



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

DT. 01.07.2022

- **Gross NPAs Of Banks Fall To Six-Year Low Of 5.9% In March:** Gross non performing assets (GNPAs) of scheduled commercial banks (SCBs) fell to a six-year low of 5.9 per cent in March 2022 and could fall further to 5.3 per cent by March 2023, according to the Financial Stability Report of the RBI. SCBs asset quality has improved across all major sectors, it said. Net NPA ratio also fell by 70 basis points (bps) during 2021-22 and stood at 1.7 per cent at the year-end while the provisioning coverage ratio (PCR) improved to 70.9 per cent in March 2022 from 67.6 per cent a year ago. The capital-to-risk weighted assets ratio (CRAR) of SCBs rose to a new high of 16.7 per cent. Under the baseline scenario, the aggregate CRAR of 46 major banks is projected to slip from 16.5 per cent in March 2022 to 15 per cent by March 2023.
<https://www.thehindubusinessline.com/money-and-banking/gnpas-of-banks-fell-to-6-year-low-of-59-per-cent-in-march-2022-rbi-fsr/article65585367.ece>
- **RBI Financial Stability Report: Indian Economy On The Mend But Inflation Concerns Remain:** India's economy remains on the path of recovery, but high inflationary pressures, external spillovers, and geopolitical risks warrant close monitoring, the Reserve Bank of India said in its Financial Stability Report released on June 30. Retail inflation came in at 7.04 percent in May, easing from a near-eight-year high of 7.79 percent in the previous month. Inflation, however, has remained above the RBI's medium-term target of 4 percent for 32 consecutive months. More worryingly, it has now spent five months above the 6 percent upper bound of the 2-6 percent tolerance range. The Indian economy appears to have weathered the third wave of the pandemic associated with the Omicron variant, although the war in Ukraine is now casting a "long shadow" on the outlook, the central bank said in the report.
<https://www.moneycontrol.com/news/business/rbi-financial-stability-report-indian-economy-on-the-mend-but-inflation-concerns-remain-8762191.html>
- **Govt Approves Rs 2,516 Cr For Computerisation Of 63,000 Pacs:** The government on Wednesday approved Rs 2,516 crore for computerization of functional 63,000 Primary Agriculture Credit Societies (PACS) aimed at promoting financial inclusion. Addressing media after the Cabinet meeting, Information and Broadcasting Minister Anurag Singh Thakur said this will benefit 13 crore farmers, mostly small and marginal. The project comprises development of cloud-based common software with cyber security and data storage, and providing hardware support to PACS, he said.
https://www.business-standard.com/article/economy-policy/govt-approves-rs-2-516-cr-for-computerisation-of-63-000-pacs-thakur-122062900641_1.html



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- **Centre's Fiscal Deficit At 12.3% Of Full-Year Target In May: GOVT Data:** The central government's fiscal deficit at the end of May stood at 12.3 per cent of the annual budget target for 2022-23, mainly due to higher expenditure, according to official data released on Thursday. Fiscal deficit is the difference between total expenditure and revenue of the government. It is an indication of the total borrowings that are needed by the government. The fiscal deficit was at 8.2 per cent of the Budget Estimate (RE) of 2021-22 during the corresponding period. In actual terms, the deficit was at Rs 2,03,921 crore at the end of May, as per the data released by the Controller General of Accounts (CGA). The country's fiscal deficit is projected at 6.4 per cent of the GDP for this fiscal ending March 2023 as against 6.71 per cent for the previous year.
https://www.business-standard.com/article/economy-policy/india-s-april-may-fiscal-deficit-at-rs-2-04-trn-govt-data-122063000830_1.html
- **GOVT Keeps Interest Rates On Small Savings Schemes Unchanged For Q2 FY23:** The government on Thursday kept interest rates unchanged on small savings schemes, including NSC and PPF, for the second quarter of 2022-23 amid high inflation and rising interest rate. The interest rate on small savings schemes has not been revised since the first quarter of 2020-21. Public Provident Fund (PPF) and National Savings Certificate (NSC) will continue to have an annual interest rate of 7.1 per cent and 6.8 per cent, respectively, in the second quarter of this fiscal. The interest rate on the five-year senior citizens' savings scheme will be retained at 7.4 per cent. The interest on the senior citizens' scheme is paid on a quarterly basis. The girl child savings scheme Sukanya Samridhi Yojana will fetch 7.6 per cent. Interest rates for small savings schemes are notified on a quarterly basis.
https://www.business-standard.com/article/pf/govt-keeps-interest-rates-on-small-savings-schemes-unchanged-for-q2fy23-122063001136_1.html#:~:text=%22The%20rates%20of%20interest%20on,finance%20ministry%20said%20in%20a
- **AP, Gujarat, Tn Rank Among Top 7 Investment-Favoured States:** Andhra Pradesh, Gujarat, Haryana, Karnataka, Punjab, Tamil Nadu and Telangana have been adjudged the top achievers in the Business Reform Action Plan (BRAP) 2020 report released by the Centre on Thursday. The report ranked States and Union Territories on the basis of ease-of-doing-business parameters. The seven top-ranked States scored more than 90 per cent in a feedback-based assessment by the Department for Promotion of Industry and Internal Trade (DPIIT), covering 301 reform action points. Finance Minister Nirmala Sitharaman released the report at an event attended by Commerce and Industry Minister Piyush Goyal, DPIIT Secretary Anurag Jain, and other government officials and industry representatives.
<https://www.thehindubusinessline.com/economy/ease-of-doing-business-ap-gujarat-tn-rank-among-top-seven/article65585033.ece>
- **CCI Approves Google's 1.28% Stake Buy In Bharti Airtel:** The Competition Commission of India approved Google's investment of nearly \$1 billion for 1.28% in Bharti Airtel.
<https://www.livemint.com/companies/news/cci-approves-google-s-1-28-stake-buy-in-bharti-airtel-11656598357482.html>



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- **Core Sector Output Expands By 18.1 Pc In May:** The growth of eight core infrastructure sectors expanded by 18.1 per cent in May against 16.4 per cent in the year-ago period, according to official data released on Thursday. The output of eight infrastructure sectors of coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity had expanded by 9.3 per cent in April 2022, the data showed. In May, the output of coal, crude oil, refinery products, fertiliser, cement and electricity rose by 25.1 per cent, 4.6 per cent, 16.7 per cent, 22.8 per cent, 26.3 per cent and 22 per cent, respectively.
<https://www.financialexpress.com/economy/core-sector-output-expands-by-18-1-pc-in-may/2578552/>
- **Credit Growth To Industry Accelerates To 8.7% In May:** RBI: Credit growth to industry accelerated to 8.7 per cent in May 2022, while for agriculture and allied activities, the off-take increased by 11.8 per cent, according to RBI data released on Thursday. Data on sectoral deployment of bank credit for May 2022 has been collected from select 40 banks that account for about 93 per cent of the total non-food credit. The Reserve Bank further said that credit to medium industries grew by 49.3 per cent in May 2022 as compared with 47.9 per cent last year. "Credit growth to micro and small industries continued to perform well, registering accelerated growth of 33 per cent from 8.9 per cent, while credit to large industries recorded a growth of 1.9 per cent against a contraction of 3.1 per cent during the same period last year," it said. Advances to agriculture and allied activities grew by 11.8 per cent in May 2022 as compared with 9.4 per cent a year ago. As per RBI, personal loans segment maintained its uptrend and grew by 16.4 per cent in May 2022 vis-a-vis 12.8 per cent in May 2021, primarily driven by housing and vehicle loans segments. Loans to services sector grew by 12.9 per cent in May as compared with 3.4 per cent in the year-ago period, mainly due to improved off-take by NBFCs, professional services and transport operators. On year-on-year basis, non-food bank credit registered a growth of 12.6 per cent in May 2022 as compared with 4.9 per cent a year ago.
<https://auto.economicstimes.indiatimes.com/news/industry/credit-growth-to-industry-accelerates-to-8-7-in-may-rbi/92580857#:~:text=non%2Dfood%20credit,-,Credit%20growth%20to%20industry%20accelerated%20to%208.7%25%20in%20May%202022,compared%20with%2047.9%25%20last%20year.>
- **Forex/Equity Market:** The rupee rebounded from its all-time low to close 5 paise higher at 78.98 (provisional) against the US dollar on Thursday. At the interbank forex market, the local unit opened at 78.92 against the greenback and witnessed an intra-day high of 78.90 and a low of 78.99. It finally settled at 78.98, a rise of 5 paise over its previous close.



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RBI KEY RATES

Repo Rate: 4.90%
SDF: 4.65%
MSF & Bank Rate: 5.15%
Fixed Reverse Repo Rate: 3.35%
CRR: 4.50%
SLR: 18.00%

FOREX RATES (AS PER FBIL 1.30 PM)

INR / 1 USD : 78.9421
INR / 1 GBP : 95.9557
INR / 1 EUR : 82.5803
INR / 100 JPY: 57.9600

EQUITY MARKET

Sensex: 53018.94 (-8.03)
NIFTY: 15780.30 (-18.80)

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