



**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 05, 2023

RBI LIFTS RESTRICTIONS ON M&M FINANCIAL SERVICES FOR LOAN RECOVERY VIA OUTSOURCING:

Mahindra & Mahindra Financial Services Ltd On January 4 informed that RBI has lifted restrictions on the recovery of loans through third-party agents. The decision, the company said, came after the submissions made by the financial firm and its commitment to strengthening its recovery practices and outsourcing arrangements. In September, RBI had asked M&M Financial services to immediately cease carrying out any recovery or repossession activity through outsourcing arrangements.

(Moneycontrol)

CABINET APPROVES ₹19,744-CRORE NATIONAL GREEN HYDROGEN

MISSION: The Union Cabinet on Wednesday approved the National Green Hydrogen Mission with an outlay of ₹19,744 crore with an aim to make India a global hub for manufacturing of this clean source of energy. The mission envisages an investment of over ₹8-lakh crore and creation of over 6 lakh jobs by 2030.

(Business Line)

CITI CUTS INDIA CURRENT ACCOUNT DEFICIT FORECAST TO BELOW 3%

OF GDP: Citigroup lowered its projection for India's current account deficit (CAD) to 2.9% of gross domestic product (GDP) for the current fiscal year, citing the growth in the country's service exports and a lower oil price forecast. The brokerage had, in August last year, said it expected India's CAD to be as high as 3.9% of GDP for the fiscal year ending March 2023. "The key surprise came from the phenomenal growth in services exports in the first half of the current fiscal year, which goes beyond just software services," Samiran Chakraborty, chief economist for India at Citi, said in a note.

(Business Line)

INDIA'S GDP NEARING TO \$20 TRILLION, PER CAPITAL INCOME AT \$10K BY

2047: India's GDP will be close to USD 20 trillion by 2047 and per capita income may reach USD 10,000 (at current value of USD), Bibek Debroy, chairman, Economic Advisory Council to the Prime Minister, said on Wednesday. Virtually addressing the inaugural session at the 57th Annual Conference of the Indian Econometric Society (TIES) held at the University of Hyderabad (UoH), he said though the COVID-19 pandemic may have passed, still there is a lot of uncertainty around the world on what is happening. In 2047, India will have a per capita income of the value of today's dollars of 10,000 US Dollars. The average size of the GDP will



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be approaching close to 20 trillion US Dollars too. India, therefore, will be a transformed society," a press release from the varsity quoting Debroy said.

(Economic Times)

PAKISTAN ORDERS MALLS TO CLOSE EARLY AMID ECONOMIC CRISIS:

Authorities on Wednesday ordered shopping malls and markets to close by 8.30 pm as part of a new energy conservation plan aimed at easing Pakistan's economic crisis, officials said. The move comes amid talks with the International Monetary Fund. On Tuesday, Pakistan Defence Minister Khawaja Mohammad Asif and Minister for Power Ghulam Dastghir said the government decided to shut establishments early as part of the new energy conservation plan approved by the Cabinet. Authorities also ordered halls and restaurants to shut at 10 pm. The government expects these measures to save energy and curtail the costs of imported oil, for which Pakistan spends USD 3 billion annually. In Pakistan, most of the electricity is generated by using imported oil. So far, there has been a mixed reaction from representatives of shopping malls, restaurants and shop owners who want the government to reverse the decision.

(Economic Times)

ADB, INDIA SIGN USD 350 MILLION LOAN TO EXPAND METRO RAIL NETWORK IN CHENNAI:

The Asian Development Bank (ADB) and the government of India have signed a USD 350-million loan to build new lines and improve the connectivity of the metro rail system in Chennai with the city's existing public transport system. ADB, have signed the agreement of the tranche 1 loan for the Chennai Metro Rail Investment Project. The tranche 1 loan is part of the USD 780 million multi-tranche financing facilities (MFF) for the project approved by ADB on December 8, 2022, to develop three new metro lines in Chennai.

(Economic Times)

RESTART 2% INTEREST SUBVENTION SCHEME FOR MSMEs, SAYS PHD CHAMBER:

Industry body PHD Chamber of Commerce or Industry (PHDCCI) on Wednesday in its pre-budget memorandum to the government suggested a number of measures around exports, loan repayment and loan restructuring, and credit to support MSMEs. The chamber asked for the revival of the 2 per cent Interest Subvention Scheme for all GST-registered MSMEs. The scheme was in force till March 31, 2021. The MSME Ministry had announced the scheme back in November 2018 to provide interest relief to MSMEs on their outstanding fresh/incremental term loan/working capital to the extent of Rs 1 crore. The chamber also suggested the government to reconsider the 90-day period for MSMEs to repay their loans to 180 days.

(Financial Express)



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ISSUES RELATED TO CARDS, MOBILE, NET BANKING TOP COMPLAINT

AREAS AT BANKING OMBUDSMAN: RBI: Issues related to ATM/debit cards and mobile/electronic banking were the top grounds of complaints received at the Office of Banking Ombudsman (OBO) during April 1 to November 11, 2021, an RBI report said on Wednesday. The volume of complaints received under the Ombudsman Schemes/Consumer Education and Protection Cells during 2021-22 increased by 9.39 per cent over the previous year and stood at 4,18,184, it said. Complaints related to ATM/ debit cards were the highest at 14.65 per cent of the total, followed by mobile/ electronic banking at 13.64 per cent. Around 90 per cent of the total complaints were received through digital modes.

(Financial Express)

ICICI BANK LAUNCHES DIGITAL SERVICES FOR EXPORTERS: ICICI Bank has launched a range of digital solutions to streamline the lifecycle of exports. Designed especially for exporters, these solutions range from identification of the right export market, to accessing export finance and foreign exchange services to receipt of export incentives.

(Financial Express)

ODISHA-BASED ANNAPURNA FINANCE APPLIES FOR UNIVERSAL BANK

LICENSE: Bhubaneswar-based Annapurna Finance Private Limited (AFPL) has applied to the Reserve Bank of India for a universal bank licence during the quarter ended on December 31, the regulator said in a statement on Wednesday. Established in 2009, the micro-finance institution has been promoted by People's Forum (PF), a society registered in Odisha, which comes under the RBI's NBFC-MFI category.

(Business Standard)

HDFC BANK'S LOAN BOOK EXPANDS BY 19.5%, DOMESTIC RETAIL LOANS

GROW 21.5%: HDFC Bank's loan book expanded by 19.5 per cent on YoY basis Rs 15.07 trillion as of December 31, 2022 (Q3FY23), higher than the banking industry's growth of 17.4 per cent YoY in December. Sequentially, the lender posted a growth of about 1.8 per cent over Rs 1,479 crore as of September 2022 (Q2FY23). Domestic retail loans grew by around 21.5 per cent YOY and sequentially 5 per cent over September 2022, the country's largest lender said in a filing with the BSE.

(Business Standard)

RETAIL GIANT WALMART GETS \$1-BILLION TAX BILL FOR PHONEPE SHIFT

TO INDIA: Walmart Inc. and other PhonePe shareholders will have to pay nearly \$1 billion in tax after the digital payments company shifted its headquarters to India, according to people familiar with the matter. The bill stems from the relocation and rise in value of PhonePe Pvt, which Walmart took majority ownership of after acquiring parent outfit Flipkart Online Services



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Pvt. Now separated from Flipkart and re-domiciled from Singapore to India, the fintech firm is raising funds at a \$12 billion pre-money valuation from General Atlantic, Qatar Investment Authority and others, triggering the hefty charge, the people said, declining to be named discussing a private matter.

(Business Standard)

NCLAT DIRECTS GOOGLE TO PAY 10% OF RS 1,337 CRORE PENALTY

IMPOSED BY CCI: The National Company Law Appellate Tribunal (NCLAT) on Wednesday directed Google to deposit 10 per cent of the total penalty of Rs 1,337.76 crore imposed by India's antitrust body Competition Commission of India (CCI) in October, as reported by news agency *PTI*. The penalties were imposed over alleged violations in the Android mobile ecosystem. A two-member bench, however, declined to grant any immediate stay the operations of CCI penalty and said it would pass any order after hearing out other parties.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

SUNK COST DILEMMA

- ❖ Sunk costs are irrecoverable costs that have already been incurred and are independent of any happenings in the future. Dilemma of whether to continue a project with obscure prospects, which has already absorbed a considerable amount of sunk cost, is known as sunk cost dilemma.
- ❖ In a sunk cost dilemma, one can neither walk away from the project as a considerable amount has already been spent on it and nor can s/he continue with the project and risk spending more money that might never be recovered. Investors usually face such a predicament when market conditions change dramatically in the middle of a project.



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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 : 82.9052
INR / 1 GBP : 99.3829
INR / 1 EUR : 87.6546
INR /100 JPY : 63.4100

EQUITY MARKET

Sensex: 60657.45 (-636.75)
NIFTY : 18043.00 (-189.50)
Bnk NIFTY: 42958.80 (-466.50)

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.**

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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)**

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CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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