

# MONETARY & CREDIT INFORMATION REVIEW

Volume XVIII Issue 12 March 2023



# MCIR



## I. Monetary Policy

### Meeting Schedule of the Monetary Policy Committee

The Reserve Bank on March 24, 2023 decided as per Section 45ZI of Reserve Bank of India Act, 1934, Monetary Policy Committee will meet during 2023-24 on the dates mentioned below:

#### Monetary Policy Committee Meeting dates for 2023-24

1 <sup>st</sup>	April 3, 5 and 6, 2023
2 <sup>nd</sup>	June 6-8, 2023
3 <sup>rd</sup>	August 8-10, 2023
4 <sup>th</sup>	October 4-6, 2023
5 <sup>th</sup>	December 6-8, 2023
6 <sup>th</sup>	February 6-8, 2024

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### Meeting of Central Board

The 601<sup>st</sup> meeting of the Central Board of Directors of Reserve Bank of India was held on March 24, 2023 at Hyderabad under the chairmanship of Shri Shaktikanta Das, Governor.

The Board in its meeting reviewed the global and domestic economic situation and associated challenges including the impact of current global geopolitical developments. Further, the Board discussed the Reserve Bank's activities during the current accounting year 2022-23. The Board also approved the budget for the accounting year 2023-24.

Deputy Governors Shri Mahesh Kumar Jain, Dr. Michael Debabrata Patra, Shri M. Rajeshwar Rao, Shri T. Rabi Sankar and other Directors of the Central Board Shri Satish K. Marathe, Prof. Sachin Chaturvedi, Shri Pankaj Ramanbhai Patel and Dr. Ravindra H. Dholakia attended the meeting. Shri Ajay Seth, Secretary, Department of Economic Affairs and Dr. Vivek Joshi, Secretary, Department of Financial Services also attended the meeting. To read more, please click [here](#).

## II. Regulation

### Cancellation of Certificate of Registration

The Reserve Bank on March 2, 2023 in exercise of powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has cancelled the Certificate of Registration (CoR) of a Non-Banking Financial Company (NBFC). The CoR of the company has been cancelled on account of violation of RBI guidelines on outsourcing and Fair Practices Code in its digital lending operations undertaken through third party apps which was considered detrimental to public interest. To read more, please click [here](#).

Further, 17 NBFC on March 10, 2023 have surrendered the Certificate of Registration (CoR) granted to them by the Reserve Bank of India (RBI). The RBI, in exercise of powers conferred on it under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has therefore cancelled their CoR. To read more, please click [here](#).

### Note from the Editor

Welcome to another edition of the Monetary and Credit Information Review (MCIR). This monthly periodical of the Reserve Bank helps keep abreast with new developments and important policy initiatives taken by the Reserve Bank during the month of March 2023 in the world of money and credit. MCIR can be accessed at <https://mcir.rbi.org.in> as well as by scanning the QR code.

Through this communication tool, we aim to share information, educate, and stay in touch while ensuring factual accuracy and consistency in disseminating the information.

We welcome your feedback at [mcir@rbi.org.in](mailto:mcir@rbi.org.in)

**Yogesh Dayal**  
Editor

## MoU with Central Bank of the United Arab Emirates

The Reserve Bank of India and the Central Bank of the United Arab Emirates (CBUAE) on March 15, 2023 signed a Memorandum of Understanding (MoU) in Abu Dhabi, to enhance cooperation and jointly enable innovation in financial products and services. Under the MoU, the two central banks will collaborate on various emerging areas of FinTech, especially Central Bank Digital Currencies (CBDCs) and explore interoperability between the CBDCs of CBUAE and RBI. This bilateral engagement of testing cross-border use case of CBDCs is expected to reduce costs, increase efficiency of cross border transactions and further the economic ties between India and UAE. To read more, please click [here](#).

## 'New Greenfield Data Centre'

Shri Shaktikanta Das, Governor, Reserve Bank of India on March 22, 2023 laid the foundation stone for establishment of a Greenfield Data Centre and Enterprise Computing and Cybersecurity Training Institute in Bhubaneswar, Odisha.

The Governor in his remarks acknowledged the critical role played by technology in supporting the activities of the financial sector and the RBI over the years and recently, in facilitating a robust recovery from the pandemic. He highlighted the need for augmenting the existing computing infrastructure of the RBI supported by cutting edge facilities for research and capacity building in emerging areas straddling central banking, technology and cybersecurity for a future ready RBI.

The New Data Centre and the Enterprise Computing and Cybersecurity Training Institute spread over an area of 18.55 acres, when commissioned, will cater to the emerging requirements of the Reserve Bank and the financial sector. To read more, please click [here](#)

## Revised Regulatory Framework for UCBs

As per the recommendations of Expert Committee on Urban Co-operative Banks on 'Revised Regulatory Framework - Categorisation of Urban Co-operative Banks (UCBs) for Regulatory Purposes' dated December 1, 2022, the Reserve Bank on March 28, 2023 decided that the instructions related to 'Revised Regulatory Framework for Urban Co-operative Banks (UCBs) – Net Worth and Capital Adequacy' shall come into effect from March 31, 2023. To read more, please click [here](#).

## III. Payment and Settlement System

### Digital Payments Awareness Week 2023

Shri Shaktikanta Das, Governor, Reserve Bank of India on March 6, 2023 on the occasion of the Digital Payments Awareness Week (DPAW) 2023 launched the 'Har Payment Digital' mission. DPAW 2023 was observed from March 6 to 12, 2023. The theme of the campaign is 'Digital Payment Apnao, Auro ko bhi Sikhao' (Adopt digital payments and Also teach others).

During the DPAW 2023, Regional Offices of Reserve Bank conducted awareness and outreach programmes which also formed part of 'Jan Bhagidari' events under the Indian G20 presidency. Similar initiatives were also undertaken by the banks and non-bank payment system operators. To read more, please click [here](#).

## IV. Financial Markets

### Standing Liquidity Facility

The Reserve Bank on March 29, 2023 on a review of current and evolving liquidity conditions has decided to make available of an additional amount of ₹5,000 crore under the Standing Liquidity Facility for standalone primary dealers on March 31, 2023 at the prevailing repo rate. The amount availed under the special arrangement will be repayable on or before April 5, 2023. To read more, please click [here](#).

### Financial Performance of NGNF

The Reserve Bank on March 31, 2023 released data relating to financial performance of non-government non-financial (NGNF) private limited companies during 2021-22, based on audited annual accounts of 9,659 companies, which reported in the Indian Accounting Standards (Ind-AS) format for three accounting years from 2019-20 to 2021-22. The paid-up capital (PUC) of these companies amounted to ₹5,59,510 crore, which accounted for 30.1 per cent of the total PUC of NGNF public limited companies in March 2022. To read more, please click [here](#).

## V. Banker to Government

### WMA Limit for Government of India

The Reserve Bank on March 29, 2023 in consultation with Government of India decided that the limit for Ways and Means Advances (WMA) for the first half of the financial year 2023-24 (April 2023 to September 2023) will be ₹1,50,000 crore. The Reserve Bank of India may trigger fresh floatation of market loans when the Government of India utilises 75 per cent of the WMA limit.

The Reserve Bank of India retains the flexibility to revise the limit at any time, in consultation with the Government of India, taking into consideration the prevailing circumstances. The interest rate on WMA/Overdraft will be:

- i) WMA: Repo Rate
- ii) Overdraft: Two percent above the Repo Rate

To read more, please click [here](#).

### Reporting of March 2023 transactions

The Reserve Bank on March 16, 2023 has advised to agency Banks to refer its circular issued on February 24, 2022 that the procedure to be followed for reporting and accounting of Central Government transactions at the Receiving/Nodal/Focal Point branches of the bank for the financial year 2021-22. Accordingly, the Government of India has decided that the date of closure of residual transactions for the month of March 2023 be fixed as April 10, 2023. To read more, please click [here](#).

### Issuance Calendar for Dated Securities

The Reserve Bank on March 29, 2023 in consultation with Government of India in order to enable institutional and retail investors to plan their investments efficiently and provide transparency and stability to the Government securities market, notified the indicative calendar for issuance of Government dated securities for the first half of the fiscal year 2023-24 (April 01, 2023 to September 30, 2023) for an amount of ₹8,88,000 crore. To read more, please click [here](#).

## Calendar for Auction of T-Bills

The Reserve Bank on March 29, 2023 in consultation with the Government of India notified the amounts for the issuance of Treasury Bills for the quarter ending June 2023 for 91 days, 182 days and 364 days for an amount of ₹4,16,000 crore. The Reserve Bank of India, in consultation with the Government of India, will have the flexibility to modify the notified amount and timing for auction of Treasury Bills depending upon the requirements of the Government of India, evolving market conditions and other relevant factors, after giving due notice to the market. To read more, please click [here](#).

## VI. Foreign Exchange Management

### International Investment Position (IIP)

The Reserve Bank on March 31, 2023 released data relating to 'India's International Investment Position (IIP)' for end-December 2022. The key Features of India's IIP in end-December 2022 are:

- i) Net claims of non-residents on India declined by US\$ 12.0 billion during October-December 2022 and stood at US\$ 374.5 billion as at end-December 2022.
- ii) The reduction in net claims was due to higher rise in Indian residents' overseas financial assets (US\$ 28.7 billion) as compared with the increase in foreign liabilities of Indians (US\$ 16.7 billion).
- iii) The rise in Indian residents' foreign assets during Q3:2022-23 was mainly on account of an increase of US\$ 30.0 billion in reserve assets, which had earlier declined by US\$ 56.5 billion in the previous quarter.
- iv) Reserve assets accounted for 64.3 per cent of India's international financial assets as at end-December 2022.
- v) Trade credits and loans were primary contributors to the rise in India's foreign liabilities.
- vi) Variation in the exchange rate of rupee vis-a-vis other currencies impacted the change in liabilities, when valued in the US dollar terms, as the rupee depreciated by 1.49 per cent during the quarter.
- vii) The share of debt liabilities in total external liabilities increased to 50.2 per cent as at end-December 2022 from 49.8 per cent a quarter ago and 48.4 per cent a year ago.
- viii) India's international assets covered 70.0 per cent of India's international liabilities in December 2022 as compared with 72.5 per cent a year earlier.

To read more, please click [here](#).

### Balance of Payments

The Reserve Bank on March 31, 2023 released data on developments in India's Balance of Payments (BoP) during the 3<sup>rd</sup> Quarter (October-December) of 2022-23. The Key features of the BoP are:

- i) India's current account deficit declined to US\$ 18.2 billion (2.2 per cent of GDP) in Q3:2022-23 from US\$ 30.9 billion (3.7 per cent of GDP) in Q2:2022-23 and US\$ 22.2 billion (2.7 per cent of GDP) a year ago.
- ii) Underlying the lower current account deficit in Q3:2022-23 was a narrowing of merchandise trade deficit to US\$ 72.7 billion from US\$ 78.3 billion in Q2:2022-23, coupled with robust services and private transfer receipts.

iii) Services exports reported a growth of 24.5 per cent on a year-on-year (y-o-y) basis on the back of rising exports of software, business and travel services. Net services receipts increased both sequentially and on a y-o-y basis.

iv) Net outgo from the primary income account, mainly reflecting investment income payments, increased to US\$ 12.7 billion from US\$ 11.5 billion a year ago.

v) Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 30.8 billion, an increase of 31.7 per cent from their level a year ago.

vi) In the financial account, net foreign direct investment decreased to US\$ 2.1 billion from US\$ 4.6 billion a year ago.

vii) Net foreign portfolio investment recorded inflows of US\$ 4.6 billion, as against an outflow of US\$ 5.8 billion in Q3:2021-22.

To read more, please click [here](#).

### Financial Performance of FDI

The Reserve Bank on March 31, 2023 released data relating to financial performance of foreign direct investment (FDI) companies in India during 2021-22 based on audited annual accounts of 2,206 companies, which reported in the Indian Accounting Standards (Ind-AS) format for three accounting years from 2019-20 to 2021-22. The paid up capital (PUC) of these companies amounted to ₹5,04,271 crore, which accounted for 54.5 per cent of the total PUC of FDI companies that had reported in the 2021-22 round of the Reserve Bank's annual census of foreign liabilities and assets of Indian direct investment companies.

Companies with direct investment from Mauritius, Singapore and USA accounted for nearly half of the sample companies. The highlights of the financial performance of FDI are:

i) FDI companies witnessed broad based recovery in 2021-22 as the COVID-19 pandemic's impact diminished and economic activity rebounded; sales of the sample companies expanded by 29.7 per cent (2.0 per cent growth in the previous year).

ii) Operating expenses increased to meet the surge in sales; the ratio of raw material cost to total expenditure increased to 51.1 per cent (47.0 per cent in the previous year).

iii) Royalty payment by FDI companies, with 1.35 per cent share in their total expenditure, increased by 33.4 per cent in 2021-22 (19.7 per cent in the previous year); the share of research and development in total expenditure stood at 0.11 per cent.

iv) Operating profit of the sample companies increased by 21.4 per cent during 2021-22; manufacturing companies maintained their operating profit margin, which slipped marginally for the services sector.

v) At the aggregate level, leverage (measured in terms of debt-to-equity ratio) improved marginally.

vi) The sample companies utilised around 36 per cent of fresh funds in fixed capital formation. Non-current investments, inventories, and receivables were other major uses of funds during 2021-22. To read more, please click [here](#).

## VII. Publication

### RBI Bulletin

The Reserve Bank on March 21, 2023 released the March 2023 issue of its monthly Bulletin. The Bulletin includes five speeches, five articles and current statistics.

The five articles published are:

i) State of the Economy Even as global growth is set to slow down or even enter a recession in 2023 as global financial markets waver, India has emerged from the pandemic years stronger than initially thought, with a steady gathering of momentum since the second quarter of the current financial year. On the supply side, agriculture is into a seasonal uptick, industry is emerging out of contraction and services have maintained momentum. Consumer price inflation remains high and core inflation continues to defy the distinct softening of input costs.

ii) Consumer Price Index: Aggregation Method Matters

The present method of consumer price index (CPI) compilation involves an aggregation of indices across States/UTs and sectors to arrive at the all-India overall index. The national sub-group and group level indices are also arrived at by following a similar horizontal method of aggregation. As a result, any attempt to derive the all-India indices (sub-group/group/overall) through item-level aggregation may diverge from the published indices, especially when there are instances of missing prices or provision of subsidised items for which price quotes may be zero, as was the case in January-February 2023. The article, in this context, presents a discussion on the aggregation methodology followed in the compilation of CPI, the extent of divergence seen between published and user derived CPI inflation and sets out feasible ways to minimise such divergences in inflation measurement.

iii) Financial Stocks and Flow of Funds of the Indian Economy 2020-21

The article provides insights on instrument-wise financial stocks and flow of funds (FSF) for the institutional sectors, i.e., financial corporations; nonfinancial corporations; general government; households including non-profit institutions serving households; and rest of the world, on a 'from-whom-to-whom' (FWTW) basis for the year 2020-21.

iv) Application of Growth-at-Risk (GaR) Framework for Indian GDP

This article analyses the role of domestic and international macro-financial conditions in influencing the future distribution of GDP growth for India using a Growth-at-Risk (GaR) framework. It helps to shed light on low probability extreme events and in quantifying the likelihood of tail risk scenarios. It is important to note that GaR relates to the lower quantiles of GDP growth rather than the baseline mean growth forecast.

v) Subnational Borrowings in India –Volatilities and Determinants of State Government Securities (SGS) Spread

The article outlines the impact of the pandemic and policy measures undertaken by the Reserve Bank on the primary and secondary markets for State Government Securities (SGS). It studies the linkages between G-Sec and SGS yields and factors driving the pricing of SGS in primary markets. To read more, please click [here](#).

## VIII. Data Release

Important data released by the Reserve Bank during the month of March 2023 are as follows:

S/N	Title
1.	<a href="#">RBI – Liabilities and Assets</a>
2.	<a href="#">Liquidity Operations by RBI</a>
3.	<a href="#">Sale/Purchase of U.S. Dollar by the RBI</a>
4.	<a href="#">Maturity Breakdown (by Residual Maturity) of Outstanding Forwards of RBI (US\$ Million)</a>
5.	<a href="#">RBI's Standing Facilities</a>
6.	<a href="#">Money Stock Measures</a>
7.	<a href="#">Sectoral Deployment of Bank Credit February 2023</a>
8.	<a href="#">Sources of Variation in Foreign Exchange Reserves in India</a>
9.	<a href="#">Overseas Direct Investment for February 2023</a>
10.	<a href="#">Union Government Accounts at a Glance</a>
11.	<a href="#">Lending and Deposit Rates of Scheduled Commercial Banks - March 2023</a>

### Statement about ownership and other particulars concerning Monetary and Credit Information Review Form IV

Place of Publication	Mumbai
Periodicity of Publication	Monthly
Editor, Publisher and Printer's Name	Yogesh Dayal
Nationality	Indian
Address	Reserve Bank of India Department of Communication, Central Office, Shahid Bhagat Singh Road, Mumbai 400001
Names and addresses of Individuals who own the Newspaper	Reserve Bank of India Department of Communication, Central Office, Shahid Bhagat Singh Road, Mumbai 400001

I, Yogesh Dayal, hereby declare that the particulars given above are true to the best of my knowledge and belief.

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Signature of Publisher  
March 1, 2023