

Info Capsule

Friday
January 07, 2022

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Cabinet Committee on Economic Affairs**

Cabinet approves Intra-State Transmission System – Green Energy Corridor Phase-II (January 06, 2022)

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister, Shri Narendra Modi, on January 06, 2022 approved the scheme on Green Energy Corridor (GEC) Phase-II for Intra-State Transmission System (InSTS) for addition of approximately 10,750 circuit kilometres (ckm) of transmission lines and approx. 27,500 Mega Volt-Amperes (MVA) transformation capacity of substations. The scheme will facilitate grid integration and power evacuation of approximately 20 GW of Renewable Energy (RE) power projects in seven States namely, Gujarat, Himachal Pradesh, Karnataka, Kerala, Rajasthan, Tamil Nadu and Uttar Pradesh.

The scheme is targeted to be set up with total estimated cost of Rs. 12,031.33 crore and Central Financial Assistance (CFA) @ 33 percent of the project cost i.e. Rs. 3970.34 crore. The transmission systems will be created over a period of five year from Financial Year 2021-22 to 2025-26. The Central Financial Assistance (CFA) will help in offsetting the Intra-State transmission charges and thus keep the power costs down. Thus, the Government support will ultimately benefit the end users — the citizens of India.

For details:

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1788010>



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❖ **Banking and Insurance**

- **Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards and Net Stable Funding ratio – Small Business Customers (January 06, 2022)**

With the objective to better align our guidelines with the BCBS standard and enable banks to manage liquidity risk more effectively, it has been decided to increase the threshold limit for deposits and other extensions of funds made by non-financial Small Business Customers from ₹5 crore to ₹7.5 crore for the purpose of maintenance of Liquidity Coverage Ratio (LCR)

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12220&Mode=0>

- **Banks have written off double the amount recovered in last 5 yrs: RBI data (January 07, 2022)**

Commercial banks in India have written off a whopping Rs 9.54 trillion worth of bad loans in the last five years, of which more than Rs 7 trillion was by public sector banks. The amount banks have written off is more than double the sum recovered during the period.

According to the Reserve Bank of India (RBI) data, the amount recovered in the last five years through various channels such as lok adalats, debt recovery tribunals, the SARFAESI Act, and the Insolvency and Bankruptcy Code (IBC) was Rs 4.14 trillion.

For details:

https://www.business-standard.com/article/finance/banks-write-offs-double-the-amount-recovered-in-last-5-years-rbi-data-122010600688_1.html

Business and Economic News

- **PE inflows spurt 15% in 2021 to record \$40 billion, says report (January 07, 2022)**

Private equity (PE) investments hit a record high of USD 40.1 billion in 2021, an increase of over 15 per cent from the previous year, led by a USD 3.6 billion flow into Flipkart and USD 1.93 billion into Bundl Technologies, as per a report. According to the data collated by Refinitiv, an LSEG business, while the value of inflows rose 15.2 per cent from USD 34.8 billion in 2020 to USD 40.1 billion in 2021, the deal volume soared to 990 in the reporting year from 588 in 2020.

For details:

https://www.business-standard.com/article/economy-policy/pe-inflows-spurt-15-in-2021-to-record-40-billion-says-report-122010601721_1.html

- **ECLGS stopped 14% of loans from slipping into NPA, says SBI report (January 07, 2022)**

The Emergency Credit Line Guarantee Scheme (ECLGS) for micro, small, and medium enterprises (MSME), one of the government's key planks in reviving economic activity, has prevented 1.35 million MSME accounts from going under, according to a report by State Bank of India released on Thursday. The scheme has saved around 15 million jobs and stopped 14 per cent of outstanding MSME loans from turning into non-performing assets (NPAs), said the report authored by SBI's Chief Economic Advisor Soumya Kanti Ghosh.

For details:

https://www.business-standard.com/article/economy-policy/eclgs-stopped-14-of-loans-from-slipping-into-npa-says-sbi-report-122010700050_1.html

❖ Market Watch

Stock Market Indices as on 07.01.2022	
S & P BSE Sensex	59744.65 (+142.81)
Nifty 50	17812.70 (+66.80)

Foreign Exchange Rates as on 06.01.2022 <i>(https://www.fbil.org.in/#/home)</i>			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
74.32	84.05	100.68	0.64

❖ Terminology for today

Correspondent Bank

The term correspondent bank refers to a financial institution that provides services to another one—usually in another country. It acts as an intermediary or agent, facilitating wire transfers, conducting business transactions, accepting deposits, and gathering documents on behalf of another bank. Correspondent banks are most likely to be used by domestic banks to service transactions that either originate or are completed in foreign countries. Domestic banks generally use correspondent banks to gain access to foreign financial markets and to serve international clients without having to open branches abroad.

Prepared by Directorate of Academics

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