



THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

September 03, 2022

- **INDUSIND BANK, ASIAN DEVELOPMENT BANK INK PACT FOR RS 560 CRORE LENDING PROGRAMME FOR SUPPLY CHAIN FINANCING:** IndusInd Bank has inked a pact with the Asian Development Bank for a partial guarantee programme with an initial outlay of Rs 560 crore for supply chain financing. The bank has entered into a partial guarantee programme with ADB with an initial outlay of USD 70 million (Rs 560 crore), exclusively towards promoting supply chain finance solutions in India, IndusInd Bank said in a release on Friday. ADB provides partial credit guarantees to lenders. It covers non-payment by the borrower on the guaranteed portion of the principal and interest due. The Bank recently launched a digital portal for SCF, early Credit, enabling 24x7 seamless processing of SCF transactions.
<https://www.moneycontrol.com/news/business/indusind-bank-asian-development-bank-ink-pact-for-rs-560-crore-lending-programme-for-supply-chain-financing-9123051.html>
- **SOFTBANK PLANS VISION FUND STAFF CUTS OF AT LEAST 20%:** SoftBank Group Corp. is planning to cut at least 20% of staff at its loss-churning Vision Fund operation, following public pledges from Masayoshi Son to reduce headcount at the world's biggest tech investor, according to people familiar with the matter. The Tokyo-based company will slash a minimum of 100 positions and may announce the job cuts as early as this month, said the people, asking not to be named as the information is not public.
<https://www.moneycontrol.com/news/business/softbank-plans-vision-fund-staff-cuts-of-at-least-20-9123511.html>
- **IRDAI TO BUILD COMPREHENSIVE PORTAL FOR RESOLVING POLICYHOLDERS' COMPLAINTS:** Insurance regulator IRDAI is building a comprehensive portal for complaints redressal of policyholders. This portal is expected to be ready by end of December this year.
<https://www.thehindubusinessline.com/economy/irdai-to-build-comprehensive-portal-for-resolving-policyholders-complaints/article65841503.ece>
- **CBIC'S GUIDELINES FOR GST PROSECUTION STRESS ON 'mens rea', 'adequate evidence':** Prosecution in the case of GST related violations will not be initiated against all the directors of a public limited company but against persons involved in day-to-day operations or those believed to have active involvement in the alleged offence, Central Board of Indirect Taxes & Custom (CBIC) said.
<https://www.thehindubusinessline.com/economy/cbics-guidelines-for-gst-prosecution-stresses-on-mens-rea-adequate-evidence/article65840276.ece>
- **INDIA WARNS UK AT WTO OF RETALIATION IF SAFEGUARD MEASURES ON STEEL NOT WITHDRAWN:** India has warned the UK that it may suspend trade concessions or other obligations equivalent to the adverse effects of the safeguard measures imposed on certain Indian steel products imposed by the country if no agreement is reached on compensation between the two within 30 days of consultations



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at the WTO. In June, UK announced continuation of safeguard duties of 25% on five steel categories till 2024, in addition to the initial list of 10.

<https://www.thehindubusinessline.com/economy/india-warns-uk-at-wto-of-retaliation-if-safeguard-measures-on-steel-not-withdrawn/article65841505.ece>

- **RBI IN TALKS WITH BANKS, FINTECHS FOR DIGITAL CURRENCY ROLLOUT IN FY23:** RBI is holding consultations with fintech companies and is said to have asked four public sector banks in India to run a pilot Central Bank Digital Currency (CBDC) project ahead of a possible rollout in this financial year.
<https://www.moneycontrol.com/news/business/banks/rbi-in-talks-with-banks-fintech-for-digital-currency-rollout-in-fy23-9121831.html>
- **MUDRA LOANS SEE RAPID PACE, CROSS ₹1-LAKH CRORE DISBURSAL THIS FISCAL:** The disbursement of small business loans under Pradhan Mantri Mudra Yojana (PMMY) has shown significant growth in the current financial year so far, crossing the ₹1-lakh crore mark. As of August 26, loans worth ₹1,08,632 crore have been disbursed.
<https://www.thehindubusinessline.com/economy/mudra-loans-see-rapid-pace-cross-1-lakh-crore-disbursal-this-fiscal/article65840703.ece>
- **BANKS MUST RAISE MORE CAPITAL AMID GLOBAL UNCERTAINTIES: RBI GOV.:** Given the uncertainties surrounding the global financial environment, domestic banks should raise more capital in order to be prepared for the worst-case scenarios, Reserve Bank of India Governor Shaktikanta Das said on Friday. Das also underscored the need for banks to raise more capital to fund the demand for loans which is growing at a healthy clip. “We have to think of the worst and do our best. We have to envisage the maximum amount of stress and do our best. They (banks) should always be prepared. Based on these analyses, banks should raise capital,” Das said in an interview with Zee Business. According to the central bank’s Financial Stability Report for June 2022, the Indian banking system’s capital-to-risk weighted assets ratio (CRAR) stood at 16.7 per cent in March 2022.
https://www.business-standard.com/article/finance/banks-must-raise-more-capital-amid-global-uncertainties-rbi-s-das-122090200713_1.html
- **COMPLY WITH DIGITAL LENDING NORMS FOR EXISTING LOANS BY NOV 30: RBI:** The Reserve Bank of India (RBI) on Friday said that regulated entities engaged in credit delivery through digital lending will have time till November 30 to comply with the lending norms for existing digital loans. However, for new and existing customers availing fresh loans, these norms will be applicable immediately. The RBI also pointed out that obligations of the regulated entities will not diminish even if they enter into outsourcing arrangements with lending service providers (LSPs)/digital lending apps (DLAs). And, it is the regulated entities’ duty to ensure that these entities follow the guidelines prescribed by the regulator. RBI has come out with detailed guidelines on recommendations of the working group that were accepted for immediate implementation last month.
https://www.business-standard.com/article/finance/comply-with-digital-lending-norms-for-existing-loans-by-nov-30-rbi-122090201071_1.html



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- **GOVT STARTS WORK TO MAKE REGIONAL BANKS VIABLE; DFS TO ORGANISE WORKSHOP:** The Centre has started working on making regional rural banks (RRBs) viable, and would undertake stakeholder consultation to discuss ways to turnaround such lenders on Saturday. The Department of Financial Services (DFS) is organizing a workshop, to be chaired by Secretary Sanjay Malhotra, which will be attended by chairman of all regional lenders and National Bank for Agriculture and Rural Development (Nabard); chief executive officer of Indian Banks Association (IBA), and sponsor banks. Sponsor banks own 35 per cent in RRBs, while the Centre and state governments own 50 per cent, and 15 per cent, respectively. The workshop will formulate a viability plan to implement operational and governance reforms.
https://www.business-standard.com/article/finance/govt-starts-work-to-make-regional-banks-viable-dfs-to-organise-workshop-122090201247_1.html
- **RBI LAUNCHES PROJECT TO DIGITISE KCC TO TRANSFORM RURAL CREDIT DELIVERY:** To transform rural credit delivery system, the Reserve Bank has decided to launch pilot projects to digitise Kisan Credit Card (KCC) in Madhya Pradesh and Tamil Nadu. Based on the learnings from the pilot, it is planned to expand the digitalisation of KCC lending to other districts in these two states and gradually across the country, the RBI said in a statement. In this endeavour, it said, a pilot project for end-to-end digitalisation of Kisan Credit Card (KCC) lending, developed by the Reserve Bank Innovation Hub (RBIH) in association with RBI is being taken up. The pilot will commence in September 2022 in select districts of Madhya Pradesh and Tamil Nadu with Union Bank of India and Federal Bank, respectively, as partner banks and with active cooperation of the respective State governments, it said.
https://www.business-standard.com/article/finance/rbi-launches-project-to-digitise-kcc-to-transform-rural-credit-delivery-122090201076_1.html
- **UPI TRANSACTIONS RISE TO RS 10.7 TRILLION IN AUGUST: NPCI:** Unified Payments Interface (UPI) clocked 6.6 billion transactions worth Rs 10.73 trillion in August, data released by the National Payments Corporation of India (NPCI) showed. On a month-on- month (m-o-m) basis, UPI transactions grew 4.6% in volume terms and 1% in value terms. (Financial Express)
<https://www.financialexpress.com/industry/banking-finance/upi-transactions-rise-to-rs-10-7-trillion-in-august-npci/2652138/>

FINANCIAL TERMINOLOGY/CONCEPTS

NEER & REER

- **NOMINAL EFFECTIVE EXCHANGE RATE (NEER):** NEER is a measure of the value of a currency against a weighted average of several foreign currencies. An increase in NEER indicates an appreciation of the local currency against the weighted basket of currencies of its trading partners. More simply, NEER shows in net terms whether the Rupee is more expensive or cheaper than a basket of other currencies in terms of their present value; the 'weights' being the relative importance of such currencies in our foreign trade. These weights are determined as per the moving average of previous 3 years' exports



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plus imports to/from the concerned countries. In economics, the NEER is an indicator of a country's international competitiveness in terms of the foreign exchange (forex)market.

- **REAL EFFECTIVE EXCHANGE RATE (REER):** The real effective exchange rate (REER) is the weighted average of a country's currency in relation to an index or basket of other major currencies. The weights are determined by comparing the relative trade balance of a country's currency against each country within the index. This exchange rate is used to determine an individual country's currency value relative to the other major currencies in the index. The REER is the weighted average of NEER adjusted by the ratio of domestic price to foreign prices.

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