



FrankBanker
Idea Exchange for Bankers

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ISSUE 4

LATEST FACTS

REPO	4.0%
REVERSE REPO	3.35 %
BANK Rate	4.25 %
FOREX RESERVES	\$ 631 Billion
CPI INFLATION	6.01% (Jan 22)
GDP Growth	8.4% (Apr-Sep 21) 9.2% (est FY22)
BITCOIN	₹ 30,17,477.75
ETHEREUM	₹ 2,16,703.47





RBI Actions

- RBI issued **Master Directions on Credit Derivatives**. Key points
 - **Market Makers:** Scheduled Commercial Banks (excl SFB, Payments Banks), NBFC, Exim Bank, NABARD, SIDBI, NHB
 - **Participants:** Residents, NRIs
 - **Protection Sellers:** Insurance cos, Pension Funds, SEBI registered MFs, AIFs and FPIs
 - **Reference Instruments for CDS:** Money market debt, Rated INR bonds, Unrated bonds of SPVs of Infra companies
 - Fixed Income Money Market and Derivatives Association of India (FIMMDA) will devise standard agreements
 - Exchanges may offer standardised single-name CDS contracts with guaranteed settlement.
- In order to simplify compliance for Regulated Entities, RBI had set up a **Regulations Review Authority**. RRA had recommended withdrawal of 150 circulars in Nov 16, 2021) and has now recommended withdrawal of additional 100 circulars.
- RBI further **clarified on Asset Classification pertaining to Advances**. For borrowers having more than one credit facility from a lending institution, accounts can be upgraded from NPA to Standard only when all arrears of interest and principal for all credit facilities is repaid.

ABG Shipyards case

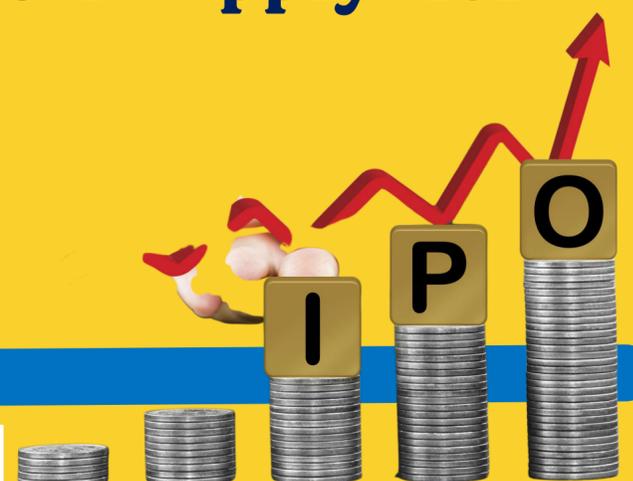


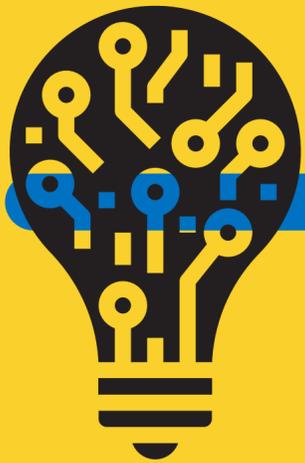
- CBI recently booked **ABG Shipyard Ltd** and its former CMD Rishi Agarwal and others in the alleged ₹22,842 crores case of cheating a consortium of banks
- This is one of the biggest bank frauds even bigger than Nirav Modi and Mehul Choksi cases
- The company had credit facilities from 28 banks. While the consortium is led by ICICI, SBI is coordinating on the fraud investigations
- The company turned NPA in November 2013, Subsequently debt was restructured in March 2014. By 2016 banks realised that the company cannot be revived. First complaint with CBI was filed in Nov 2019 and second in Dec 2020
- Fraud is primarily attributed to diversion of funds, misappropriation and criminal breach of trust.

LIC's ₹65,400 crore IPO



- Life Insurance Corp of India (LIC) will launch \$8 Bn (₹65400 crs) on 11th March 2022
- LIC is the 5th biggest insurer in the world (premium collected)
- IPO is fixed at face value of ₹10 each for the shares with price band of ₹2000-2,100 per share
- 35% of the total IPO is reserved for retail investors and 50% for Qualified Institutional Buyers. 5% of the issue will be reserved for Employees.
- Existing 283 million policyholders have a reservation of 10% and will get shares at 10% discount. Each policy holder can apply for a maximum of ₹2 Lakhs.





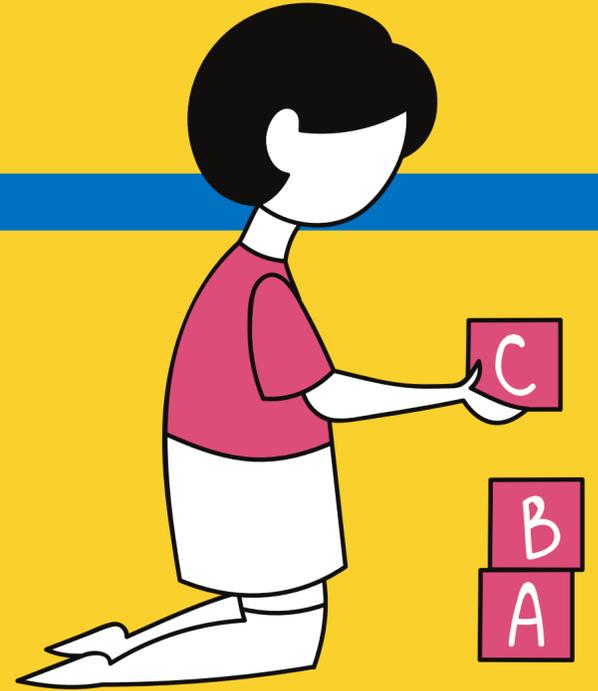
FinTech News

- Indian fintechs raised more than \$7 Bn funding during Oct-Dec21 as per Nasscom-PGA report
- **Twitter** is tying up with **Paytm** enabling its users to support content creators by tipping them using Paytm's Netbanking, Wallet, UPI, Credit and Debit cards.
- **Swipe**, a Billing and Payment fintech for small businesses, raised \$2 Mn in seed round from Y Combinator, Cred's Kunal Shah, GFC and others.
- Regtech startup **Signzy** launched Video Conferencing tool that uses AI for a secure one to one communication between Banks and their customers.
- **Razorpay** picked up majority stake in **Curlec**, a Malaysian subscription management fintech while **Pine Labs** acquired **Qfix**, an online payments startup

**Hot
&
New**

LATEST HAPPENINGS

- **Yes Bank** announced the launch of an annual startup enabler program, **Yes Bank Agri Infinity**, to co-develop digital financial solutions for the food and agriculture ecosystem by mentoring entrepreneurial ventures in the field.
- RBI cancelled license of **Mantha Urban Cooperative Bank**, Maharashtra citing its weak financials
- Federal Bank approved an estimated ₹2000 cr IPO of its subsidiary **FedBank Financial Services**. It will value FedFina at ₹6,000-7,000 crores
- SBI, BOB, UBI, Canara, PNB pick up stakes in the **India Debt Resolution Company Ltd (IDRCL)** . IDRCL is the AMC for the Bad Bank (NARCL) formed recently



TERM OF THE WEEK

MONEY SUPPLY is all the currency and other liquid instruments in a country's economy. It is measured using monetary aggregates or Ms

M0 : Cash currency in circulation + Deposits with RBI. This is also called 'Reserve Money'

M1 : Currency + Deposits with the public

M2 : M1 + Savings deposits with Post Office

M3 : M1 + Time Deposits with Banks

M4 : M3 + All deposits with Post Office

These are considered to indicate different levels of liquidity where $M1 > M2 > M3 > M4$

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