



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

**February 02, 2023**

**HIGHLIGHTS OF UNION BUDGET 2023-24:** The budget has seven priorities of the Union Budget and said that they which are complement each other and act as the 'Saptarishi' guiding us through the Amrit Kaal. They are as follows: 1) Inclusive Development 2) Reaching the Last Mile 3) Infrastructure and Investment 4) Unleashing the Potential 5) Green Growth 6) Youth Power 7) Financial Sector.

Some of the important highlights are as follows;

### **REVISED ESTIMATES 2022-23:**

- The total receipts other than borrowings is Rs 24.3 lakh crore. The total expenditure is Rs 41.9 lakh crore, of which the capital expenditure is about Rs 7.3 lakh crore.
- The fiscal deficit is 6.4 per cent of GDP, adhering to the Budget Estimate.

### **BUDGET ESTIMATES 2023-24:**

- The total receipts other than borrowings is estimated at Rs 27.2 lakh crore and the total expenditure is estimated at Rs 45 lakh crore.
- The fiscal deficit is estimated to be 5.9 per cent of GDP. Targeted Fiscal Deficit to be below 4.5% by 2025-26.

### **OTHER HIGHLIGHTS**

- Atmanirbhar Clean Plant Program with an outlay of ₹2200 crore to be launched to boost availability of disease-free, quality planting material for high value horticultural crops.
- Outlay for PM Awas Yojana is being enhanced by 66% to over Rs. 79,000 crore.
- Entity DigiLocker to be setup for use by MSMEs, large business and charitable trusts to store and share documents online securely.
- Centre to facilitate one crore farmers to adopt natural farming over the next three years. For this, 10,000 Bio-Input Resource Centres to be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.
- Pradhan Mantri Kaushal Vikas Yojana 4.0, to be launched to skill lakhs of youth within the next three years covering new age courses for Industry 4.0 like coding, AI, robotics, mechatronics, IOT, 3D printing, drones, and soft skills.
- Revamped credit guarantee scheme for MSMEs to take effect from 1st April 2023 through infusion of Rs 9,000 crore in the corpus. This scheme would enable additional collateral-free guaranteed credit of Rs 2 lakh crore and also reduce the cost of the credit by about 1 per cent.
- The maximum deposit limit for Senior Citizen Savings Scheme to be enhanced from Rs 15 lakh to Rs 30 lakh.
- ₹20 lakh crore agricultural credit targeted at animal husbandry, dairy and fisheries
- Computerisation of 63,000 Primary Agricultural Credit Societies (PACS) with an investment of ₹2,516 crore initiated.



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- At least 50 tourist destinations to be selected through challenge mode; to be developed as a complete package for domestic and foreign tourists.
- An one-time new small savings scheme, Mahila Samman Savings Certificate to be launched. It will offer deposit facility upto Rs 2 lakh in the name of women or girls for tenure of 2 years (up to March 2025) at fixed interest rate of 7.5 per cent with partial withdrawal option.
- The maximum deposit limit for Monthly Income Account Scheme to be enhanced from Rs 4.5 lakh to Rs 9 lakh for single account and from Rs 9 lakh to Rs 15 lakh for joint account.
- Rebate limit of Personal Income Tax to be increased to Rs. 7 lakh from the current Rs. 5 lakh in the new tax regime.
- The benefit of standard deduction has been extended to the salaried class and the pensioners including family pensioner under the new tax regime. Salaried individual will get standard deduction of ₹ 50,000 and pensioner ₹ 15,000 as per the proposal. Each salaried person with an income of ₹ 15.5 lakh or more will thus gain ₹ 52,500, from the above proposals.
- The limit of tax exemption on leave encashment on retirement of non-government salaried employees increased from ₹3 lakh to ₹25 lakh.

[Indiabudget.gov.in](http://indiabudget.gov.in)

**ADANI CALLS OFF FPO, SAYS WILL RETURN MONEY TO INVESTORS:** Adani Enterprises said on February 1 that it has cancelled its Follow-On Public Offering (FPO) and will return money to its investors amid ongoing controversy after American short seller, Hindenburg Research, accused the company of using tax havens and flagged debt concerns in a report.

[Moneycontrol](#)

**US FED UNVEILS 25 bps RATE HIKE BUT SIGNALS INFLATION FIGHT NOT**

**OVER:** America's Federal Reserve slowed its pace of interest rate hikes Wednesday, tempering an aggressive campaign to rein in costs as inflation cools while signaling the battle is not yet over. The US central bank announced a quarter-point hike to the benchmark lending rate at the end of its two-day policy meeting, taking the rate to a target range of 4.50-4.75 percent. "Inflation has eased somewhat but remains elevated," said the Fed's policy-setting Federal Open Market Committee (FOMC) in a statement.

[Moneycontrol](#)

**BUDGET 2023: CAPITAL GAINS BENEFIT IN PROPERTY DEALS CAPPED AT**

**₹10 CRORE:** Real estate investments are a favourite with high-net worth individuals and those in the top bracket among the salaried class. They often make considerable gains on real estate transactions, taking advantage of the benefits available under Sections 54 and 54F that provide a deduction on capital gains. The finance minister has now capped the benefits on deduction in long-term capital gains by limiting the rollover benefit under these two sections. Under existing provisions, any capital gains arising from the sale of long-term assets including



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residential houses, would be exempt from tax if the proceeds were invested in another residential house. There was no cap on the amount on which the deduction could be obtained. Now, under the new provisions, the government has put a cap of ₹10 crore on the capital gains on which deduction will be available.

*(Business Line)*

**CREDIT SUISSE SAYS WON'T ACCEPT ADANI BONDS AS COLLATERAL:** The decision by Credit Suisse to stop accepting bonds of Adani Group companies as collateral for margin loans to private banking clients may have triggered panic selling in Adani counters, with the latter seeing a \$23 billion wipeout in one trading session on Wednesday. However, sources close to Adani said there are no holdco guarantees on any loans. Borrowings for the ACC-Ambuja acquisition are linked to the cash flows of these target companies and not their share price.

*(Economic Times)*

**UNION BUDGET 2023-24: DIVESTMENT TARGET PEGGED AT RS 51,000**

**CRORE:** The Indian government expects to raise Rs 51,000 crore from stake sales in various state-run companies, budget documents released on Wednesday showed. Data from the DIPAM website shows that proceeds from disinvestment stood at Rs 31,106.64 crore, only 48% of the budgeted amount of Rs 65,000 crore.

*(Economic Times)*

**NOW MICRO ENTERPRISES WITH UP TO RS 3 CR TURNOVER CAN OPT FOR PRESUMPTIVE TAXATION:**

Among tax benefits for MSMEs announced in the budget, finance minister Nirmala Sitharaman on Wednesday enhanced the turnover limits to be eligible for presumptive taxation. Now micro enterprises with a turnover up to Rs 3 crore from earlier Rs 2 crore and certain professionals with a turnover up to Rs 75 lakh from earlier Rs 50 lakh will be eligible to be taxed presumptively provided their cash receipts are not more than 5 per cent of total receipts. Under presumptive taxation, small businesses and professionals are not required to maintain their books of account and get their accounts audited, providing relief from tedious tax filing exercises. As per the Income-tax Act, businesses are otherwise required to maintain their books. A micro unit or a professional opting for presumptive taxation can declare income at a prescribed rate.

*(Financial Express)*

**GOVT HIKES IMPORT DUTY ON TOYS TO 70% TO BOOST DOMESTIC MANUFACTURING:**

The government on Wednesday increased the import duty on toys and its components to 70 per cent with a view to cut inbound shipments of these products and boost domestic manufacturing activities. Similarly, import duty on bicycles has also been hiked to 35 per cent from 30 per cent, according to a Union Budget document. Import duty hike on toys and parts of toys excludes parts of electronic toys.

*(Business Standard)*



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## **INSURANCE POLICIES WHERE PREMIUM IS ABOVE RS 5 LAKH NO MORE**

**TAX EXEMPT:** Insurance policies where the premium is over Rs 5 lakh will no longer be tax exempt, as per the provisions in the Union Budget 2023-24. A concern is that it should not result in a significant shift towards purely investment oriented unit link insurances. A similar provision was already introduced for ULIPs in 2021 wherein the aggregate premium was restricted to Rs 2.5 lakh in a year for tax exempt proceeds",

***(Business Standard)***



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## ***FINANCIAL TERMINOLOGY/CONCEPTS***

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### **TREATY REINSURANCE**

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- ❖ When an insurance company enters into a reinsurance contract with another insurance company, then the same is called treaty reinsurance.
- ❖ In the case of treaty reinsurance, the company that sells the insurance policies to another insurance company is called ceding company. Reinsurance frees up the capital of the ceding company and helps augment the solvency margin. It also enables the ceding company to increase the underwriting abilities by reducing the underwriting costs. Under treaty reinsurance, the reinsurer assumes the insurance liability. However, in the event of a default by the reinsurer, the onus of settling the claims falls on the ceding company.
- ❖ Facultative reinsurance and reinsurance treaties are two types of reinsurance contracts. When it comes to facultative reinsurance, the main insurer covers one risk or a series of risks held in its own books. Treaty reinsurance, on the other hand, is insurance purchased by an insurer from another company. With facultative reinsurance, the reinsurer can review the risks involved in an insurance policy and either accept or reject them. But the reinsurer in a treaty reinsurance policy, on the other hand, generally accepts all the risks involved with certain policies.



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### **RBI KEY RATES**

Repo Rate: 6.25%  
SDF: 6.00%  
MSF & Bank Rate: 6.50%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 81.8494  
INR / 1 GBP : 100.8990  
INR / 1 EUR : 88.9938  
INR /100 JPY : 62.8400

### **EQUITY MARKET**

Sensex: 59708.08 (+158.18)  
NIFTY: 17616.30 (-45.90)  
Bnk NIFTY: 40513.00 (-142.05)

### **Courses conducted by BFSI Board**

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

For details please visit BFSIB portal of the ICAI website

### **Publications by BFSI Board**

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit ).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**

To purchase please visit BFSIB portal of ICAI

**CMA Chittaranjan Chattopadhyay**

**Chairman,**

**Banking, Financial Services & Insurance Board**

**The Institute of Cost Accountants of India**

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