



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

November 04, 2022

HDFC's Q2 PROFIT RISES 24% TO ₹7,043 CRORE: Mortgage lender HDFC Ltd on Thursday said its consolidated net profit increased by 24 per cent to ₹7,043 crore in the September 2022 quarter. Its total income on a consolidated basis rose to ₹43,927 crore in the said quarter from ₹38,603 crore a year ago.

(Business Line)

SERVICE SECTOR TAKES CUE FROM MANUFACTURING, PMI UP AT 55.1: The services sector has more than 53 per cent share in Gross Value Added (GVA) in the Indian economy. Executives from 400 service providers participated in the survey conducted by S&P Global, and based on the result, an index known as PMI is prepared. A PMI above 50 shows expansion, while anything less than 50 reflects contraction. The current reading of PMI services at 54.3 is the 15th running month of expansion. The survey results show that consumer services led growth in business activity, new orders and employment. Finance & Insurance came in second on these three measures, while Transport, Information & Communication was at the bottom.

(Business Line)

GOVT UNLIKELY TO OFFER TAX SOPS FOR FIRST SOVEREIGN GREEN BOND ISSUE: India's government is unlikely to offer any tax concessions to attract investors to its first issue of sovereign green bonds, a senior government official told Reuters on Thursday. Despite that, it expects the bonds to be sold at a lower coupon rate than other government securities. The government intends to issue 160 billion rupees (\$1.93 billion) of green bonds between October and March. "Green bonds will not offer any incentives or tax concessions and we expect the cost of borrowing through green rupee denominated bonds to be reasonably lower than through G-secs (government securities)," the official, who did not want to be named, said.

(Moneycontrol)

FAILURE TO CHECK INFLATION- MPC MEETS TO DRAW UP REPORT FOR GOVT: The Reserve Bank of India (RBI) on November 3 said a separate meeting of the Monetary Policy Committee (MPC) was held to discuss and draft the report to be sent to the Government by the RBI.

The meeting was held under the provisions of Section 45ZN of the RBI Act, 1934 and Regulation 7 of RBI MPC and Monetary Policy Process Regulations, 2016, the RBI said. The RBI has failed to keep inflation under 6 percent for three consecutive quarters, warranting a formal response to government explaining the failure in meeting the mandate. As



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per Section 45ZN of the RBI Act, the central bank must submit a report to the Centre following the failure to achieve the inflation target. Further, as per Regulation 7 of the aforementioned regulation, the MPC's secretary must schedule a separate meeting as part of the normal policy process "to discuss and draft the report to be sent to the central government under the provisions of Section 45ZN of the Act".

"The Report shall be sent to the Central Government within one month from the date on which the Bank has failed to meet the inflation target," the regulation adds. Consumer Price Index (CPI) inflation rose to 7.41 percent in September, confirming that average inflation had stayed outside the 2-6 percent band for three consecutive quarters

(Moneycontrol)

YES BANK EXPECTS TO CLOSE STRESSED ASSET SALE TO JC FLOWERS

ARC BY THIS MONTH-END: Private sector lender Yes Bank is expecting to close its stressed asset sale to JC Flowers ARC by the end of November, a top official said on Thursday. The transfer of dud loans of over Rs 48,000 crore to the asset reconstruction company (ARC) will happen by November, the lender's chief executive and managing director Prashant Kumar told reporters here.

(Moneycontrol)

BOE RAISES KEY INTEREST RATE BY 75 BPS, ITS BIGGEST HIKE IN 33

YEARS: The Bank of England raised interest rates to 3% on Thursday from 2.25%, its biggest rate rise since 1989 as it warned of a "very challenging" outlook for the economy. The central bank forecasts inflation will hit a 40-year high of around 11% during the current quarter, but that Britain has already entered a recession that could potentially last two years - longer than during the 2008-09 financial crisis.

(Economic Times)

UNEMPLOYMENT RATE SURGES TO 7.77% IN OCT AGAINST 6.43% IN SEPT:

Unemployment rate in India surged last month on the back of significant increase in rural unemployment rate, reversing the decline registered in September. The data from the Centre for Monitoring Indian Economy shows the unemployment rate in India stood at 7.77% in October compared to a four-year low of 6.43% in September. As per the CMIE, rural unemployment rate stood at 8.04% in October as against 5.84% in September while the urban unemployment fell to 7.21%

(Economic Times)

INDIA HAS CHEAPEST MANUFACTURING COST GLOBALLY: REPORT:

India has been ranked as the nation with the cheapest manufacturing cost ahead of China and Vietnam, according to a report. According to the US News and World Report, out of 85 nations,



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India has bagged the 31st position in the overall Best Countries ranking. India featured at the 37th spot in the 'Open for Business' category. The report evaluates 85 countries across 73 attributes. Attributes are grouped into 10 sub-categories, including adventure, agility, entrepreneurship, open for business, social purpose and quality of life.

(Economic Times)

AFRICAN COUNTRIES LOOK TO INDIA'S TECHNOLOGY AS MORE APPROPRIATE THAN THOSE FROM THE WEST:

African countries are increasingly looking to use technologies developed by India rather than those developed by the West, according to delegates at a just-concluded conclave here. "Technologies, including new technologies in the services sector, are set to drive growth and economic development in the southern African Development region. India can offer opportunities not only in transforming technologies but also share technical knowledge," said Ashok Babu, Consul General for India in Cape Town. Abhishek Jain, Assistant Director at KPMG, said about 20 years ago India had been in a similar situation to where Africa is now regarding developing technological capacity, but India has become a global leader in this area now.

(Financial Express)

INDIAN BANK Q2 NET PROFIT UP 12% TO RS 1,225 CRORE IN JULY-SEPT

QUARTER: Indian Bank has posted a 12 per cent rise in net profit during the second quarter of the financial year 2022-23 (Q2FY23) to Rs 1,225 crore. The bank's gross non-performing assets (NPAs) during the quarter decreased by 226 bps year-on-year to 7.30 per cent from 9.56 per cent, while its net NPAs reduced by 176 bps to 1.50 per cent from 3.26 per cent in September 2021.

(Business Standard)

UCO BANK NET PROFIT UP 145% AT RS 504 CR IN JULY-SEPTEMBER

QUARTER: State-owned UCO Bank on Thursday reported a 145.64 per cent increase in net profit at Rs 504.52 crore in the July-September quarter of financial year 2022-23 (Q2FY23). The operating profit for the September quarter stood at Rs 1,189.78 crore as against Rs 1,334.15 crore for the quarter ended September 2021. Net NPA reduced to Rs 2,700.29 crore in Q2FY23 from Rs 3,854.33 crore as on Q2FY22 and from Rs 3,103.82 crore as on Q1FY23 .

(Business Standard)

BOI Q2 NET DOWN 8.65% YOY ON RISE IN PROVISIONS FOR STANDARD

ASSETS: Bank of India's net profit declined 8.65 per cent year-on-year (YoY) to Rs 960 crore in the July-September quarter (second quarter, or Q2) of 2022-23 (FY23) on increase in provisioning, especially for state government accounts that are standard assets. Its asset



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quality profile improved, with gross NPA declining to 8.51 per cent in Q2FY23, from 12 per cent a year ago and 9.3 per cent in Q1FY23.

(Business Standard)

LOANS WORTH RS 20 TRILLION DISBURSED UNDER MUDRA SCHEME: Prime Minister Narendra Modi on Thursday said loans worth Rs 20 lakh crore have been disbursed so far under the Centre's MUDRA scheme to provide self-employment opportunities to the youth

(Business Standard)

INDIA'S TAXES ON CRYPTO TRANSACTIONS MAY 'KILL THE INDUSTRY':

BINANCE CEO: Binance Holding Ltd. Chief Executive Officer Zhao "CZ" Changpeng said India's onerous taxes on cryptocurrency transactions will probably "kill the industry" there. "India has high tax which is probably going to kill the industry," Zhao said in livestreamed remarks during panel at a fintech conference in Singapore on Thursday. ZebPay, one of India's oldest crypto exchanges, is looking overseas for growth, CEO Avinash Shekhar said last month.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

Legal Entity Identifier (LEI) for Large Value Transactions in Centralised Payment Systems

- ❖ The Legal Entity Identifier (LEI) is a 20-character alpha-numeric code used to uniquely identify parties to financial transactions worldwide. It has been implemented to improve the quality and accuracy of financial data reporting systems for better risk management. It can be obtained from any of the Local Operating Units (LOUs) accredited by the Global Legal Entity Identifier Foundation (GLEIF), the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL) which is also recognised as an issuer of LEI by RBI.
- ❖ All single payment transactions of ₹50 crore and above undertaken by entities (non-individuals) should include remitter and beneficiary LEI information. This is applicable to transactions undertaken through the NEFT and RTGS payment systems.
- ❖ It is not necessary for Governments or their Departments / Ministries to obtain LEI or mention LEI number for payment transactions in NEFT and RTGS. However, Corporations / Undertakings, including those fully owned by the Government, shall need to obtain LEI. No, LEI is not required for customer transactions where both remitter and beneficiary are individuals.
- ❖ The remitting bank should ensure that LEI information for both sender and beneficiary is captured. Any inward transaction with inappropriate or no LEI should not be rejected by beneficiary bank. However, post-credit, both remitting and beneficiary banks should maintain valid and verified LEI information for all payment transactions of ₹50 crore and above.



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RBI KEY RATES

Repo Rate: 5.90%
SDF: 5.65%
MSF & Bank Rate: 6.15%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.8835
INR / 1 GBP : 94.4369
INR / 1 EUR : 81.3645
INR /100 JPY: 56.1600

EQUITY MARKET

Sensex: 60836.41 (-69.68)
NIFTY : 18052.70 (-30.10)
Bank NIFTY: 41298.30 (+151.60)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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