Short Message Service) and emails every time customers accessed their lockers as a step against fraud.

RBI directs SBM Bank (India) to stop all transactions under Liberalised Remittance Scheme

RBI in exercise of its powers under sections 35A and 36(1)(a) of the Banking Regulation (BR) Act, 1949, directed SBM Bank (India) Ltd to stop all transactions under **Liberalized Remittance Scheme (LRS)** with immediate effect till further orders.

- This decision has been taken due to certain material supervisory concerns observed in the bank.

Key Points:

i. SBM Bank (India) Ltd is a Mumbai (Maharashtra)-based bank that has been operating as a branch of SBM Bank (Mauritius) Ltd since 1994.

ii. On December 1, 2018, it became the first universal bank in India to receive a banking licence from RBI through the wholly-owned subsidiary route.

What is Liberalized Remittance Scheme (LRS)?

i. Under the LRS, Indian residents, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.

ii. LRS is not available to corporations, partnership firms, HUFs (Hindu Undivided Family), trusts, etc.

iii. It was first introduced on February 4, 2004, with a limit of \$25,000.

About Reserve Bank of India (RBI):

- i. The Reserve Bank of India was established on April 1, 1935, in accordance with the provisions of the Reserve Bank of India Act, 1934.
- ii. The Central Office of the Reserve Bank was initially established in Calcutta but was permanently moved to Mumbai in 1937.
- iii. Though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India.

APPOINTMENTS & RESIGNATIONS

ACC extends tenure of Bank of Baroda MD Sanjiv Chadha

On January 14, 2023, the Appointments Committee of the Cabinet (ACC) headed by Prime Minister Narendra Modi has approved the proposal of the Department of Financial Services for extending the term of Managing Director (MD) and Chief Executive Officer (CEO) of Bank of Baroda (BoB) Sanjiv Chadha for about five months till **June 30, 2023** i.e. when he attains 60 years, the retirement age.

- Earlier his tenure was going to end on January 19, 2023.

Key Points:

- i. Meanwhile, the Financial Services Institutions Bureau (FSIB), the headhunter for directors of state-owned banks and financial institutions, recommended elevation of Executive Director (ED) Debadatta Chand as MD of BoB.
- ii. FSIB also recommended Union Bank of India ED Rajneesh Karnataka for the position of MD & CEO in Bank of India.
- iii. FSIB is the headhunter for directors of state-owned banks and financial institutions, and is headed by former secretary, Department of Personnel and Training (DoPT), Bhanu Pratap Sharma.
- iv. The final decision on the FSIB recommendation is taken by ACC.

About Bank of Baroda:

Headquarters– Vadodara, Gujarat

Tagline– India's International Bank

Michael Patra reappointed as RBI's Deputy Governor for One Year

The Appointments Committee of the Cabinet (ACC), headed by Prime Minister Narendra Modi, has approved the reappointment of **Michael Debabrata Patra** as the Deputy Governor of the Reserve Bank of India (RBI) for a further period of one year with effect from the 15th January 2023.

- Michael Debabrata Patra's 3-year tenure comes to an end on 14th January 2023.

Key Points & Static:

- i. As the deputy governor and a rate-setting Monetary Policy Committee member, Michael Debabrata Patra oversees the monetary policy department.
- ii. Shaktikanta Das, governor of the RBI, is in charge of the 6-member Monetary Policy Committee.
- iii. Four deputy governors work under the governor at the RBI. The bank's three other deputy governors are M K Jain, M Rajeshwar Rao, and T Rabi Sankar.

About Michael Debabrata Patra:

- i. Michael Debabrata Patra was 1st appointed to a 3-year tenure as deputy governor of the Reserve Bank of India on 15th January 2020.
- ii. Prior to the appointment as RBI's Deputy Governor he served as the Executive Director of RBI before being elevated to the post of Deputy Governor.
 - As Executive Director, he was a member of the Monetary Policy Committee (MPC) of RBI, which is entrusted with the responsibility of monetary policy decision-making in India.

- iii. Between July 2012 and October 2014, he served as the Principal Adviser, at the Monetary Policy Department of RBI.
- iv. From 2008 to 2012, he served as Senior Advisor to the Executive Director (India) at the International Monetary Fund.
- v. He has held various posts in the Reserve Bank of India since beginning his career in central banking in 1985.
- vi. He authored a book titled **"The Global Economic Crisis through an Indian looking glass"** which vividly captures the experience of the global financial crisis and the great recession of 2008-2009.
 - Additionally, he has written papers on topics like exchange rates, the balance of payments, international trade, monetary policy, and inflation.

RBI approves Appointment of Surinder Chawla as New CEO of Paytm Payments Bank

The Reserve Bank of India (RBI) has approved the appointment of **Surinder Chawla** as the new Chief Executive Officer (CEO) of Paytm Payments Bank Limited (PPBL). The appointment has been approved by the RBI for a period of 3 years.

- Surinder Chawla is currently serving as Head of Branch Banking at RBL Bank (formerly known as Ratnakar Bank).

About Surinder Chawla:

- i. Surinder Chawla, a merit-listed Chartered Accountant, has over 20 years of experience in Retail Banking. He has worked and managed teams in the areas of relationship management, retail asset sales, direct sales product management, and branch banking.
- ii. He started his career in 1994 with Standard Chartered Bank, where he initiated the direct sales setup that eventually became a whole vertical within the organisation.
- iii. Prior to joining RBL Bank in 2013, He spent around 11 years in several important and senior management roles at HDFC Bank Limited. He served as HDFC Bank's Head-Retail Liability Product Management.
 - He has also worked as Head-sales, Credit Cards for ABN Amro Bank before joining HDFC Bank.

About Paytm Payments Bank:

Chairman- Vijay Shekhar Sharma

Headquarters- Noida, Uttar Pradesh

Establishment- 2017

About the Reserve Bank of India (RBI):

Governor- Shaktikanta Das

Deputy governors- Mahesh Kumar Jain, Michael Debabrata Patra, M. Rajeshwar Rao, T. Rabi Sankar

Headquarters- Mumbai, Maharashtra

Establishment- 1935

IDBI Bank re-appoints Suresh Khatanhar as Deputy MD for a Year

On 28th December 2022, the Board of Directors of IDBI Bank Limited re-appointed **Suresh Kishinchand Khatanhar** as the Deputy Managing Director (DMD) of IDBI Bank for 1 year with effect from 15th January 2023, according to the Reserve Bank of India (RBI)'s approval.

About Suresh Kishinchand Khatanhar:

- i. Suresh Khatanhar started his banking career with Dena Bank and handled all HR-related work at the centralised HR department of the bank.
- ii. Suresh Khatanhar joined IDBI Bank in 1997 from Dena Bank.
 - He joined IDBI Bank as a senior relationship manager. He served the organization in various capacities including as Chief General Manager (CGM) & head-internal audit, Chief Risk Officer and Chief Compliance Office.
- iii. On 15th January 2020, the IDBI Bank Board appointed Suresh Khatanhar as DMD for a 3-year term.
- iv. He has 37 years of experience in commercial banking, 25 of which he spent with IDBI Bank, where he was in

charge of many different facets of commercial banking.

v. As a DMD, currently, he oversees Retail Banking, Priority Sector Lending, Structured Retail Advances, Credit cards, Third Party Distribution, Treasury, Centralised Operations, CMS & GBG, Corporate Communication, Retail Recovery, Audit, Legal and Compliance.

About IDBI Bank Limited:

IDBI Bank, one of the major state-owned banks in India, has more than 1,890 branches and 3,300 ATMs worldwide.

MD & Chief Executive Officer (CEO)- Rakesh Sharma

Headquarters- Mumbai, Maharashtra

Establishment- 1st July 1964

Ajay Kumar Srivastava Becomes New MD & CEO of Indian Overseas Bank

Ajay Kumar Srivastava has been appointed as Managing Director (**MD**) and Chief Executive Officer (**CEO**) of **Indian Overseas Bank** (IOB), a public sector bank (PSB), for a period of 3 years with effect from the date of assumption of office on or after 1st January 2023.

- Prior to this appointment, Ajay Kumar Srivastava was serving as the Executive Director of IOB.
- He was appointed following the superannuation of **Partha Pratim Sengupta**, MD & CEO of IOB, on 31st December 2022.

Note: Srivastava was appointed MD and CEO of IOB by the Government of India (GoI) on September 20, 2022, with effect from January 1, 2023.

About Ajay Kumar Srivastava:

i. Srivastava began his banking career in 1991 as a Probationary Officer (PO) at Allahabad Bank.

- Additionally, he served as a Director on the board of the Regional Rural Bank (RRB) in Allahabad Bank.

ii. He spent around 27 years at Allahabad Bank before being appointed as Executive Director of IOB in October 2017.

iii. He played a major role in bringing IOB out of loss in March 2020 and out of Prompt Corrective Action (PCA) in September 2021.

- In addition, he was the only Executive Director in IOB for around 14 months in 2020-2021.

iv. In 2020, he was appointed as the Director on the Board of the India Infrastructure Finance Company Limited (IIFCL) for a 2-year term.

Additional info:

The government of India has appointed Sanjay Vinayak Mudaliyar, Chief General Manager at Bank of Baroda (BoB) as Executive Director in IOB for a period of 3 years with effect from the date of assumption of office on or after 1st January 2023.

About Indian Overseas Bank (IOB):

MD & CEO – Ajay Kumar Srivastava

Establishment – 1937

Headquarters – Chennai, Tamil Nadu

Tagline – Good People to Grow With

Canara Bank MD & CEO L V Prabhakar Retires

On 31st December 2022, **Lingam Venkata Prabhakar**, the Managing Director (MD) and Chief Executive Officer (CEO) of Canara Bank retired from his services, on attaining the age of superannuation.

About L V Prabhakar:

i. L. V. Prabhakar has over 34 years of extensive banking experience spanning a variety of fields.

ii. Before joining Canara Bank, he served as the Executive Director of Punjab National Bank (PNB) and was in charge of several verticals like Credit, Treasury and Human Resources of PNB.

iii. He also served as the Chairman of Canara Robeco Asset Management Co. Ltd, Canara HSBC OBC Insurance Company Ltd & Canfin Homes Ltd and the Chairman of the IBA Standing Committee on Payment Systems & Banking Technology.

iv. He is a member (Vice-President) of Governing Council of the Indian Institute of Banking & Finance (IIBF) & National Institute of Bank Management (NIBM).

v. By launching projects like the Stressed Assets Management Vertical and the Digitization of Trade Finance, he also played a crucial role in strengthening systems and processes.

vi. Also, he has held positions on the boards of PNB Housing Finance Limited, PNB Metlife India Insurance, and Everest Bank Ltd. of Nepal.

About Canara Bank:

Non-Executive Chairman- Vijay Srirangan

Headquarters- Bengaluru, Karnataka

Establishment- 1906

Tagline- Together we can

BharatPe CEO Suhail Sameer Steps Down & CFO Nalin Negi appointed interim CEO

Suhail Sameer, the Chief Executive Officer (CEO) of BharatPe, a Fintech startup, has announced has resigned from the CEO position and will transition into strategic adviser with effect from 7th January 2023.

- **Nalin Negi**, Chief Financial Officer (CFO) of BharatPe, is set to take over as the interim CEO of BharatPe.

BharatPe also revealed that the company has employed an "executive search firm" to help with succession planning and to help identify a new CEO.

About Suhail Sameer:

i. Suhail Sameer, who was previously CEO of the FMCG business at RP-Sanjiv Goenka Group, joined BharatPe in August 2020 as President.

- He has been overseeing BharatPe's operations ever since Co-Founder Ashneer Grover was ousted. In August 2021, Sameer was formally made the CEO of BharatPe.

ii. Suhail Sameer was the Founding Managing Director of CESC Ventures, where he built out the modern Ayurveda and Healthy snack brands.

iii. He was also an Associate Partner at McKinsey & Company where he led the Clean-tech practice for Asia.

- He is an active investor in clean-label food and personal care and financial inclusion.

About Nalin Negi:

i. Nalin Negi joined BharatPe in August 2022 as the Chief Financial Officer (CFO).

ii. He brings to the table over 28 years of experience and business acumen. He has spent the last 15 years in banking and financial services, with stints at GE Capital Corporate Finance and SBI Cards and Payment Services Limited.

About BharatPe:

Chairman- Rajnish Kumar

Headquarters- New Delhi, Delhi

Establishment- 2018

BSE appoints Sundararaman Ramamurthy as MD and CEO

industry expert **Sundararaman Ramamurthy has been appointed** as the Managing Director (MD) and Chief Executive Officer (CEO) of BSE Limited(formerly Bombay Stock Exchange) with effect from 4th January 2023, for a period of 5 years.

The post has been vacant since July 2021 after the MD & CEO of BSE Ashishkumar Chauhan left the post to join the National Stock Exchange of India Limited (NSE) as MD & CEO.

- In November 2022, BSE got consent from the Securities and Exchange Board of India (SEBI) to appoint Sundararaman Ramamurthy as MD and CEO of BSE.

Sundararaman Ramamurthy has worked with NSE for around 2 decades and he has also worked at the Industrial Development Bank of India (IDBI).

RBI approves appointment of Prabdev Singh as CEO of JP Morgan Chase Bank India

JPMorgan Chase & Co. has received approval from the Reserve Bank of India (RBI) to name **Prabdev Singh** as its Chief Executive Officer (**CEO**) of **JP Morgan Chase Bank India** for a period of 3-years. He has been serving as the interim CEO of the bank since November 2022, replacing Madhav Kalyan.

- Prior to joining JP Morgan in 2010, he has worked with HSBC Holdings Plc for over a decade JP Morgan Chase & Co is an American multinational financial services company headquartered in New York City, **United States of America(USA)**.

OTHER NEWS

Punjab & Sind Bank Partners with SBI Card to Launch Co-branded Credit Card

Punjab & Sind Bank (**PSB**), a public sector bank, has partnered with **SBI Card** to launch **co-brand credit cards** for the bank's customers. This marks the entry of PSB into 'credit cards' as a new product segment under the bank's portfolio.

- Under the partnership, three card variants have been launched including, **PSB SBI Card ELITE**, **PSB SBI Card PRIME**, and **PSB SimplySAVE SBI Card**.

Key highlights:

i.The card was launched to cater for the spending needs of the customers of PSB with exclusive privileges.

ii.SBI Card ELITE and PSB SBI Card PRIME have been designed to offer lifestyle privileges and best in class experience to premium and mass premium customers, respectively.

- PSB SBI Card ELITE will be offered at a joining fee of Rs. 4,999 plus taxes while PSB SBI Card PRIME will be offered at Rs. 2,999 plus taxes.

iii.PSB SimplySAVE SBI Card offers rewarding experience to value conscious customers through accelerated rewards and benefits on their spending. The card is offered at Rs. 499 plus taxes.

iv.Both PSB SBI Card ELITE and PSB SBI Card PRIME will be available on VISA platform and PSB SimplySAVE SBI Card on RuPay platform.

ADB Grants USD 100 million to SFL for Vehicle Loans to Women Entrepreneurs

Asian Development Bank (**ADB**) has sanctioned **USD 100 million (about Rs 830 crore)** External Commercial Borrowing (ECB), a **five-year loan**, under the lender's social finance framework to Shriram Finance Limited (**SFL**), a part of Shriram Group to provide vehicle loans to women entrepreneurs.

- The credit will be issued towards the purchase of new and used vehicles throughout India.

Key highlights:

i.The loan can be used for vehicle finance for commercial purposes for BS VI compliant vehicles and electric vehicles, especially for women entrepreneurs in under-developed states

- This shall empower and promote the social and economic status of the underserved communities.

ii.Besides the ADB loan, Shriram Finance has also raised USD 250 million from US Development Finance Corporation and USD 475 million through a 144A Bond from the international market in 2022.

About Shriram Finance Limited (SFL):

In November 2022, Shriram Group's entities – Shriram Transport Finance Company Limited, Shriram City Union Finance Limited and Capital Limited merged to form Shriram Finance Limited (SFL).

Chairman – Jugal Kishore Mohapatra

Headquarters – Mumbai, Maharashtra

IDBI Bank signs agreement to transfer schemes of IDBI Mutual Fund to LIC MF

The IDBI Bank has signed a Scheme Transfer Agreement (STA) with LIC Mutual Fund(MF) for the transfer of Schemes of IDBI Mutual Funds(MF) to LIC MF to comply with regulations 7B of Securities and Exchange Board of India (SEBI) Mutual fund Regulations.

Background:

LIC took over IDBI Bank, the sponsor of IDBI Mutual Fund, in January 2019.

LIC already has its own asset management company(AMC), LIC MF under SEBI Rules.

- SEBI Rules restrict a single promoter to owning more than 10% stake in 2 asset management companies(AMCs) therefore, IDBI Bank-promoted IDBI MF had to be either sold or merged with LIC MF.
- Since IDBI Bank, the parent of IDBI MF, is majority owned by LIC, the transfer is necessary.

Key Points:

i. Following this proposed scheme acquisition transaction the like-to-like schemes will be merged and the unique schemes of IDBI MF will continue on a stand-alone basis with the acquiring entity.

ii. The merger is expected to be completed in this quarter.

About IDBI Bank Limited:

Managing Director & Chief Executive Officer (CEO)– Rakesh Sharma

Established in 1964

Headquarters– Mumbai, Maharashtra

Tata AIA Life introduces Emerging Opportunities Fund with Ulips

Tata AIA Life Insurance has established the **Emerging Opportunity Fund** with ULIP (unit-linked insurance plans), which is able to invest in mid-cap companies and rising market leaders with the potential to provide significant future growth.

The applications for ULIP plans with New Fund Offering (NFO) window was open till 31 December 2022.

- Tata AIA's ULIP offerings like Fortune Pro, Wealth Pro, Fortune Maxima, and Wealth Maxima can be used to invest in the Fund.
- Additionally, the Fund will be attached to Tata AIA's Param Rakshak Solutions.
- Up to 30% of the fund's total assets may be allocated to equity and equity-related investments that are not in the mid-cap range.

Note: The Emerging Opportunities Fund is to strengthen the client's portfolio and potentially generate long-term wealth.

Bank of Baroda Wins EAG Laureate Award on Financial Security

Bank of Baroda, the second largest public sector bank in India after State Bank of India (SBI), won EAG Laureate award in the International Olympiad of Financial Security held at Sochi, Russia on 10 October 2022.

- India is one of the nine members of the Eurasian group on combating money laundering and terrorism (EAG), a regional organisation similar to the Financial Action Task Force (FATF). The EAG was established in 2004 and is currently an associate member of the FATF.
- The Financial Action Task Force (FATF) is the global anti- money laundering and anti- terrorist financing body.

Note – The initiative of EAG was first announced by the Russian Federation at the Plenary Meeting of the FATF in October 2003.

MoF Increases Interest Rates On a Number of Small Savings Schemes for Q4 FY23 Beginning January 1, 2023

The **Department of Economic Affairs** (DEA), a department of the Ministry of Finance (MoF), has **raised the interest rate** on a number of small savings schemes for the fourth quarter (**Q4**) of the current fiscal year 2022–23 (**FY23**), which runs from January 1, 2023 – March 31, 2023.

Various Small Savings Schemes with Increased Interest Rates

i. The rates on the various instruments have increased by 20 to 110 basis points (bps), and they now range from 4.0 % to 7.6 %.

ii. All post office time deposits, the Kisan Vikas Patra (KVP), the Senior Citizen Savings Scheme, the Monthly Income Savings Scheme, the National Savings Certificate, and others now have higher interest rates.

- Meanwhile, the interest rates on the Public Provident Fund (PPF), Sukanya Samriddhi Account, and Savings Deposit have remained unchanged.

#	Instrument	Rates of Interest (%) from 01.01.2022 to 31.12.2022	Rates of Interest (%) from 01.01.2023 to 31.03.2023
1	Savings Deposit	4	4
2	1 Year Time Deposit	5.5	6.6
3	2 Year Time Deposit	5.7	6.8
4	3 Year Time Deposit	5.8	6.9
5	5 Year Time Deposit	6.7	7
6	5 Year Recurring Deposit	5.8	5.8
7	Senior Citizen Savings Scheme	7.6	8
8	Monthly Income Account Scheme	6.7	7.1
9	National Savings Certificate	6.8	7
10	Public Provident Fund (PPF) Scheme	7.1	7.1
11	Kisan Vikas Patra (KVP)	7.0 (will mature in 123 months)	7.2 (will mature in 120 months)
12	Sukanya Samriddhi Account Scheme	7.6	7.6

[Click here for official notification](#)

Estimation of Interest Rates for Small Savings Schemes

i. The GoI reviews the interest rates for small savings plans on a **quarterly basis**.

- According to the Reserve Bank of India (RBI), although the GoI sets the small savings interest rates, they are linked to market yields on government securities (G-secs) with a lag and are reviewed and fixed on a quarterly basis at a spread between 0-100 bps over (100 bps = 1%) and above G-Sec yields of comparable maturities.
- The interest rates on small savings, however, have not consistently followed changes in market rates.

ii. The **Shyamala Gopinath Committee** provided the formula to calculate the interest rates for the small savings scheme.

- The committee recommended that the interest rates on various schemes be 25-100 bps higher than the yields on government bonds of similar maturity.

iii. The GoI administers small savings schemes, such as post office 1-3-year time deposits and 5-year recurring deposits, to encourage people to save money on a regular basis.

- There are several other types of savings certificates, including National Savings Certificates, Kisan Vikas Patra (KVP), Sukanya Samriddhi Account, and Senior Citizens Savings Scheme.

A Comparison of FDs, Bank Savings Accounts or Small Savings Schemes

i. Even when banks have started raising the interest rates on fixed deposits (FDs), many small savings schemes continue to provide higher interest rates.

- As of December 19, 2022, the interest rates on State Bank of India (SBI) FDs range from 3 % to 6.75 % for 7-days to 10-year tenors.
- For these tenors, senior citizens earning 0.5 % higher will receive 3.5 % to 7.25 %.

ii. Even the interest rates on savings accounts offered by some of the larger banks, apart from FDs, are less than the interest rate on post office savings accounts.

- While SBI is currently offering 2.70% per annum on its savings account, Post Office Savings Account is currently offering 4% annually.
- Similarly, ICICI Bank offers 3-3.5% annual interest.

About the Ministry of Finance (MoF):

Union Minister – Nirmala Sitharaman (Rajya Sabha- Karnataka)

Ministers of State (MoS) – Pankaj Chaudhary; Dr. Bhagwat Kishanrao Karad

Departments under the MoF – Department of Expenditure; Department of Economic Affairs (DEA); Department of Revenue; Department of Financial Services; Department of Investment and Public Asset Management (DIPAM) & Department of Public Enterprises.

Croatia Joins Schengen Zone & Switches to Euro

On January 1, 2023, **Croatia**, the youngest member of the European Union (EU), adopted the 'Euro', and it became a part of Europe's border-free Schengen zone.

- Croatia, a Balkan country, is now the **20th** member of the Eurozone and the **27th** country to join the passport-free Schengen zone.

Croatia is a former Yugoslav republic that fought an independence war in the 1990s and joined the EU in **2013**.

Schengen Area

i. The Schengen area allows 420 million people to freely move between member nations without encountering border restrictions.

- This **largest free-travel zone** in the world was first established in **1985** as an intergovernmental effort including five EU nations—France, Germany, Belgium, the Netherlands, and Luxembourg.

ii. In terms of Schengen, this is the **eighth** expansion and the first in 11 years.

Euro Area: The Eurozone

i. The European Union (EU) member states that have adopted the "**Euro**" as their **national currency** collectively refer to themselves as the "**Euro Area**" or "**Eurozone**."

- With Croatia, 20 EU Member States and 347 million EU citizens will share the EU's common currency.

ii. The euro will progressively replace the 'Kuna' as the official currency of Croatia starting on January 1, 2023.

- The new Croatian euro coin will have inventor Nikola Tesla on one side, as well as a map of the country and the national checkerboard design.

iii. In accordance with a track record of stable exchange rates, the kuna will be exchanged at a rate of 1 euro for 7.53450 of Croatian kuna.

- The two currencies will be used alongside each other for a two-week period (14 days).

iv. After Lithuania entered the eurozone in 2015, this is the eurozone's first expansion in almost eight years.

Key Points:

- i. Croatia will maintain strict border controls along its eastern border with non-EU neighbours Federation of Bosnia and Herzegovina (FBiH), Montenegro, and Serbia.
- ii. The most challenging problem in safeguarding the EU's 1,350-kilometer (840 miles)-long external land border remains combating illegal migration.

About Republic of Croatia:

President – Zoran Milanović

Capital – Zagreb

Currency – Euro (EUR)

CAD widens to 4.4% of GDP in Q2FY23, Banks' net NPA ratio at 10-yr low: RBI Report

In accordance with the Reserve Bank of India (RBI) preliminary data on India's Balance of Payments (BoP) for the July-September (Q2) quarter of FY 2022-23, India's Current Account Deficit (CAD) widened in the Q2FY23 due to increased trade gap driven by high commodity prices and a weak rupee.

- In absolute terms, CAD was **\$36.40 billion** in Q2FY23 which is highest in more than a decade.
- As a percentage of GDP, it was 4.4%, the highest since the June quarter of 2013.
- India's CAD is up from USD 18.2 billion (2.2% of GDP) in Q1FY23 and a deficit of US\$ 9.7 billion (1.3% of GDP) in Q2FY22.

Key Points:

- i. Services exports reported growth of 30.2% on a year-on-year (y-o-y) basis, driven by exports of software, business and travel services, while net services receipts increased sequentially and y-o-y.
- ii. Private transfer receipts, mainly representing remittances by Indians employed overseas, rose by 29.7% to \$27.4 billion from 2021.

India's Balance of Payments (BoP) in Q2FY23

- i. India's foreign exchange reserves on BoP basis recorded a deficit of \$30.4 billion compared to a \$31.2 billion surplus in the Q2FY22.
- ii. In the financial account, net Foreign Direct Investment (FDI) decreased to US\$ 6.4 billion from US\$ 8.7 billion in Q2FY22.
- iii. Net Foreign Portfolio Investment recorded inflows of US\$ 6.5 billion, up from US\$ 3.9 billion during Q2FY22.
- iv. Net external commercial borrowings to India recorded an outflow of US\$ 0.4 billion in Q2FY23 as against an inflow of US\$ 4.3 billion in Q2FY22.
- v. Non-resident deposits recorded net inflows of US\$ 2.5 billion as against net outflows of US\$ 0.8 billion in Q2FY22.
- vi. There was a depletion of foreign exchange reserves (on a BoP basis) to the tune of US\$ 30.4 billion in Q2FY23 as against an accretion of US\$ 31.2 billion in Q2FY22.

BoP during April-September 2022 (H1FY23)

- i. India recorded a CAD of 3.3% of GDP in H1FY23 on the back of a sharp increase in the merchandise trade deficit, as compared with 0.2% in H1FY22.
- ii. Net FDI inflows were at US\$ 20.0 billion in H1FY23 as compared to US\$ 20.3 billion in H1FY22.
- iii. Portfolio investment recorded a net outflow of US\$ 8.1 billion in H1FY23 as against an inflow of US\$ 4.3 billion in H1FY22.

Banks' net NPA ratio at 10-yr low

The RBI also released the 26th Financial Stability Report (FSR) which states the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability and the resilience of the financial system. It is published **bi-annually**.

Key Points:

- i. The Gross Non-Performing Asset (GNPA) ratio of scheduled commercial banks (SCBs) fell to a seven-year low of 5% and Net Non-Performing Assets (NNPA) have dropped to ten-year low of 1.3% in September 2022.

ii. The system-level capital to risk weighted assets ratio (CRAR) in September 2023, under baseline, medium and severe stress scenarios, is projected at 14.9%, 14% and 13.1%, respectively.

Banks using quality liquid assets to fund loan growth

As per the report, the banks are using their **High-Quality Liquid Assets** (HQLAs) to fund the demand for credit in the economy. The reason behind this is the slow deposit accretion and tight liquidity conditions.

Key points:

i. The Liquidity Coverage Ratio (LCR) has decreased from a high of 173% as of September 2020 to 135.6% as of September 2022. However, it still remains comfortably above the minimum regulatory requirement of 100%.

- LCR refers to the proportion of HQLAs held by banks, to ensure their ability to meet short-term obligations.

ii. The LCR of private banks have fallen more than Public Sector Banks (PSBs) and foreign banks.

- Private banks saw LCR drop to 121.8% as of September 2022 while PSBs dropped to 141.2%.
- On the other hand, foreign banks have relatively high LCR at 157.1% as of September 2022.

iii. HQLA is essentially cash or assets that can be converted into cash quickly through sales (or by being pledged as collateral) with no significant loss of value.

iv. Bank credit has grown at 17.4% YoY as on December 16, 2022. Deposits growth moderated to 9.4% during the same period.

India's persistent core inflation may exert upward pressure on CPI

The report also stated that India's consumer price index (CPI) inflation has moderated.

- India's headline retail inflation dropped to a 11-month low of 5.88% in November 2022 from 6.77% in October 2022.

Key Points:

i. As per the RBI's estimates, annual inflation is seen cooling to 5.9% in January-March 2023 and 5% in April-June 2023 but is set to rise to 5.4% in the subsequent three months.

ii. Gross NPA ratio of all banks may improve from 5% in September 2022 to 4.9% by September 2023 under the baseline scenario.

Indian Bank Unveils QR Bill-Based Payment System for CESC-Mysuru

On 1st January 2023, Indian Bank unveiled the QR (Quick Response) code bill payment system for Chamundeshwari Electricity Supply Corporation Limited (CESC) making it the first power distribution company to offer such an initiative to customers in Mysuru, Karnataka.

- It was launched by Karnataka Minister of Energy V Sunil Kumar in the presence of senior government officials including CESC managing director Jayavibhava Swamy.
- This dynamic QR code that is linked to the unified payments interface (UPI) on printed electricity bills, will help customers in making their payments without visiting any online portal or physically going to any payment centre.

Tripura signs Rs 2,275cr agreement with ADB to improve Power Distribution Network

The Tripura government has signed an agreement with Asian Development Bank (ADB) worth Rs 2,275 crore to strengthen and improve power distribution efficiency in Tripura.

- Under this, ADB will support the state government's efforts to strengthen its power sector by replacing inefficient power plants and strengthening the distribution system. The project will be implemented in the next three years.
- Of the Rs 2,275 crore fund, the central government will repay Rs 1,820 crore while the state will provide Rs 455 crore.

Signatories:

It was signed by **Brijesh Pandey**, power secretary of Tripura, and **Nilaya Mitesh**, the officer in charge of ADB's India Resident Mission.

Key Points:

- i. The state government will undertake massive renovation of two power projects – Rukhia in Sepahijala district and Gumati Hydro project in Gomati district.
- ii. There will be a lot of work in the transmission sector to improve the existing system.
- iii. Currently, Tripura generates 84 MW (Mega Watt) power out of the state's per day demand of 450/460 MW.
 - It receives around 500 MW power from **OTPC** (ONGC Tripura Power Company Limited), **NEEPCO** (North Eastern Electric Power Corporation Limited) and other central PSUs (Public Sector Undertakings).
- iv. Apart from the ADB funding, an additional amount of **Rs 800 crore** will be spent to improve the power distribution of the state.

About Tripura:

Governor– Satyadeo Narain Arya

Chief Minister– Manik Saha

Wildlife Sanctuary (WLS)– Sepahijala WLS, Trishna WLS, Gomati WLS

HDFC Bank Partners with Microsoft as Part of its Digital Transformation Journey

HDFC Bank partnered with **Microsoft** for the next phase of its digital transformation journey and unlocked business value by transforming the application portfolio, modernising the data landscape and securing the enterprise with Microsoft Cloud.

- HDFC Bank as a part of its **Future Ready strategy** is developing **in-house IPs** and also partnering with several companies including FinTechs' to co-create technology IPs.

Key highlights:

- i. The bank will leverage Microsoft Azure to consolidate and modernise its enterprise data landscape through a Federated Data Lake for scaling up its information management capabilities across enterprise reporting, and advanced analytics using Artificial Intelligence (AI).
 - In addition, the Bank will leverage Microsoft Power Platform's industry-leading low code, no code capabilities to set up an App Innovation and Automation Factory, which will enable the Bank to migrate, modernise and transform its application portfolio.
- ii. The IP is built on Microsoft Azure stack, the solution that enables banks to democratise and monetize its data landscape which caters to several business units, spanning multiple systems, reports and processes.
- iii. The solution has been powered by unified architecture, collaborative engineering environment, industry-leading security and ecosystem of AI/Machine Learning (ML) based deep learning capabilities.
- iv. Lastly, the bank will leverage Microsoft 365, to adopt a modern, integrated and secure Digital Workplace covering three critical areas of transformation including employee collaboration, app modernization and secure remote work.

Yes Bank Partners with Microsoft to Transform Mobile Banking Experience

On 3rd January 2023 **Yes Bank** partnered with **Microsoft** to introduce the next generation **mobile application (app)** for providing personalised banking experience to its customers.

Key highlights:

- i. Yes Bank will leverage Microsoft's Azure platform to create the app which will offer a host of services to customers in addition to traditional banking functions such as online payments, shopping, rewards, offers and customised dashboards.
- ii. This will cater to various financial needs of customers across loans, payments, deposits, investments and cards.
- iii. The app will run on Microsoft's enterprise-grade cloud platform, and will support YES Bank in scaling up services by bringing merchants and ecosystem partners on to a common platform.

About Microsoft India:

President – Anant Maheshwari

India Country Manager – Ashutosh Gupta

Establishment – 1990 (in India)

India Accelerator Partners with ICICI Bank & Infosys Finacle to Foster Start-Up Ecosystem

India Accelerator (IA), a seed-stage accelerator programme, has launched “i3 Launchpad,” which was developed in partnership with ICICI Bank and Infosys Finacle, which is part of EdgeVerve Systems, a wholly-owned product subsidiary of Infosys.

‘i3 Launchpad’ Program

“i3 Launchpad” is a programme that fosters and co-innovate with India’s start-up ecosystem.

- **Objective:** To support a network of entrepreneurs on a quest to develop brands with global impact.
- It is intended to assist start-ups in expediting their progress by utilising mentorship, resources, and opportunities from Infosys Finacle, ICICI Bank, and IA.

Key Points:

i. The i3 Launchpad programme accepts start-ups from all sectors of the economy.

- It will admit two cohorts annually, with a target of 12 to 18 start-ups in each cohort.

ii. The first cohort will concentrate on the Fintech (Financial Technology), enterprise tech, Software as a Service (SaaS), PropTech (Property Technology), WealthTech (Wealth Technology), sustainability and GreenTech, and InsurTech (Insurance Technology) sectors.

- A combination of both remote and in-person group learning sessions is available to founders.

iii. The collaboration among the IA, ICICI Bank, and Infosys Finacle will assist fintech start-ups to accelerate their growth and impact in an organised manner.

About India Accelerator (IA):

India Accelerator (IA) is India’s only mentorship-driven, Global Accelerator Network (GAN)-partnered programme that assists Startups in realising their full potential.

Founder & MD – Ashish Bhatia

Headquarters – Gurugram, Haryana

Founded – 2017

Niva Bupa Insurance inks Corporate Agency Pact with Sundaram Finance

Niva Bupa Health Insurance Company Limited (formerly Max Bupa Health Insurance Company), a standalone health insurer, has signed a Corporate Agency Agreement with Sundaram Finance Limited, a diversified financial services group.

- According to the agreement, Sundaram Finance will provide a limited selection of Niva Bupa’s indemnity plans to an increasing range of its current and former clients.
- As part of this agreement, Sundaram Finance will reach out to clients using its network of more than 640 locations across India.

Bandhan Bank launches ‘Jahaan Bandhan, Wahaan Trust’ campaign featuring Sourav Ganguly

On 3rd January 2023, Bandhan Bank launched its integrated marketing campaign ‘Jahaan Bandhan, Wahaan Trust’ featuring the Bank’s brand ambassador, cricketing legend, Sourav Ganguly.

The ‘Jahaan Bandhan, Wahaan Trust’ campaign was conceived by **Leo Burnett Orchard**, who was brought in as Bandhan Bank’s creative agency in August 2022.

- The campaign emphasises the ‘trust’ that the brand has been able to earn in a span of seven years as a Bank and over the last two decades in the various avatars prior to the Bank.
- The campaign uses the analogy of Ganguly’s career, who became the bank’s customer soon after the bank was launched 7 years ago.

Note: According to the company, this is the 1st time Bandhan Bank has appointed a pan-India brand ambassador.

India's external debt at \$610 billion in Q2 FY23; declines by \$2.3 billion

As per the figures from the Ministry of Finance, India's external debt stood at USD 610.5 billion in Q2 FY23 (July-September 2022) showing a decrease of USD 2.3 billion from Q1 FY23 (April to June 2022).

- The external debt to GDP (Gross Domestic Product) ratio stood at 19.2% at the end of Q2FY23 as compared to 19.3% at end of Q1FY23.

Key Points:

- i.Valuation gains were USD 10.6 billion.
- ii.Excluding the valuation effect, the increase in external debt would have been USD 8.3 billion instead of a decrease of USD 2.3 billion at end Q2FY22 over end Q1FY22.
- iii.At end Q2FY22, long-term debt (with original maturity of above one year) was placed at USD 478.7 billion, a decline of USD 8 billion over Q1FY22.
- iv.The share of short-term debt (with an original maturity of up to one year) in total external debt increased to 21.6% at Q2FY22 from 20.6% in Q1FY23.
- v.The United States (US) dollar denominated debt remained the largest component of India's external debt, with a share of 55.5% at end of Q2FY22, followed by the Indian rupee (30.2%), Special Drawing Rights (SDR) (6.1%), yen (4.9%), and the euro (2.6%).

State-run firms to remain exempt from Minimum Public Shareholding Norms

The Securities and Exchange Board of India (SEBI) has amended the Securities Contracts (Regulation) Act, 1956 which will exempt Indian state-run companies from the Minimum Public Shareholding (MPS) norm that requires listed companies to maintain a 25% public shareholding.

- These exempted entities will be the government and public sector undertakings (PSUs) that hold together or individually majority stake from the MPS norm.

Key Points:

- i.Currently, as per SEBI norms, a company is required to have a MPS of 25% within one year of the merger with/acquisition of a company or three years after listing.
- ii.The exemptions from the MPS norm will be valid for a specified period even if there is a change in ownership or control after the exemption is granted
- iii.Extending this exemption will encourage more investors to buy stakes in government companies.

IDBI Bank exempted from MPS

Now, with the above changes in the regulations, IDBI Bank will also be exempted from MPS. The exact period of MPS exemption for IDBI Bank will be known to shortlisted bidders when the government shares the draft share purchase agreement (SPA) with them.

ADB, India sign \$220 million loan pact to Strengthen Power Sector in Tripura

On January 3, 2023, the Asian Development Bank (ADB) and the Government of India (GoI) signed a \$220 million loan pact for **Tripura Power Distribution Strengthening and Generation Efficiency Improvement Project**.

- The loan amount will be utilized towards improving energy security, quality of supply, efficiency, and resilience of power sector in Tripura.

Signatories:

Rajat Kumar Mishra, Additional Secretary, Department of Economic Affairs in the Ministry of Finance signed for GoI, and Hoe Yun Jeong, Officer-in-Charge of ADB's India Resident Mission, signed for ADB.

Key Points:

- i.The project will support the Government of Tripura's efforts to strengthen its power sector through

replacement of inefficient power plants, strengthen the distribution network and installation of smart meters that will help in increasing generation capacity, reduce distribution losses and to meet the increasing electricity demand.

ii. The Project will also fund the replacement of **Rokhia power plant** with a highly efficient combined cycle gas turbine that will reduce Greenhouse Gas Emissions (GHGs).

iii. The project will support at least 15 selected women self-help groups (SHGs) under Tripura rural livelihood mission.

iv. The project components will be designed to withstand heavy rainfall, lightning, and storms.

v. The distribution underground cabling will be installed by the horizontal directional drilling method or tunneling method to minimize road openings and reduce socio-environmental impacts during project implementation.

For Other Loan agreements of ADB with Indian States, [Click Here](#).

ICICI Bank Introduces First-of-its-Kind Digital Solutions for Exporters

In a first-of-its-kind industry initiative, **ICICI Bank Limited**, has launched [Digital Solutions For Exporters](#), a comprehensive set of banking and value-added services on a single platform.

- The initiative intends to improve operational efficiency of exporters by decongesting the current time-consuming manual procedures.

Significance

i. The set of solutions digitizes every stage of the export process, including market research, export financing, foreign exchange (forex) services, and receiving export incentives.

ii. Additionally, the package of solutions provides first-in-the-industry features including Trade APIs (Application Programming Interface) and instant disbursement of Export Packing Credits (Insta EPC).

- Insta EPC instantly provides export financing, and Trade APIs facilitate easy handling of export transactions directly from Enterprise Resource Planning (ERP) systems of the exporters, offering increased convenience.

iii. This comprehensive suite of digital solutions enables large, medium, and emerging businesses to undertake export transactions online, anywhere, and at any time.

Note: India's total exports increased by 36% to over USD 670 billion in fiscal year (FY) 2022 from FY 2021, and are projected to reach USD 2 trillion by 2030.

Key Services and Offerings of the Digital Solutions for Exporters

Insta EPC:

i. Exporters with an ICICI Bank relationship will benefit from the ease of instant and digital Export Packing Credit (EPC).

- This service is available for export-import transactions through **'Trade Online'**, the flagship digital platform of ICICI Bank.

ii. Insta EPC offers fast credit disbursement in minutes, as compared to the industry standard of a few working days.

- This facility gives exporters instant access to funds for same-day use, enhancing operational efficiency.

Trade APIs:

i. ICICI Bank provides Trade APIs, a future-ready industry-first solution for the seamless handling of export bills.

- APIs include Remittances, Letters of Credit, and Bank Guarantees.

ii. The Trade API solution offers exporters a simplified "Do It Yourself" (DIY) experience anytime, anywhere.

- APIs allow exporters to initiate transactions through their ERPs with the bank directly, increasing productivity.

Trade Accounts:

i.The Trade Accounts solution provides foreign currency accounts, notably the **Exchange Earners' Foreign Currency Account (EEFC)**.

- This current account enables exporters to keep their foreign currency earnings in the account without converting them into the local currency. It assists exporters in lowering their forex transaction charges.

ii.Additionally, it provides specialised current accounts like the **One Globe Trade Account (OGTA)** for transactions involving import and export.

Paperless Exports Solutions:

i.ICICI Bank's digital solutions have facilitated the digital filing of documents, settlement, and reconciliation of export invoices, by streamlining exporters' experiences across various stages.

- Its digital solutions include e-Softex, which caters to information technology (IT) / IT enabled services (ITeS) exporters) as well as e-DOCs (electronic documents).

ii.It offers the great convenience of reducing the current industry practices of a few days to near real time for these transactions, allowing exporters to claim their export incentives faster.

Foreign Exchange Solution:

Exporters can use digital platforms to book forex deals over the phone or online to achieve flexibility and transparency in booking rates.

Digital Letter of Credit facility (e-LC):

Exporters can make use of the e-LC facility, a digital repository that makes **Letter of Credit (LC)** available in real time for the verification of trade terms.

Electronic Bills of Lading (e-BL):

i.ICICI Bank has collaborated with major electronic bill of lading (**e-BL**) service providers to enable the end-to-end digital movement of trade documents globally.

- An **e-BL** is a new electronic version of the traditional bill of lading.
- A Bill of Lading is a document that the Carrier of goods issues to the "Shipper" of the goods. It's a document to provide evidence or proof of shipment.
- The e-BL performs the same functions, and in addition it improves the speed, security and accuracy of information.

ii.This improves working capital management by cutting the turnaround time from the standard industry practice of 8-10 days to a couple of days.

Value Added Services:

i.Trade Emerge, the one-stop platform of ICICI Bank, offers a full digital suite of various banking and non-banking services for companies, and can provide value-added services to exporters.

ii.The platform enables an end-to-end journey from business incorporation to regulatory guidelines, partner discovery, logistics, and cargo tracking, through a range of services provided by trusted alliance partners.

About the ICICI Bank Limited:

Managing Director (MD) & Chief Executive Officer (CEO) – Sandeep Bakhshi

Headquarters – Mumbai, Maharashtra

Establishment – 1994

Aegon Life Insurance Launches iTerm Prime Insurance Plan

Aegon Life Insurance has launched the "**iTerm Prime**" insurance plan, which will fulfill the requirements of self-employed individuals by offering a special 10% discount (5% discount in addition to the 5% online discount for all) on the first-year premium.

Key Features of iTerm Prime

i.The flagship term insurance plan, iTerm Prime, gives a minimum sum assured for a life cover of **Rs. 25 lakhs** with no maximum limit on a consumer's requirement.

ii. The minimum entry age is **18 years**, while the maximum age for regular pay is **65 years** and 50 years for limited pay.

- In the regular payment mode, the premium must be paid throughout the policy term.
- In limited pay, premiums can be paid for a fixed period of time while receiving policy coverage until the age of 70.

iii. To make the product more affordable to the end user, a special discount and flexible payment options have been provided.

- The product is available for purchase through Aegon Life's website and its partners in a completely paperless method that requires no documents or uploads.
- Permanent Account Number (PAN), Aadhaar, or a driver's licence are the only documents required to purchase insurance.

iv. The product also has a "**Special Exit Value**" (SEV) option, which allows the policyholder to get a refund of all premiums when they reach the age of 55.

- The entry age for this is 40 years, and the policy term is till 70 years.
- The policy provides a 15–30-day grace period for premium payments.

v. Additionally, the policy offers unique add-on features including Critical Illness Rider and Accidental Death Benefit Rider.

Key Points:

i. iTerm Prime is intended to promote life insurance access in emerging India.

ii. It digitizes underwriting and simplifies buying journeys, making insurance available to under-insured self-employed individuals, who make up the majority of India's working population.

- The number of self-employed people in India stood at 333 million in 2021.

About Aegon Life Insurance:

Aegon Life Insurance Company is a joint venture (JV) between Bennett, Coleman and Co. Ltd. (BCCL), and Aegon NV.

- BCCL is the largest media conglomerate in India and also known as the Times Group.
- Aegon NV is a major international provider of life insurance, pensions, and asset management services.

MD and CEO – Satishwar Balakrishnan

Established – 2007

Headquarters – Mumbai, Maharashtra

Dhanlaxmi Bank launches Retail Internet Banking Services 'DhanDelight' & Mobile Banking App 'DhanSmart'

Dhanlaxmi Bank has launched its new retail internet banking 'DhanDelight', and retail mobile banking app 'DhanSmart' featuring latest information system security features to provide secure banking.

- The new services are built on **omni channel platform** with multiple features covering various banking requirements.

Key Points:

i. In DhanDelight, latest UI (User Interface) and UX (User Experience) enable customers to do the financial transactions more securely.

ii. The mobile app, DhanSmart, also offers dark theme to improve visual ergonomics, reduce eye strain and helps in conserving battery power.

iii. The applications come with value-added features such as biometric authentication for mobile users, dash board for internet users, user defined themes, soft token for transaction authentication, credit card reports, online subscription of various social security and other schemes, online financial transactions and payments etc.

About Dhanlaxmi Bank:

Managing Director & CEO– Shivan J K

Headquarters– Thrissur, Kerala

Tagline– Tann Mann Dhan

Incorporated in 1927

IndusInd Bank Partners with British & Qatar Airways to Introduce Multi-branded Credit Card

On 5th January 2023, **IndusInd Bank** partnered with **British Airways Executive Club** and **Qatar Airways Privilege Club** to introduce the **first-of-its-kind** unique multi-branded credit card, powered by Visa.

- This multi-branded credit card will be launched and made available to consumers in the first quarter of **FY 2023-2024**.

Key highlights:

i. The credit card will be available in the Infinite variant of Visa and offers best-in-class rewards along with multiple benefits that will elevate international travel experience of customers.

ii. Through this card, the customers are allowed to choose their preferred airline loyalty programme and select their preferred travel destination to collect maximum Avios, the rewards currency for British Airways Executive Club and Qatar Airways Privilege Club.

- The card also offers various benefits suitable for the requirements of frequent travellers.
- The customers can choose their preferred airline loyalty and preferred travel destinations while applying for the credit card.

About IndusInd Bank:

Managing Director (MD) & Chief Executive Officer (CEO) – Sumant Kathpalia

Headquarters – Pune, Maharashtra

Establishment – 1994

SEBI nod to Reclassify Govt Holding in IDBI Bank as 'Public' after Sale

The Securities and Exchange Board of India (SEBI) agreed to the Central Government request to reclassify its shareholding in IDBI Bank after its disinvestment as **public holding**.

- However, this is subject to the condition that government's voting rights in the bank will not exceed 15% of the total voting rights after the sale.

Key Points:

i. This reclassification by government must be specified in the letter of offer dispatched to the shareholders of the bank in connection with the open offer made by the acquirer.

ii. After disinvestment, the bank must make an application to the stock exchanges for reclassification of the government holding under the public category.

iii. The new acquirer must ensure compliance with the minimum public shareholding (MPS) requirements within one year of the sale.

iv. At present, the government holds 45.48% stake, LIC holds around 49.24%, and the remaining 5.28% is public shareholding.

v. The government is selling 30.48% stake in the bank, while LIC will sell 30.24%.

- After the sale, the government will be left with 15 per cent and LIC will have a little over 19 per cent stake in the bank.

About Securities and Exchange Board of India (SEBI):

Chairperson– Madhabi Puri Buch

Headquarters– Mumbai, Maharashtra

Establishment– 1992

SEBI Issues Debt Broker License to Zerodha-Backed GoldenPi Technologies

The **Securities and Exchange Board of India (SEBI)** has granted a **debt broker license** to **GoldenPi Technologies**, a Bengaluru (Karnataka)-based fintech company backed by Indian financial services provider Zerodha.

- With this, GoldenPi Technologies became the **first** online bond platform (OBP) provider to obtain a debt brokerage licence from SEBI.
- The licence is expected to boost investor trust in the online bond and debenture investment space.

Backdrop

In November 2022, SEBI introduced regulations to streamline the operations of online bond platforms (OBPs) and to enhance investor participation in the bond market.

- It added that no company or individual shall function as an OBP provider without having a certificate of registration as a stock broker under the SEBI Regulations, 2021.

GoldenPi Technologies

i. GoldenPi Technologies, founded in **2017**, is a Zerodha-backed online marketplace to invest in Bonds & Debentures.

- The objective of GoldenPi's online platform is to make bonds available to all retail investors.

ii. The company currently provides daily listings of more than 100 bonds and debentures on its online platform.

iii. Its platform has more than 3.7 lakh active users who invest in corporate bonds, Non-Convertible Debentures (NCDs), Initial Public Offerings (IPOs), and other fixed-income assets.

iv. Abhijit Roy is the Chief Executive Officer (CEO) & Co-Founder of GoldenPi Technologies.

SEBI Extends Relaxation On Dispatching Hard Copies of Financial Statements

On January 5, 2022, SEBI relaxed certain provisions of the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)** relating to the dispatch of a hard copy of the annual report (financial statements) due in the year 2023 to debenture holders till **September 30, 2023**, which shall take effect immediately. The earlier extension lasted until December 31, 2022.

- The relaxation is made in accordance with the authority granted by Section 11(1) of the Securities and Exchange Board of India Act, 1992, as read with Regulation 101 of the Listing Regulations.

[Click here for official notification.](#)

Backdrop

i. SEBI has received proposals from listed entities requesting extensions to the existing relaxations.

ii. The Ministry of Corporate Affairs (MCA) also offered similar relaxations in December 2022 to companies dispatching physical copies of financial statements to shareholders for the annual general meeting (AGM) held until September 30, 2023.

Key Points:

i. The **Listing Obligations and Disclosure Requirements (LODR)** rules mandate listed companies to dispatch a physical copy of the statement including key features of all documents—financial statements, board of directors report, auditor's report—to shareholders who have not registered their email addresses.

- The listed companies must send hard copies of their full annual reports to shareholders who request them.

ii. The provisions should be published on the websites of the stock exchanges and brought to the attention of all entities with listed non-convertible securities (NCS).

About the Securities and Exchange Board of India (SEBI):

Chairperson– Madhabi Puri Buch

Headquarters– Mumbai, Maharashtra

Establishment– 1992

Axis Bank & OPEN Collaborate to Launch a Fully Digital Current Account

Axis Bank Limited (**Axis Bank**), India's third-largest private sector bank, has partnered with Open Financial Technologies Pvt Ltd (**OPEN**), a digital banking firm, to give its customers a fully native **digital current account** journey.

- This is Axis Bank's **first** collaboration with a fintech company to develop a fully digital current account.

Small and Medium Enterprises (SMEs), freelancers, homepreneurs (home-based entrepreneurs), influencers, and other clients would benefit from the Fully Digital Current Account.

Key Points:

- i. The existing Current account holders of Axis Bank will have access to over 250 banking services from Axis Bank as well as OPEN's financial automation tools for business management.
 - Payments, accounting, payroll, compliance, expense management, and other services are among the business management tools offered by OPEN.
- ii. The digital current account authentication process will be entirely online, using the PAN (permanent account number) and Aadhaar, followed by a video KYC (know your customer) process.
- iii. OPEN will continue to work on integrating value-added services for users such as term loans, revenue-based finance, and more.

Open Financial Technologies Pvt Ltd (OPEN)

- i. OPEN, a neo-banking platform headquartered in **Bangalore**, Karnataka, was founded in **2017**.
 - A "**neo-bank**" is a kind of digital bank that does not have any physical locations. They use artificial intelligence (AI) and technology to give clients personalized services while reducing operating costs.
- ii. OPEN operates the SME neo-banking platform 'Open Money', the embedded finance platform 'Zwitch', and 'BankingStack', the enterprise digital banking platform for banks.
- iii. Open, India's **100th Unicorn**, is backed by top global investors such as IIFL Finance, Temasek, Google, Visa, and Tiger Global, among others.
 - OPEN's digital banking platform is currently used by over 30 lakh businesses.
 - Anish Achuthan is the Co-founder and Chief Executive Officer (CEO) of OPEN.

About Axis Bank Limited:

MD & CEO – Amitabh Chaudhry

Establishment – 1993

Headquarters – Mumbai, Maharashtra

Tagline – Badhti Ka Naam Zindagi

NABARD Raises around Rs 5,000 crore via 3-year Bonds

Under its first issue of 'fund raising through bonds in 2023', National Bank for Agriculture and Rural Development (**NABARD**) has raised around **Rs 5,000 crore** via **3-year bonds**.

- The **coupon** for the 3-year bond was **7.63 per cent**. (The yield on 3-year government bonds was above 7.16 per cent).
- The issue by NABARD had a base size of Rs 2,000 crore plus a green-shoe option of Rs 3,000 crore.
- Since NABARD is being a public finance institution, it is exempted from filing papers for bond offering with the Ministry of corporate affairs.

REC Limited:

- i. Similar to NABARD, REC Limited (formerly Rural Electrification Corporation Limited) also intends to raise up to Rs 3,000 crore through a 10-year paper (maturing in January 2033). The base size is Rs 500 crore with a green-shoe option of Rs 2,500 crore.
- ii. It also plans to issue medium-term paper (about 41-42 months) to raise up to Rs 3,000 crore from the market.

What is a coupon bond?

- A coupon bond is a bond with coupons that pays periodic interest payments at its lifetime and par value at maturity.
- The coupon rate of the bond refers to the bond's yield at the date of issuance.
- Bonds with higher coupon rates will offer higher yields for the investor on their investment.

-'Hockey Wali Sarpanch' inks pact with NABARD to start FPO for Rajasthan's Farmers

To support the farmers of Rajasthan's **Lambi Ahir Village**, Neeru Yadav, fondly known as 'Hockey Wali Sarpanch' has made an agreement with NABARD to start a Farmers Producers Organisation (FPO), '**Sachhi Saheli Mahila Agro Producer Company Limited**'.

- The FPO was started with the assistance of SIIRD (Society of Indian Institute of Rural Development). Neeru Yadav became the Board of Directors of the company.
- Sachhi Saheli Mahila Agro Producer Company Limited is the 15th FPO launched by NABARD in Rajasthan.
- Neeru Yadav trained 10 girls in hockey sports under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) Scheme and helped them to get placed in MNCs.

First Advance Estimates of National Income, 2022-23: India's GDP Likely to Grow at 7% in FY23

The National Statistical Office (NSO), Ministry of Statistics and Program Implementation (MoSPI), has released its [First Advance Estimates \(FAE\) of National Income for the financial year 2022-2023 \(FY23\)](#) at both constant (2011-12) and current prices.

- According to the NSO's first FAE, the Indian economy will grow at a rate of **7% in FY23**, up from 8.7% in FY22.
- However, these are preliminary estimates for 2022-2023.

The forecast is slightly higher than the 6.8% projection of the Reserve Bank of India (RBI).

Background

The FAE of Gross Domestic Product (GDP), launched in 2016-17 to serve as essential inputs to the budget exercise, is based on limited data and prepared using the **Benchmark-Indicator Method**.

- It implies that the estimates available for the previous year (2021-22 in this case) are extrapolated using relevant indicators reflecting sector performance.

Significance of First Advance Estimates of National Income, 2022-23

i. The statistics will be utilized by the Ministry of Finance (MoF) to prepare the budget for the upcoming fiscal year 2023-24 (FY24), which will be presented on February 1, 2023, by Finance Minister Nirmala Sitharaman.

ii. On February 28, 2023, the Second Advance Estimates of National Income for FY23 and quarterly GDP estimates for the quarter October-December, 2022 (Q3 2022-23), as well as the First, Second, and Third Revised Estimates of National Accounts for the years 2021-22, 2020-21, and 2019-20, will be released.

iii. The First Revised Estimates for 2021-22 (the benchmark year) may also result in modifications to the FAE growth rates.

- Improved data coverage, actual tax collections and subsidy expenditures, data revisions made by source agencies, and so on would all have an impact on further revisions of these estimates.

Essential Estimations

i. **Real GDP, or GDP at constant (2011-12) prices**, is estimated to be Rs 157.60 lakh crore in FY23, compared to a Provisional Estimate of GDP of Rs 147.36 lakh crore in FY22, announced on May 31, 2022.

ii. **Nominal GDP, or GDP at current prices**, is estimated to be Rs. 273.08 lakh crore in FY23, compared to a Provisional Estimate of GDP of Rs. 236.65 lakh crore in FY22, announced on May 31, 2022.

- The nominal GDP growth rate in FY23 is projected to be 15.4 %, down from 19.5 % in FY22.

iii. The **Net National Income (NNI)** of India is projected to rise by 6.6 % in FY23 as compared to 8.5 % in FY22.

- This is expected to keep the **fiscal deficit** as a percentage of GDP at or below the budget estimate of **6.4%**.

Key Points:

i. According to a sector-wise analysis of the latest Gross Value Added (GVA) figures, which represent production minus taxes, services have been a key driver of growth while manufacturing has struggled.

- The output of the manufacturing sector is projected to fall to 1.6 % in FY23 from a growth of 9.9 % in FY22.
- Farm (agricultural) sector growth in FY23 is projected to be 3.5%, up from 3.0% in FY22.
- The mining sector is projected to grow 2.4% in FY23, compared to 11.5% in FY22.
- Construction sector growth is projected to be 9.1% in FY23, down from 11.5% in FY22.

ii. The nominal wage growth for the household sector, which makes up 44–45% of GVA, fell to 5.7% in FY17–FY21 from 8.2% in FY12–FY16.

iii. Due to high inflation, real wage growth was almost flat or even negative in some months of FY23.

iv. In FY23, the headline GVA growth is projected to be 6.7%, down from 8.1% in FY22.

v. The 7% GDP projection for FY23 (FY 2022-23) assumes a growth rate of 4.5% in the second half (October–March) of FY23, down from 9.7% in the first half (April–September).

vi. The Indian economy's GDP growth is anticipated to moderate to around **6.1% in FY24**.

- The International Monetary Fund (IMF) has also lowered India's GDP growth forecast for 2022-2023 to 6.8% from 7.4%.

About the Ministry of Statistics and Programme Implementation (MoSPI):

MoSPI is the nodal agency for the planned and organized development of the statistical system in India.

Ministers of State (Independent Charge) – Rao Inderjit Singh (Gurugram Constituency – Haryana)

Kerala becomes India's 1st State with Full Digital Banking Service

Kerala has become the first state in India to go fully digital in its banking service. It was declared by the Chief Minister (CM) of Kerala, **Pinarayi Vijayan** during an event.

- Kerala also received three 'Digital India' awards for the advancement in the digital sector viz. silver medal for Ksheerashree portal, platinum award for Digital Workforce Management System, and gold medal for District Administration of Kottayam.

It should be noted that Kerala is the only State in India that has declared '**the right to Internet**' as a basic right of its citizens.

Key Points:

i. This achievement was driven by social interventions through local self-government institutions along with infrastructure development and technological advances in the banking sector.

ii. The Kerala Fibre Optic Network (K-FON) project of the state government, which is almost 90% completed, will reduce the digital divide.

- It is a joint venture between the Kerala State Information Technology Infrastructure Ltd (KSITIL), Kerala State Electricity Board (KSEB) and the state, in which the two companies hold 49% each and the state the remaining 2%.
- A consortium led by Bharat Electronics Ltd (BEL) is executing the project and will be responsible for the operation and maintenance of the 35,000-km-long network for the next 7 years.
- Funded by the **Kerala Infrastructure Investment Fund Board (KIIFB)**, its outlay is **Rs 1,028.20 crore**.

iii. The K-FON will ensure internet facility to everyone in the state and a 17,155 km-long optic fibre cable network has been laid.

- Once the project gets completed, the internet will be available to everyone in the state either for a cheaper price or for free-of-cost.

iv. The state government created an Economic Offences Wing in the state police to tackle such cyber crimes.

Axis Bank & IISc Signs MoU to Set up Centre for Mathematics and Computing

Axis Bank signed a Memorandum of Understanding (MoU) with the Indian Institute of Science (IISc), Bengaluru, Karnataka to establish a Centre for Mathematics and Computing at IISc

Key highlights:

i. The centre spread across **1.6 lakh square feet** will have state of the art labs and programmes that will benefit the faculty and students of the 20 IISc departments. Annually the centre will benefit more than 500 engineers and scientists.

- In addition, it will also host the new IISc BTech programme in Mathematics and Computing and the ongoing Interdisciplinary PhD programme in Mathematical Sciences.

ii. The centre will play a vital role in understanding the futuristic areas including Artificial Intelligence (AI) and Data Science which rely on the foundations of mathematics and computing.

iii. The state-of-art facility will provide a platform for exploring and undertaking research in the fields of Computational Fluid Dynamics, Computational Biology, Quantum Computing, Precision Medicine, Digital Health, Climate Science, Materials Genomics, Cybersecurity, AI, Machine Learning (ML), and Data Science.

About Axis Bank:

Managing Director (MD) & Chief Executive officer (CEO) – Amitabh Chaudhry

Headquarters – Mumbai, Maharashtra

Establishment – Axis Bank established in 1993 was the first of the new private banks to have begun operations in 1994.

Tagline – Badhti Ka Naam Zindagi

ICRA Report: Bank Bond Issuances Reach a Record of Rs. 91,500 Crore in Debt Capital in FY23 (April -December)

According to the report released by credit rating agency **ICRA Limited** (formerly Investment Information and Credit Rating Agency of India Limited), **Gross bond issuances** by Indian banks reached a record of **Rs. 91,500 crores** in the first 9 months (April-December) of financial year 2022-23 (FY23).

- In FY22, banks issued Rs. 70,000 crore in gross bond issuances. The previous record was Rs. 80,000 crore in FY17.
- Bank gross bond issuances are likely to reach Rs. 1.3-1.4 lakh crore by the end of FY23, as the banking system's credit-to-deposit (CD) ratio continues to firm up.

This all-time high of Bank bond issuances is attributed to strong credit growth and tight liquidity conditions

[Click here to read more about ICRA's analysis.](#)

Key Statistics:

i. The incremental credit expansion amounted Rs. 12.7 lakh crore in FY23 (until December 16, 2022), while deposit accretion continued to trail at Rs. 8.9 lakh crore.

ii. The credit-deposit gap (after adjusting for Cash Reserve Ratio (CRR) /CLR requirements) widens to Rs. 5.7 lakh crore (as of December 2022).

iii. It is estimated that the banking system's credit-to-deposit ratio will increase to 76.3%-76.5% by March 2023 from 74.8% on December 16, 2022, and will be significantly higher than the lows of 69.6% experienced during the COVID-19 pandemic.

iv. To bridge the credit-deposit gap (Rs. 3.8 lakh crore), banks have relied on a variety of funding sources, including refinancing from All India Financial Institutions (AIFIs), the drawdown of excess on-balance-sheet liquidity, and debt capital market issuances.

- Among AIFIs, Small Industries Development Bank of India (SIDBI) has witnessed a higher share of the incremental refinance demand from banks and non-banks.

Key Points:

i. According to ICRA, debt capital instruments like Tier-I and Tier-II bonds are eligible for inclusion in capital ratios in addition to backing lendable resources.

ii. Long-term infrastructure bonds are also issued by banks to fund certain eligible assets.

iii. Given that these debt instruments have a longer term, they also improve the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

iv. While both public and private sector banks issued infrastructure bonds, public sector banks (PSBs) preferred Tier-I bonds more. The private banks issued more volumes of Tier-II bonds.

- According to ICRA's analysis, Tier-II issuance for all bond issuances increased to an all-time high of Rs. 47,200 crore due to large issuances by two large private sector banks.

v. A study by CARE ratings found that term loans and other bank financing requirements accounted for nearly 60% of the bond issuances in December 2022.

About Small Industries Development Bank of India (SIDBI):

Chairman & Managing Director (CMD) – Sivasubramanian Ramann

Establishment – 1990

Headquarters – Lucknow, Uttar Pradesh

“PayRup”: India’s Fastest Payment App Has Been Launched

PayRup, India’s fastest payment app, has been launched. PayRup is built on cutting-edge Web 3.0 technology and offers an enhanced digital payment experience with an exceptional user experience.

- PayRup was launched by Mahadevappa Halagatti at a launch ceremony held at Lulu Mall in Bangalore, Karnataka.

Key Points:

i. PayRup offers 24/7 assistance and support to users. Its customer service desk utilises cutting-edge Customer relationship management (CRM) technologies and adheres to international standards.

- To provide the best customer service, PayRup assures the **SERVQUAL** (service quality) standard and the 5 dimensions of service quality.

ii. Users of PayRup can purchase gift cards, recharge their mobile, broadband, and DTH devices, and pay their utility and landline bills.

- PayRup services will be made available for a wider range of financial instruments, including multiple payment options including rent, school fees, and other payment collection services.

iii. PayRup has launched several other USPs, including ticketing and booking services for buses, hotels, and flights.

About PayRup:

Established – 2017

Headquarters – Bengaluru, Karnataka

SEBI Extends Trading Hours for Stock Exchange Outage

On January 9, 2023, the Securities and Exchange Board of India (SEBI) issued a Standard Operating Procedure (SOP) for handling Stock Exchange outages and extension of trading hours in case of an outage.

Key Points:

i. **Stock Exchange Outage:** It is a stoppage of continuous trading, either suo moto by exchange or beyond the control of the stock exchange.

ii. Reporting the outage:

- SOP mandates the affected Stock exchange to inform SEBI immediately after the occurrence of the outage through a dedicated email id.
- They also have to inform the outage to stakeholders (i.e market participants, trading members and other market infrastructure institutions (MIIs)) within 15 minutes.

iii. **Extension of Trading hours:** If the trading on the affected stock exchange resumes to normalcy one hour before the normally scheduled market closure, trading hours on that day for all stock exchanges would remain

unchanged, but if not resumed within one hour then the trading hours would get extended for one and half hours on that day.

South Indian Bank Launches MSME Online Portal

The South Indian Bank (SIB), headquartered in Thrissur, Kerala, has launched a Micro Small and Medium Enterprises (MSME) online portal that provides instant online 'In Principle' approval of up to Rs. 1 crore.

- This initiative will support the MSME business to get loans quickly and support the domestic MSMEs to scale up their businesses.
- This is in line with the government's efforts to make India a USD 5 trillion economy.

HDFC Capital Achieves USD 376-mn Initial Close for Scheme 2 of H-CARE 3

On 9th January 2023, **HDFC Capital**, a subsidiary of HDFC Limited has successfully achieved the initial close of **USD 376 million** for Scheme 2 of HDFC Capital Affordable Real Estate Fund – 3 (**H-CARE 3**) to provide long term, flexible funding across affordable and mid-income housing projects including early-stage funding.

- The primary investor in H-CARE 3 Schemes 1 & 2 is a wholly-owned subsidiary of the Abu Dhabi Investment Authority (**ADIA**).
- H-CARE 3 has flexibility to provide equity funding for real estate projects and invest in tech companies that address the needs of the affordable housing ecosystem.
- H-CARE 3 Scheme 1 & 2 and HDFC Capital Affordable Real Estate Funds – 1 & 2 have created a USD 3.1 billion funding platform, rated as one of the world's largest private finance platforms focused on developing affordable housing.

Kotak General Insurance Ties Up with Clootrack to Boost Customer Experience

i. Kotak Mahindra General Insurance Company Limited ("**Kotak General Insurance**") has partnered with **Clootrack**, an artificial intelligence (AI)-powered, real-time customer experience platform.

- This partnership will provide Kotak General Insurance with actionable insights about its non-life insurance products based on customer feedback, as well as assist it in understanding market gaps in order to improve its customer experience.

ii. Kotak General Insurance is a wholly owned subsidiary of Kotak Mahindra Bank Ltd.

iii. Clootrack's comprehensive, intelligent customer experience analytics platform is fully a Software as a Service (SaaS) model. It gathers and analyses billions of customer reviews to help organisations understand "why" customer experience decreases.

- Shameel Abdulla is the Chief Executive Officer (CEO) of Clootrack.

SEBI allows futures contract on corporate bond index

The Securities and Exchange Board of India (SEBI) allowed stock exchanges to launch future contracts on corporate bond indices of corporate debt securities rated AA+ and above to enhance liquidity in the bond market and to provide an opportunity to the investors to hedge their positions.

Framework for Cash Settled Corporate Bond Index Futures (CBIF):

i. Stock exchanges who want to introduce such contracts are required to submit a detailed proposal to SEBI for approval.

ii. Exchanges should also make amendments to the relevant bye-laws, rules and regulations.

iii. There should be at least eight issuers in the index, with not more than a 15% weightage by a single issuer, and not more than 25% by a particular group of issuers.

iv. Contract value: The value of the CBIF contracts should not be less than Rs 2 lakhs at the time of introduction.

v. Tenure or the contract: Stock exchanges may introduce contracts of up to a tenure of 3 years.

SEBI amends Portfolio Managers' Norms

SEBI also allowed portfolio managers under co-investment Portfolio Management Services (PMS) to terminate their services as per the provisions of the agreement signed with the client for early termination.

- For the clients under co-investment PMS, the Portfolio Manager should ensure compliance with the second provision of **Regulation 22 (2)** of PMS Regulations which mandates norms for early termination of contract.
- Earlier the portfolio manager, with prior approval from SEBI, should inform its investors about the proposed change before effecting any change.

The information for the same was provided by SEBI in exercise of powers conferred under Section 11(1) of the SEBI Act, 1992 read with the provisions of Regulation 43 of the SEBI (Portfolio Managers) Regulations, 2020 to protect the interest of investors in securities and to promote the development of the securities market.

World Bank Report: Indian Economy to Grow at A Robust 6.6% In FY24

According to the latest [Global Economic Prospects](#) (January 2023) report released by the World Bank (WB), the Indian economy is projected to grow at a robust 6.6% in fiscal year 2023-24 (FY24), down from an estimated 6.9% in FY23 and 8.7% in FY22.

- India, Asia's third-largest economy, is projected to be the fastest-growing among the seven largest Emerging-Market and Developing Economies (EMDEs): Brazil, China, India, Indonesia, Mexico, the Russian Federation, and Turkey.

Notable India-Related Statistics:

i. Strong private consumption and fixed investment growth contributed to India's 9.7% growth in the first half of FY23 (April-September).

- India accounts for three-fourths of the output from Asia.

ii. The National Statistics Office (NSO) of India recently projected that the Indian economy will grow at 7% in FY23.

iii. However, most economists predict that India would grow at 6% or less in FY24 due to escalating global challenges.

The Global Scenario: A Global Downturn

i. Global growth is slowing drastically as a result of rising inflation, higher interest rates, lower investment, and disruptions from Russia's invasion of Ukraine.

- The sharp decline in growth is likely to be widespread, with estimates for 95% of advanced economies and roughly 70% of EMDEs revised downward for 2023.
- The third slowest pace of global growth in over 30 years may occur in 2023, raising concerns of a global recession.
- This would be the first time in over 80 years that two global recessions occurred in the same decade.

ii. According to projections, the global economy will grow by 1.7% in 2023 and 2.7% in 2024.

- In 2023, it is projected that the United States (US) will grow by 0.5% and the Euro Area will expand by 0%.
- Excluding China, EMDE growth is anticipated to slow to 2.7% in 2023 from 3.8% in 2022.

iii. Per-capita income growth in EMDEs is anticipated to be 2.8% on average during the next two years, which is a full percentage point less than the average growth rate from 2010 to 2019.

iv. China's growth is projected to accelerate to 4.3% in 2023 when COVID-19 pandemic restrictions are lifted, releasing pent-up consumer spending.

- Except for the COVID-19 pandemic year of 2020, China is expected to grow at a 2.7% annual rate in 2022, the weakest pace since the mid-1970s.

v. Growth in South Asia is projected to dip to 5.5% in 2023 before rising up slightly to 5.8% in 2024.

Clayfin & Bandhan Bank Wins Best Digital Channel/Platform Award from IBS Intelligence

Clayfin Technologies, a leading provider of Digital Customer Experience solutions for Banks and Financial institutions, and **Bandhan Bank** have been awarded 'Best Digital Channel/Platform Implementation: Best Project Implementation' at International Banking Systems Intelligence (IBSi) Global FinTech Innovation Awards 2022.

- This recognition was the basis of the implementation of Corporate Internet Banking (version 5.x) by Clayfin as part of Bandhan Bank's vision to enhance its digital services to the Small and Medium Enterprises (SME) sector.
- With this implementation, the bank will now offer an enhanced digital banking experience through enhanced self-administration, easy onboarding, more advanced risk mitigation and audit features.

Axis Bank enters into Revised Pact with Max Fin Serv to Acquire Additional 7% Stake in Max Life

Axis Bank Limited has entered into a revised pact with Max Financial Services Limited to acquire an additional 7% stake in Max Life Insurance Company Limited at fair market value using discounted cash flow method.

- The agreement has been revised by the guidance issued by the Insurance Regulatory and Development Authority (**IRDAI**) in October 2022.

According to the Axis Bank, Axis Entities entered into revised agreements with Max Financial on 9th January 2023.

Key Highlights:

- Axis Bank entered into the pact agreeing that the valuation for the right to acquire the balance 7% of Max Life's equity stake would be at Fair Market Value using Discounted Cash Flows instead of valuation as per Rule 11UA of the Income Tax Rules, 1962.
- Axis Entities acquired 12.99% of Max Life's equity share capital in April 2021 for a total of Rs 35 per share, with the right to purchase an additional 7% stake in the future.
 - Additionally, it fined Max Life Insurance Rs 3 crores for violating the laws governing the transfer of shares.

Note:

- Mitsui Sumitomo Company Ltd (MSI) held 25.48% of the company's shares and Max Financial Services Ltd (MFS) held 72.52% of them.
- Discounted cash flow refers to the estimated value of an investment based on future cash flows.

About the Axis Bank Limited:

Managing Director (MD) & Chief Executive Officer (CEO)- Amitabh Chaudhry

Headquarters- Mumbai, Maharashtra

Establishment- 1993

PwC India Report: Startup Funding in India Drops 33% to USD 24 Billion in 2022

In accordance with the "**Startup Tracker-CY22**" report published by PricewaterhouseCoopers (PwC India), funding for Indian startups fell by 33% to USD 24 billion in calendar year 2022 (CY22) as compared to CY21 but was still more than twice as much as the amount raised in CY20 and CY19 combined together.

- Startups received a total of USD 13.2 billion in funding in 2019, USD 10.9 billion in CY20, and USD 35.2 billion in CY21.

Key Report Findings:

- In value terms, early-stage deals made up roughly 12% of the total capital in CY22, compared to just under 7% in CY21.
 - It demonstrated that investors were positive about the Indian start-up ecosystem despite the global slowdown.