



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

January 03, 2023

SBI, ICICI BANK, AND HDFC BANK CONTINUE TO BE IDENTIFIED AS DOMESTIC SYSTEMICALLY IMPORTANT BANKS (D-SIBs): State Bank of India, ICICI Bank, and HDFC Bank continue to be identified as Domestic Systemically Important Banks (D-SIBs), under the same bucketing structure as in the 2021 list of D-SIBs. SBI is placed at Bucket 3 requiring additional Common Equity Tier 1 (CET1) of 0.60% and ICICI and HDFC Bank in Bucket 1 requiring additional Common Equity Tier 1 (CET1) of 0.20%
(RBI Press Release)

PARLIAMENT'S BUDGET SESSION TO COMMENCE ON JANUARY 31; UNION BUDGET TO BE PRESENTED ON FEBRUARY 1: Parliament's budget session is likely to commence on January 31 and is expected to conclude on April 6 with a recess in between, news agency ANI reported. The Economic Survey will be tabled in both Houses on the first day of the budget session and Finance Minister will be presenting the Union Budget on February 1 for the fiscal starting April.
(Moneycontrol)

SUPREME COURT UPHOLDS THE 2016 DECISION ON DEMONETISATION BY 4:1 MAJORITY VERDICT: A Constitution Bench of the Supreme Court on January 2 upheld the Union Government's November 2016 decision to demonetise Rs 500 and Rs 1000 currency notes. While four judges on the bench led by Justice Abdul Nazeer delivered the majority opinion upholding demonetisation, Justice B.V. Nagarathna held it unlawful. Justice B.R. Gavai, who read out the majority's judgment said that Section 26(2) of the Reserve Bank of India (RBI) Act, which empowers the Centre to demonetize, cannot be interpreted only in relation to specific series of bank notes. The bench opined that the section should be read to mean all series of bank notes. The majority has further noted that from the records it appears that there was a consultation between the Central Government and the RBI for a period of six months. It has therefore been held that in the view of inbuilt safeguards in Section 26(2) of the RBI Act, it cannot be struck down on the grounds of excessive delegation. The majority has further held that the period for the exchange of notes, which was 52 days, cannot be said to be unreasonable.
(Moneycontrol)

MANUFACTURING PMI SURGES TO 57.8 IN DECEMBER: Manufacturing sector ended 2022 with a strong positive note as Purchasing Managers' Index (PMI) rose to 57.8 in December. It was 55.7 in November. The good news is that fresh hiring also saw improvement. The index is prepared by S&P Global Market Intelligence based on a survey



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conducted among purchasing managers of 400 companies.

(Business Line)

TAMIL NADU SETS UP ₹1,000-CRORE GREEN CLIMATE FUND: Tamil Nadu government on Monday issued orders to set up Tamil Nadu Green Climate Fund (TNGCF) with ₹1,000 crore. This is one of a kind funds in the country and has been set up in accordance with an announcement made during the presentation of the State Budget. The fund will support various climate change initiatives, mitigation and greening projects. It will mobilise necessary resources from the government, development finance institutions and international climate fund.

(Business Line)

INDIA ACCELERATOR JOINS WITH ICICI BANK AND INFOSYS FINACLE TO PROMOTE START-UP ECOSYSTEM: India accelerator, a seed-stage accelerator program, has launched i3 Launchpad, a program to nurture and co-innovate with the start-up ecosystem in India in collaboration with ICICI Bank and Infosys Finacle, part of EdgeVerve Systems, a wholly-owned product subsidiary of Infosys.

(Business Line)

CENTRE RAISES WINDFALL TAX ON CRUDE, DIESEL, AVIATION FUEL: The Centre on Monday increased the windfall tax on domestically produced crude oil to Rs 2,100 per tonne from the existing Rs 1,700. The revised tax rate is effective from January 3. The windfall tax on aviation turbine fuel has been hiked to Rs 4.5 per litre from the existing Rs 1.5 per litre, as per a notification issued by the Central Board of Indirect Taxes and Customs. The windfall tax on high-speed diesel for exports has been reduced to Rs 5 per litre, and along with the cess, it will be Rs 7/litre. In its last revision, the Centre had slashed windfall tax to Rs 1,700 per tonne from Rs 4,900 per tonne. The special additional excise duty on petrol continues to remain unchanged at 'nil'.

(Economic Times)

BANK LOANS TO SERVICES SECTOR SURPASS CREDIT TO INDUSTRIES: Bank loans to the services sector have surpassed those to the industrial segment for the first time, establishing that the former will be contributing more for incremental growth and that the latter is still not biting the bullet when it comes to capacity expansion. Data available till November 18, 2022, show the outstanding loans to the services sector at ₹33.15 lakh crore, up 21.3% in one year. Outstanding loans to the industrial sector rose 13.8% in the same period to ₹32.94 lakh crore.

(Economic Times)



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RBI IN TALKS WITH IBA TO BOOST BANKS' PARTICIPATION ON SLMA

PLATFORM: RBI is in talks with lenders to deepen the secondary loan market in the country, especially with regard to the inter-bank transfer of corporate loan accounts, banking sources told FE. The regulator has held talks with the Indian Banks' Association (IBA) to boost the participation of lenders in the platform created by the Secondary Loan Market Association (SLMA) for this purpose, said a senior banker. A vibrant secondary corporate loan market can potentially help banks exit toxic assets quickly, bankers said. The SLMA is a self-regulatory body, formed by major banks, both public and private following the recommendations of an RBI panel under former Canara Bank chairman TN Manoharan to promote the development of the secondary market for corporate loans.

(Financial Express)

SUHAIL SAMEER TO STEP DOWN AS CEO AT BharatPe: BharatPe's chief executive Suhail Sameer, who has been overseeing the beleaguered fintech company after it ousted co-founder Ashneer Grover, is stepping down from the company, a person familiar with the development said. A leadership transition is being planned at the firm, and an announcement in this regard will likely be made later this month.

(Live Mint)

GOVT PROPOSES SELF-REGULATORY MECHANISM, DUE DILIGENCE FOR

GAMING FIRMS: The government has proposed a self-regulatory mechanism, mandatory verification of players and physical Indian address for online gaming companies, according to the draft online gaming rules published on Monday. Online gaming companies will be covered under the new IT rules that were issued in 2021 for social media platforms.

(Business Standard)

INDIA'S DECEMBER MANUFACTURING PMI EXPANDS TO 57.8; HIGHEST IN

OVER 2 YRS: India's manufacturing industry ended 2022 on a solid footing as business conditions improved at the fastest rate in over two years while growth in new orders and output accelerated, a business survey showed on Monday. The manufacturing purchasing managers' index, compiled by S&P Global, rose to 57.8 in December from November's 55.7, better than a Reuters poll median forecast for 54.3. December's reading was the highest since October 2020 and above the 50-mark that separates growth from contraction for an 18th straight month. The survey was conducted December 6-19.

(Business Standard)

CURRENCY IN CIRCULATION RISES BY 83% SINCE DEMONETISATION IN

2016: RBI DATA: Demonetization of the high value currency notes of Rs 500 and Rs 1,000 did not have any discernible impact on currency in circulation (CIC) in the country, which has



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soared by almost 83 per cent since its announcement on November 8, 2016. According to the Reserve Bank data, the CIC in value terms soared from Rs 17.74 lakh crore on November 4, 2016, to Rs 32.42 lakh crore on December 23, 2022. However, soon after demonetisation, the CIC fell precipitously to a low of about Rs 9 lakh crore on January 6, 2017, nearly 50 per cent of Rs 17.74 lakh crore on November 4, 2016. This was the lowest in the past six years following the scrapping of old 500/1,000 bank notes that accounted for around 86 per cent of the total notes at that time.

(Business Standard)

WhatsApp LEAK CASE: INSIDER TRADING CHARGES AGAINST 11 ENTITIES

NIXED: SEBI dismissed insider trading charges against 11 entities who allegedly circulated unpublished price-sensitive information about the financial results of Axis Bank through WhatsApp messages. The orders came after the Securities Appellate Tribunal (SAT) had set aside Sebi's insider trading charges against certain individuals in the WhatsApp leak case in March 2021 and the same was upheld by the Supreme Court on September 26 last year.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

DECENTRALIZED FINANCE (DeFi)

- ❖ Decentralized finance (DeFi) is an emerging financial technology based on secure distributed ledgers similar to those used by cryptocurrencies. Decentralized finance, or DeFi, uses emerging technology to remove third parties and centralized institutions from financial transactions. DeFi eliminates the fees that banks and other financial companies charge for using their services.
- ❖ Decentralized finance differs from traditional, centralized financial institutions and banking. In centralized finance, money is held by banks and third parties who facilitate money movement between parties, with each charging fees for using their services. A credit card charge starts from the merchant and moves to an acquiring bank, which forwards the card details to the credit card network.
- ❖ The network clears the charge and requests a payment from the bank. Each entity in the chain receives payment for its services, generally because merchants must pay for the use of credit and debit cards.
- ❖ Decentralized finance eliminates the need for a centralized finance model by enabling anyone to use financial services anywhere regardless of who or where they are. DeFi applications give users more control over their money through personal wallets and trading services that cater to individuals.
- ❖ Decentralized finance uses the blockchain technology that cryptocurrencies use. A blockchain is a distributed and secured database or ledger. Applications called dApps are used to handle transactions and run the blockchain.



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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 : 82.6287
INR / 1 GBP : 99.7576
INR / 1 EUR : 88.3753
INR /100 JPY : 63.1100

EQUITY MARKET

Sensex: 61167.79 (+327.05)
NIFTY : 18197.50 (+92.20)
Bnk NIFTY: 43203.10 (+216.70)

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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