



FrankBanker
Idea Exchange for Bankers

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ISSUE 2

LATEST FACTS

REPO	4 Per Cent
REVERSE REPO	3.35 Per Cent
BANK Rate	4.25 Per Cent
INFLATION	4.7 Per Cent
FOREX Reserve	\$ 640.4 billion
GDP Growth	8.4 % (July- September)
NOMINAL GDP	₹ 232.15 lakh crores
BITCOIN	₹ 28,48,687.03
ETHEREUM	₹ 2,13,098.92



UNION BUDGET SUMMARY

- Capex target expanded by 35.4 per cent — from Rs 5.54 lakh crore to Rs 7.50 lakh crore. FY23 effective capex seen at Rs 10.7 lakh crore.
- Projected fiscal deficit of 6.4% of GDP in 2022/23.
- Revised fiscal deficit for 2021/22 at 6.9% of GDP.
- The government will tax income from digital asset transfers at 30%.
- Proposed to introduce Digital Rupee by RBI using blockchain technology, starting 2022-23.
- 75 digital banks in 75 districts will be set up by scheduled commercial banks to encourage digital payments.



RBI issues a working paper on India's External Commercial Borrowings: Determinants and Optimal Hedge Ratio

- The Reserve Bank of India placed on its website a Working Paper titled “India's External Commercial Borrowings: Determinants and Optimal Hedge Ratio”.
- This paper examines the determinants of External Commercial Borrowings (ECBs) raised by firms in India and identifies an optimal hedge ratio for the ECBs portfolio.
- It finds that depreciation of the Indian rupee has an adverse impact on the issuance of ECBs in the short as well as long run. The optimal hedge ratio for the ECBs portfolio is estimated at 63 per cent for the periods of high volatility in the forex market.

Link to RBI circular <https://bit.ly/3sfCH8t>



RBI issues regulations under the amended Factoring Regulation Act, 2011

- Existing non-deposit taking NBFC-Investment and Credit Companies (NBFC-ICCs) with asset size of ₹1,000 crore & above will be permitted to undertake factoring business subject to satisfaction of certain conditions
- This will increase the number of NBFCs eligible to undertake factoring business significantly from 7 to 182.
- Other NBFC-ICCs can also undertake factoring business by registering as NBFC-Factor



Link to RBI circular <https://bit.ly/3L8Yilv>

Bitcoin price has increased in the cryptocurrency market on 2nd Feb 2022

- Popular cryptocurrencies like Bitcoin have traded above US\$38K in the first week of February 2022. Crypto investors were eagerly waiting for the rise in Bitcoin to continue trading and investing for a higher profit from the highly volatile cryptocurrency market.
- **Top FIVE** cryptocurrency prices on February 2, 2022
 - Bitcoin (BTC): \$38,522.63 (down by 0.07%)
 - Ethereum (ETH): \$2,764.96 (up by 0.90%)
 - Tether (USDT): \$1.00 (down by 0.00%)
 - BNB (BNB): \$383.21 (up by 0.07%)
 - USD Coin (USDC): \$1.00 (up by 0.07%)
- The global crypto market cap is US\$1.77 trillion with a crypto market volume of US\$63.79 billion with a decrease of 2.01%.



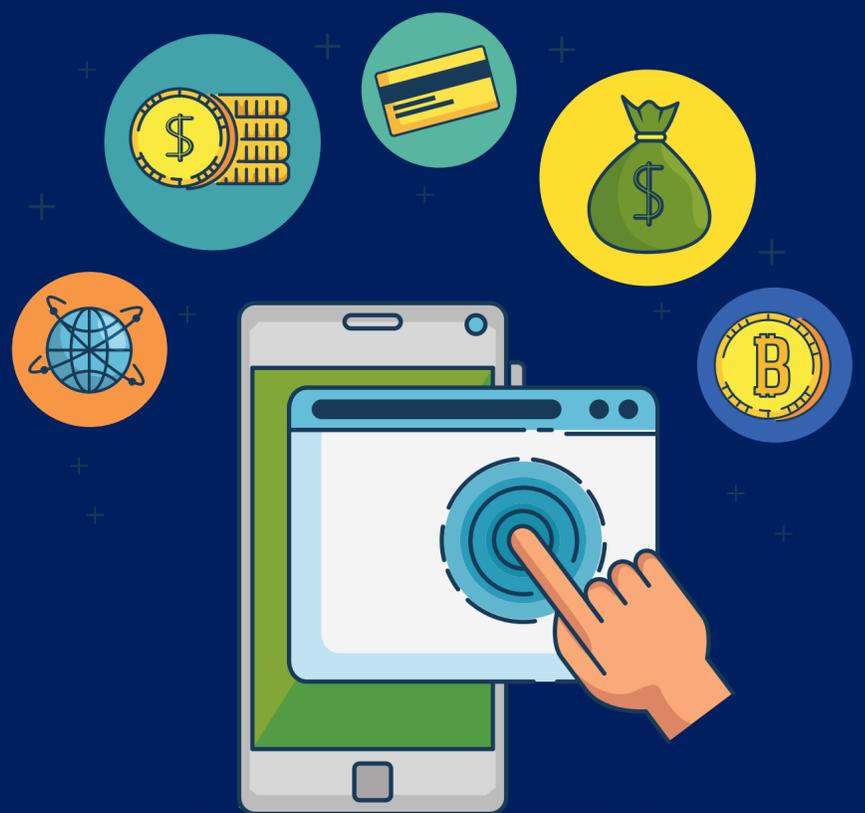
After Mastercard, Visa offers central banks a way to test digital currencies

- As the Reserve Bank of India and other central banks across the world explore and experiment with Central Bank Digital Currencies (CBDCs), Visa has joined Mastercard in offering them a way to test retail applications for digital currencies they might issue.
- CBDC is an electronic record or digital token of a country's official currency.
- The RBI has also said the CBDC may come in two types—retail and wholesale. The retail CBDC would be used like a digital extension of cash by all people and companies, while the 'wholesale' CBDC could be used only by permitted institutions as a settlement asset in the interbank market.



FINTECH News

- **BharatPe, a merchants business focussed Fintech, said it has witnessed 200 per cent growth in annualised transaction value to USD 4 billion(about Rs 30,078 crore) from its POS business over the last 12 months.**
- **Paytm and Fullerton India announced a partnership to expand digital lending to MSMEs and consumers from smaller cities and towns.**
- **M2P Fintech raised \$56 million led by New York-based global private equity firm Insight Partners. This pegs the valuation of this API based financial infra provider at \$600Mn**



LATEST HAPPENINGS

- Government announced that in 2022, 100% of 1.5 lakh Post Offices will be enabled with Core Banking System. This will ensure access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts
- SBI hiked its IMPS daily transfer limit from Rs 200,000 to Rs 500,000. It will not levy any charges for transfers upto the new limit
- Spanish Bank Banco Santander plans to exit U.S. residential mortgage lending. It plans to focus instead on growing its US auto and consumer lending segments
- Union Bank of India launched banking services on WhatsApp, enabled by Infosys Finacle

Hot
&
New

TERM OF THE WEEK

Breakeven Point [BEP] is defined as that point of the sale volume at which total revenue is equal to the total cost.

It's a point where a company is neither in profit nor in loss and Sales cover both Variable Costs and Fixed Costs.

Calculating BEP is a two step process



1. **Contribution per unit**=

Sales price per unit-Variable Cost per unit

2. **BEP**= Total Fixed Cost/Contribution per unit

This gives BEP units that a company must sell to reach a point of no profit-no loss. To convert this into sales value, simply use BEP unit x Sales price per unit

Breakeven point is also known as critical point or equilibrium point.

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