



**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 05, 2022**

### **SC UPHOLDS VALIDITY OF EMPLOYEES PENSION (AMENDMENT) SCHEME 2014, QUASHES RS 15,000 SALARY LIMIT:**

The Supreme Court on Friday upheld the validity of the Employees Pension (Amendment) Scheme of 2014 but quashed the threshold limit of Rs 15,000 monthly salary for joining the pension fund. The 2014 amendment had capped the maximum pensionable salary (basic pay plus dearness allowance) at Rs 15,000 per month. Prior to the amendment, the maximum pensionable salary was capped at Rs 6,500 a month. Employees who have not exercised the option to join the pension scheme must do so within six months, the bench said. The bench further held as invalid the condition in the 2014 scheme that required employees to make a further contribution at 1.16 per cent on salary exceeding Rs 15,000. It held that the condition to make additional contribution on the salary exceeding the threshold limit to be ultra vires but added that this part of the judgment would be kept in suspension for six months to enable the authorities to generate funds.

*(Economic Times)*

**KARNATAKA BANK LAUNCHES CENTENARY EMBLEM:** Karnataka Bank, which will be stepping into its 100th year of existence, has unveiled its centenary emblem with a tagline 'Celebrating 100 Years of Trust'. Quoting Mahabaleshwara MS, Managing Director and Chief Executive Officer of the bank, a statement said The emblem symbolises and represents the origin, growth, the glorious journey through the years since 1924 and now towards 'glocalisation'. The emblem also signifies trust, growth, integrity and green initiatives for which the bank is known for, he said. "Besides, it also represents blockchain and Digital India as we are spearheading with 'KBL NxT,' a digital initiative of our transformation journey 'KBL VIKAAS 2.0'. This emblem, which has captured the imagination of all the members of KBL family including our loyal customers, patrons and staff members, will be a part of our Centenary celebrations throughout the Centenary Year 2023-2024," he said.

*(Business Line)*

### **PPP PROJECTS: FINANCIAL SUPPORT UP TO RS 5 CR TO BE PROVIDED FOR PROJECT DEVELOPMENT EXPENSES:**

The Finance Ministry has come out with a scheme to extend financial support for project development expenses of Public Private Partnership (PPP) projects in the infrastructure sector. Under the scheme named 'India Infrastructure Project Development Fund' (IIPDF), Project Sponsoring Authorities (PSA) will get assistance up to Rs 5 crore. A notification to implement the scheme has been issued. "Funding will be made available for meeting project development costs, which may include expenses incurred by PSA in respect of feasibility studies, environment impact studies, financial structuring, legal reviews and development of project documentation, including



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concession agreement, commercial assessment studies, grading of projects, etc, required to achieve the Technical Close of such projects, on individual or turnkey basis,” the notification said. It will not include expenses incurred by the PSA on its own staff, but could be spent on consultant and transaction advisors. The fund was originally conceptualised in the Fiscal Year 2007-08 budget. Accordingly, a fund was set up in the Finance Ministry with an initial corpus of Rs 100 crore. The fund has been restructured with a total outlay of Rs 150 crore for a period of three years from 2022-23 to 2024-25. As a Central Sector Scheme, the IIPDF Scheme will aid development of quality PPP projects by providing necessary funding support to the sponsoring authorities, both in the Central and State Governments, to create a shelf of bankable viable PPP projects. Funding under the IIPDF Scheme is in addition to the already operational Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme) notified two years back.

*(Business Line)*

**SHARE OF GOLD IN TOTAL FOREX RESERVES RISES: RBI REPORT :** The share of gold in value terms in India’s total foreign exchange reserves increased to about 7.06 per cent as of end-September 2022 from about 5.88 per cent as of end-September 2021, according to Reserve Bank of India data. During the aforementioned period (September 2021 to September 2022), the RBI’s gold holding increased by 41.51 metric tonnes to 785.35 metric tonnes.

*(Business Line)*

**TWITTER SACKS MOST OF 200 INDIA STAFF AS PART OF MUSK’S GLOBAL LAYOFF:** The majority of Twitter’s 200 odd employees in India were fired as part of Elon Musk’s decision to lay off half of the company’s workforce globally, in an effort to cut down costs. Nearly all business verticals have been affected, and except for retaining a skeletal staff in sales, Twitter has laid off entire teams in marketing, communications and partnerships in its India office.

*(Business Line)*

**RELIANCE INDUSTRIES APPOINTS KV KAMATH AS INDEPENDENT DIRECTOR FOR 5 YEARS:** Reliance Industries’ has announced the appointment of K V Kamath as the Independent Director for a five-year term. In 1971, Kamath began his career with ICICI. Before returning to the ICICI as its managing director (MD) and CEO in 1996, he left the ICICI in 1988 to join the Asian Development Bank. He served as the MD and CEO of ICICI Bank following the company’s merger with that institution.

*(Business Today)*



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### **VEDANTA RESOURCES TERMINATES MOODY'S SERVICES AFTER UNFAVOURABLE RATINGS:**

Vedanta Resources terminated the services of Moody's days after it downgraded the company's ratings. On Monday, Moody's had downgraded the company's corporate family rating to B3 from B2. The termination of services came after the holding company of Anil Agarwal-helmed empire disputed the ratings action of Moody's on Tuesday. It called Moody's concerns far-fetched and unreasonable, and stated that it was in a very comfortable position to address all its debt maturities with a strong balance sheet and robust liquidity. Moody's, in its ratings, had said, "Moody's Investors Service has downgraded the corporate family rating (CFR) of Vedanta Resources Limited (VRL) to B3 from B2. At the same time, Moody's has downgraded the ratings to Caa1 from B3 on the senior unsecured bonds issued by VRL, and those issued by Vedanta Resources Finance II Plc and guaranteed by VRL." It said that the outlook remains negative.

*(Business Today)*

### **RABI SOWING TRACKER: MUSTARD COVERS 72% OF NORMAL AREA,**

**WHEAT SPIKES:** Sowing wheat and mustard, the two main rabi crops picked up pace during the week ended November 4. While mustard-sowing covered almost 72 per cent of the normal area, the same for wheat rose almost 436 per cent as compared to last year. Mustard is usually sown in 6.4 million hectares, and sowing in almost 4.6 million hectares is complete till Friday. Overall, till November 4, all rabi crops have been sown in around 9.74 million hectares, which is almost 17 per cent more than the area covered during the same period last year.

*(Business Standard)*

### **BANKS' LOANS RISE 17.9% YOY IN TWO WEEKS TO OCT 21, DEPOSITS UP**

**9.5%:** Indian banks' loans rose 17.9% in the two weeks to Oct. 21 from a year earlier, while deposits rose 9.5%, the Reserve Bank of India's weekly statistical supplement showed on Friday. Outstanding loans rose 290.86 billion rupees (\$3.54 billion) to 128.89 trillion rupees in the two weeks to Oct. 21.

*(Business Standard)*

### **BANK OF INDIA TO RAISE UP TO RS 2,500 CRORE BY ISSUING AT-I BONDS:**

State-owned Bank of India on Friday said it will raise up to Rs 2,500 crore by issuing bonds. The board of the lender, at a meeting held on Friday, approved raising of Tier-1 capital by issue of Basel-III compliant additional tier-I (AT-I) bonds of up to Rs 2,500 crore, it said in a regulatory filing.

*(Business Standard)*



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## **GOVT-BACKED SRI FUND COMMITS RS 5,000 CR TO HELP MSMES WITH GROWTH CAPITAL:**

Government-backed Self Reliant India Fund (SRIF) on Friday announced that it has committed over Rs 5,000 crore to help small businesses with growth capital in its first year of operations. The fund, which started as part of the government's flagship 'Atmanirbhar Bharat' programme, has provided approvals to 38 'daughter funds' with a commitment amount of more than Rs 5,000 crore, as per an official statement. It has a 'Mother Fund-Daughter Fund' structure wherein SRIF, the mother fund, invests up to 20 per cent of the corpus of the Daughter Fund, which raises the balance 80 per cent of the capital from outside sources. The arrangement is designed to maximise the fund flow to the target micro, small and medium enterprises (MSME) sector as the contribution from SRIF gets leveraged five times, taking the total value of investible funds into MSMEs to Rs 50,000 crore.

***(Business Standard)***



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

### **Why does the RBI have to write a letter to govt over inflation?**

- ❖ The Reserve Bank of India's monetary policy committee held an off-cycle meeting on Thursday. The central bank's rate setting panel usually meets bi-monthly to decide on interest rates, but this off-cycle meet was for different reasons. It was called to discuss and draft a report to be sent to the government. RBI has to give an explanation to the government if it fails to keep inflation in a fixed band for three quarters running.
- ❖ The Central government in 2016 provided a statutory basis for keeping inflation under control with a specific target framework. The government mandated that RBI and its monetary policy committee, with all the monetary tools available at its disposal, will keep inflation at 4 per cent with an upper tolerance limit of 6 per cent and lower tolerance limit of 2 per cent. To this effect, the government amended the RBI Act and entrusted the central bank with the primary objective of maintaining price stability while keeping in mind the objective of growth.
- ❖ If the inflation stays above the upper tolerance limit of 6 per cent for three consecutive quarters or the average inflation is less than the lower tolerance level for any three consecutive quarters, it is considered that the RBI has failed in its mandate to achieve an inflation targeting framework.
- ❖ Now, when that happens, the RBI has to send a report to the Central government, in which it has to explain: A) The reasons for failure to achieve the inflation target. B) What actions does the RBI intend to take to bring inflation under control? The Central bank also needs to explain in the report an estimate of the time-period within which the inflation target of 4 per cent will be achieved.



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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 : 82.5287  
INR / 1 GBP : 92.5928  
INR / 1 EUR : 80.7191  
INR /100 JPY: 55.7800

### **EQUITY MARKET**

Sensex: 60950.36 ( +113.95)  
NIFTY : 18117.20 (+64.50)  
Bank NIFTY: 41258.45 (-39.85)

**(CMA Chittaranjan Chattopadhyay)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

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