

M.L.Dahanukar College of Commerce

# THE BAF TIMES

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about the finance  
world

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Increase your finance  
knowledge while having  
fun

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# FOREWORD



## Idea Behind This Weekly Newsletter

Being a Commerce College, students are expected to know the changes in the business world. This weekly newsletter will help the students get acquainted with a glimpse of what happened in the week gone by. It will also have insights into various business and commerce related updates which will help you gain in-depth knowledge. Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.

- DR. D. M. Doke, Principal



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## **8 Crossword**

Increase your finance knowledge while having fun



# AAJ KI KHABAR

- HDFC Bank starts online customs duty payment facility for customers
- Retail loans likely to aid banks' loan growth in Q3, asset quality expected to improve
- Tax cloud over cryptocurrency exchanges as income tax department eyes probe
- RIL to acquire New York's luxury hotel Mandarin Oriental for \$98 million
- Avenue Supermarts sees 25% rise in profit with addition of 17 stores
- India's GDP growth for FY22 estimated at 9.2%: Govt
- Deposits in Jan Dhan accounts cross Rs 1.5 lakh crore
- RBI lays down eligibility norms for entities tapping credit bureau data
- Airtel Payments Bank gets scheduled bank status from RBI



# AAJ KI KHABAR

- Bank of Maharashtra gross advances rise to Rs 1.29 lakh crore as on December end
- Post DHFL acquisition, Piramal Capital to open 100 branches, expand to 1,000 cities
- RBI has cancelled the authorisation certificates of Muthoot Vehicle and Asset Finance Ltd and Eko India Financial Services Private Ltd for non-compliance with regulatory requirements.
- Reliance Jio IPO may launch this year, Mukesh Ambani firm's listing to be catalyst for telecom sector
- FinMin releases 10th installment of revenue deficit grant to states
- TCS to consider share buyback proposal

A vertical image on the left side of the page shows a hand holding a pen over a calculator. The calculator's display shows the number 292. The background is dark, and the lighting highlights the hand and the calculator's keys.

## AIRTEL PAYMENTS BANK DESIGNATED AS SCHEDULED BANK

Ms. Gauri Borhade,  
M.Com.

Airtel payment Bank is among the fastest-growing digital banks in the country with a base of 115 million users.

On 4th Jan 2021, RBI categorized Airtel Payment Bank as a Scheduled Bank .

The RBI on Tuesday said Airtel payment bank LTD has been included in the second schedule to the Reserve Bank of India Act,1934 which means it has been categorized as a Scheduled Bank.

With this the bank can now pitch for the government issued requests for proposal (RFP), primary auctions and undertake both central & state government – operated welfare schemes.

After turning profitable in the quarter ending September'21, Airtel Payment Bank announced that it will now be known as “Scheduled Commercial Bank”

Anubrata Biswas, MD & CEO, Airtel Payment Bank says, “this status is an important milestone in our growth journey & will further reinforce the trust our customers have place with the bank”.

# THE END OF LIBOR

Ms. Isha Mahajan,  
TYBAF

Most of us have heard of LIBOR. LIBOR is an acronym for London Interbank Offer Rate, the global reference rate for unsecured short-term borrowing in the interbank market. It acts as a benchmark for short-term interest rates, pricing of interest rate swaps, currency rate swaps as well as mortgages. Across the globe, LIBOR is used to price a whole host of financial contracts. In fact, the LIBOR rate is so extensively used in the financial world that some estimates say more than ~\$300 trillion worth of financial products are currently benchmarked using LIBOR.

Simply put, LIBOR is a benchmark rate. It is supposed to give people an estimate of what it costs to borrow money and that's how it is calculated as well. Every day, a few select banks submit a reference rate. This is what they believe they'll have to pay other fellow banks when borrowing money from them. Once all the submissions are made, the extreme values are discarded and the other numbers are averaged out to calculate the LIBOR.

However, there is one significant thing to note. LIBOR isn't based on what banks actually pay to borrow funds from each other. Instead, it is based on what banks 'think' they would pay.

LIBOR has been a popular figure for almost three decades but it has had its share of lows too. Between 2005 and 2008, several traders had actively manipulated and artificially deflated the LIBOR to earn huge profits. Many Barclays traders had actively colluded with their banking colleagues to make a manipulation of this level possible. There were fines, punishments, prison terms and mass firings when the scandal came to light but LIBOR was forever tainted by the incident.



In the aftermath of the scandal, it became apparent that the manipulation had cost governments, companies and consumers billions of dollars. It also led to the worsening of the 2008 financial crisis. This led to a very significant decision that would affect the whole world of finance. It was decided to start phasing out the LIBOR benchmark rate by 31st December 2021.

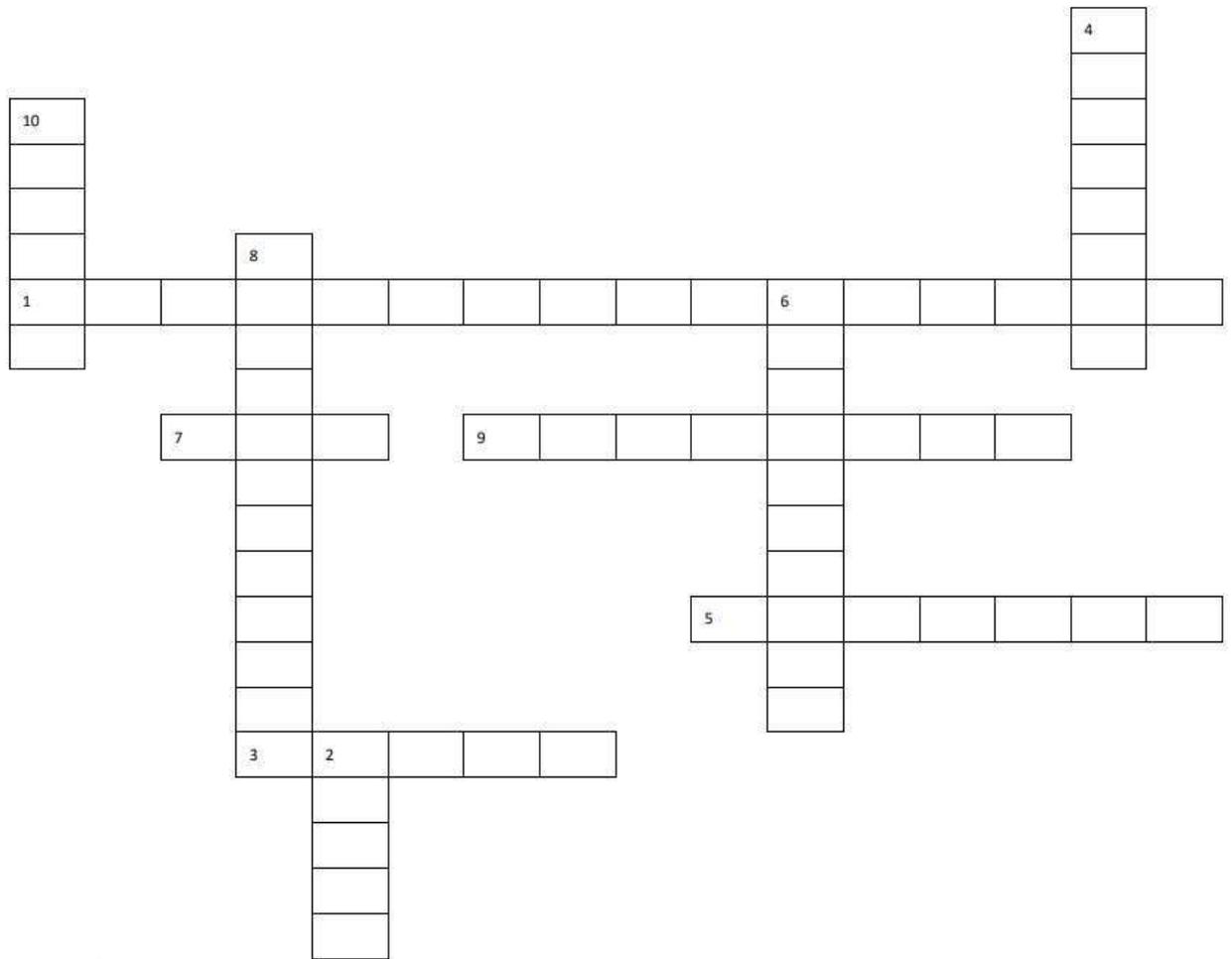
Yes, that was last week. And if you are wondering what will replace this ubiquitous figure, then the answer isn't all too clear. There simply isn't any LIBOR like global replacement ready to take over right now. So, countries will have to replace it with a bunch of alternative reference rates or ARR. For example, there is SONIA for British pounds, TONAR for Japanese yen and the Swiss SARON. However, the most likely candidate expected to fill in the shoes of LIBOR seems to be SOFR or Secured Overnight Financing Rate which is published by the New York Federal Reserve Bank.

The RBI on its part had already asked Indian banks back in July 2021 to move away from Mumbai Interbank Forward Outright Rate (MIFOR) — which itself used LIBOR as a reference and instead adopt a widely used ARR. Indian banks seem to have heeded the call and SOFR seems to be the overwhelming favourite.

The era of LIBOR seems to be ending. However, LIBOR won't just fall into oblivion entirely. Official rates will still be published, but will only be used for legacy loans, i.e., Loans taken using LIBOR before 31st December 2021. All new financial products will be priced based on a new benchmark rate.

We will have to wait and see which alternate reference rate turns out to be a worthy successor of mighty LIBOR.

# CROSSWORD



## ACROSS:

1. Supply for a product by an individual seller.
3. Commonly used app by firms for accounting in India.
5. Excess of Income over Expenditure in books of NPO.
7. Short form of Reserve for Doubtful Debts.
9. GDP is Gross \_\_\_\_\_ Product.

## DOWN:

2. Patents and Trademark is a/an \_\_\_\_\_.
4. Market dominated by a single seller.
6. Sugar and jaggery are \_\_\_\_\_ goods.
8. Full form of FD.
10. Asset which can be converted into cash immediately.



**Designed by:  
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If you wish to contribute your articles to be featured in the next issue, please mail your articles on [swapnils@mldc.edu.in](mailto:swapnils@mldc.edu.in) or contact on 9987094858 by Tuesday of every week and wait for the issue to be released on Saturday.

All Articles in this issue are the personal views of the authors and the college does not necessarily subscribe to the personal views of the authors.

**Editor-in-Chief  
CS Swapnil Shenvi, Coordinator – B.Com.(A&F)  
M.L.Dahanukar College of Commerce**

ANSWERS

ACROSS: 1. INDIVIDUAL SUPPLY 3. TALLY 5. SURPLUS 7. RDD 9. DOMESTIC  
DOWN: 2. ASSET 4. MONOPOLY 6. SUBSTITUTE 8. FIXED DEPOSIT 10. LIQUID