



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

August 06, 2022

### HIGHLIGHTS OF RBI MONETARY POLICY DT. 05 AUGUST 2022

#### ASSESSMENT:

☞ The global economic and financial environment has deteriorated with the combined impact of monetary policy tightening across the world and the persisting war in Europe heightening risks of recession. Both advanced economies (AEs) and emerging market economies (EMEs) witnessed weakening of their currencies against the US dollar.

☞ Domestic economic activity remains resilient. As on August 4, 2022, the south-west monsoon rainfall was 6 per cent above the long period average (LPA). Merchandise exports recorded a growth of 24.5 per cent during April-June 2022.

☞ CPI inflation eased to 7.0 per cent (year-on-year, y-o-y) during May-June 2022 from 7.8 per cent in April, although it persists above the upper tolerance band.

☞ Overall system liquidity continues in surplus, with average daily absorption under the LAF at ₹3.8 lakh crore during June-July. Money supply (M3) and bank credit from commercial banks rose (y-o-y) by 7.9 per cent and 14.0 per cent, respectively, as on July 15, 2022.

☞ India's foreign exchange reserves were placed at US\$ 573.9 billion as on July 29, 2022.

☞ The inflation projection is retained at 6.7 per cent in 2022-23, with Q2 at 7.1 per cent; Q3 at 6.4 per cent; and Q4 at 5.8 per cent, and risks evenly balanced. CPI inflation for Q1:2023-24 is projected at 5.0 per cent.

☞ The real GDP growth projection for 2022-23 is retained at 7.2 per cent, with Q1 at 16.2 per cent; Q2 at 6.2 per cent; Q3 at 4.1 per cent; and Q4 at 4.0 per cent, and risks broadly balanced. Real GDP growth for Q1:2023-24 is projected at 6.7 per cent.

#### POLICY RATES:

☞ Repo Rate under liquidity adjustment facility (LAF) increased by 50 basis points to 5.40 per cent.

☞ Consequently, the standing deposit facility (SDF) rate stands adjusted to 5.15 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 5.65 per cent.

☞ The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.



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**HIGHLIGHTS OF STATEMENT ON DEVELOPMENTAL AND REGULATORY POLICIES DT. 05 AUGUST 2022:**

**The important points on developmental and regulatory policy measures relating to (i) Regulation and Supervision; (ii) Financial Markets; and (iii) Payment and Settlement systems announced by RBI are;**

☞ Reserve Bank proposes to issue draft Reserve Bank of India (Managing Risks and Code of Conduct in Outsourcing of Financial Services) Directions, 2022, for public comments shortly. The scope of these Directions is being expanded to also include RRBs, Local Area Banks (LABs), All India Financial Institutions, Credit Information Companies, and non-scheduled Payments Banks.

☞ RBI includes, Credit Information Companies (CICs) under the Reserve Bank - Integrated Ombudsman Scheme (RB-IOS) 2021 and Extending the Internal Ombudsman (IO) Mechanism. Presently The Reserve Bank-Integrated Ombudsman Scheme (RB-IOS) 2021, covers Regulated Entities (REs) such as scheduled commercial banks including urban cooperative banks, non-banking financial companies (NBFCs) and non-scheduled primary co-operative banks with a deposit size of ₹50 crore and above.

☞ Standalone Primary Dealers (SPDs) will be permitted to offer all foreign exchange market-making facilities as currently permitted to Category-I Authorised Dealers, subject to prudential guidelines.

☞ Standalone Primary Dealers (SPDs) authorized under section 10(1) of FEMA, 1999 will also be permitted to undertake FCS-OIS transactions directly with non-residents and other market-makers.

☞ It is proposed to enable Bharat Bill Payment System (BBPS) to accept cross-border inward payments. This will also benefit payment of bills of any biller onboarded on the BBPS platform in an interoperable manner.

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- **TIME LIMIT SLASHED FOR THE TESTING PROCESS OF TRACTORS USED FOR FARMING:** The Union Ministry of Agriculture and Farmers Welfare has reduced the time limit for the testing process of tractors used for Agriculture from nine months to just 75 working days. This development comes as a big gift for the Agriculture sector during the celebration of the "Azadi Ka Amrit Mahotsav" on 75th year of India's Independence.  
<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1848859#:~:text=The Union Ministry of Agriculture and Farmers Welfare has reduced,to just 75 working days.>
- **GOVT. PROVIDES ADDITIONAL 15 DAYS TIME TO BANKS/FIs TO FEED DATA IN NATIONAL CROP INSURANCE PORTAL (NCIP):** National Crop Insurance Portal (NCIP) is the only source of enrolment for Pradhan Mantri Fasal Bima Yojana (PMFBY), on which farmer applications from various designated sources including banks/financial institutions are entered. Specific cut-off dates have been prescribed for enrolment of farmers, debit of premium, remittance of farmers' premium to concerned insurance company and uploading of data of farmers on NCIP. However, it was noticed that sometimes some banks/financial institutions in some States/Union Territories did not enter the data on NCIP, due to which some farmers could not be enrolled in time. In order to ameliorate against such instances, additional 15 days above the cut-off date for submission of proposal/application by farmers for enrolment have been provided to Banks/Financial Institutions for entry of individual farmer-wise data on the NCIP for enrolment and premium subsidy calculation purposes.  
[Press Information Bureau \(pib.gov.in\)](https://pib.gov.in)
- **GOVT MOVES TO ARM COMPETITION PANEL WITH POWERS TO SCRUTINISE M&A DEALS OF OVER ₹2,000 CR:** The government on Friday introduced in the Lok Sabha the Competition (Amendment) Bill that effectively widens the ambit of the Competition Commission of India (CCI) in scrutinising mega deals – with a deal value threshold of ₹2,000 crore — as part of several amendments in the proposed law. The ₹2,000 crore transaction value threshold spelt out in the proposed amendments to Section 5—beyond which CCI prior approval is proposed to be mandated—is expected to have the most impact on high-profile transactions in the evolving digital industry as well as new age enterprises involved in M&A transactions, said competition law experts. Under the “value of transaction” threshold criteria, companies looking to acquire control, shares, voting rights, etc. must seek the Competition Commission's approval if the value of the transaction exceeds ₹2,000 crore.  
[Govt moves to arm competition panel with powers to scrutinise M&A deals of over ₹2,000 cr - The Hindu BusinessLine](#)
- **IN A FIRST, FOXCONN TO SHIP IPHONE OUT OF INDIA IN SYNC WITH CHINA DELIVERIES:** Tech giant Apple may ship its iPhone 14 simultaneously from its factories in India and China. Shipping of the latest iPhones from India is usually a quarter behind the Chinese shipping schedule, with the latest iPhone models coming from China, while Indian manufacturing facilities make the second or third latest generations of iPhones.  
[In a first, Foxconn to ship iPhone out of India in sync with China deliveries - The Hindu BusinessLine](#)



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- **PFRDA SEES 62% INCREASE IN NON-GOVERNMENT SECTOR AUM IN FY23:** The Pension Fund Regulatory and Development Authority expects the total pension assets under management in the non-government sector to go up by 62 per cent to ₹2 lakh crore in the FY23. The total assets in the non-govt sector as of June 30, 2022, stood at ₹1,22,979 crore. “The latest growth is coming from the non-government sector. Active subscribers in the non-government sector are projected to go up 35 per cent to 50 lakh subscribers by the end of FY23,” said Supratim Bandyopadhyay, Chairman, PFRDA. The latest figure show 36,97,000 active subscribers in the non-govt sector.  
[PFRDA sees 62% increase in non-government sector AUM in FY23 - The Hindu BusinessLine](#)
- **ED FREEZES OVER RS 64-CRORE BANK DEPOSITS OF CRYPTO EXCHANGE WazirX:** The Enforcement Directorate (ED) on Friday said it has frozen bank deposits of Rs 64.67 crore as part of a money laundering probe against crypto currency exchange WazirX. The federal agency said it conducted raids against a director of Zanmai Lab Pvt Ltd, which owns WazirX, on August 3 in Hyderabad and alleged he was "non-cooperative". The agency's probe against the crypto exchange is linked to its ongoing investigation against a number of Chinese loan apps (mobile applications) working in India. The agency had charged WazirX last year for alleged contravention of the Foreign Exchange Management Act (FEMA).  
[ED freezes over Rs 64-crore bank deposits of crypto exchange WazirX | Business Standard News \(business-standard.com\)](#)
- **UCO BANK NET PROFIT RISES 22% TO RS 123.61 CRORE IN JUNE QUARTER:** State-owned UCO Bank on Friday posted a 22 per cent rise in its net profit at Rs 123.61 crore for the first quarter ended June 30, helped by fall in bad loans. The bank had reported a net profit of Rs 101.81 crore in the same quarter of financial year 2021-22. Gross NPAs remained at 7.42 per cent of the gross advances as of June 30, 2022, as against 9.37 per cent in the first quarter of FY 2021-22. Net NPAs too declined to 2.4 per cent in the quarter under review, from 3.85 per cent a year ago.  
[UCO Bank net profit rises 22% to Rs 123.61 crore in June quarter | Business Standard News \(business-standard.com\)](#)
- **GOVT RELAXES SUGAR EXPORT QUOTA FOR 2021-22; ALLOWS EXTRA 1.2 MT SHIPMENTS:** The government on Friday relaxed the quantitative restriction of 10 million tonnes on sugar exports and allowed shipments of an additional 1.2 million tonnes in the current marketing year ending September. In late May, the Centre had decided to cap sugar exports at 10 million tonnes in the 2021-22 marketing year (October-September) to maintain domestic availability and price stability. On the sidelines of an event here, Food Secretary Sudhanshu Pandey said the government will allow a further 1.2 million tonnes of sugar exports. Later in a statement, the food ministry said sugar mills can now export up to 11.2 million tonnes from the earlier cap of 10 million tonnes as the stock position of sugar since May 2022 has improved.  
[Govt relaxes sugar export quota for 2021-22; allows extra 1.2 MT shipments | Business Standard News \(business-standard.com\)](#)



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- **HDFC RAISES RS 8.7K CR AS 'SOCIAL LOAN' TO FUND AFFORDABLE HOUSING SEGMENT:** Mortgage lender HDFC Ltd on Friday said it has raised USD 1.1 billion (around Rs 8,700 crore) from a clutch of investors under 'Syndicated Social Loan Facility' to cater to the affordable housing segment in the country. The country's largest mortgage lender by asset size said it has raised the amount by way of external commercial borrowings (ECBs). MUFG Bank Ltd (MUFG) is the lead social loan coordinator for this transaction along with being one of the Mandated Lead Arranger and Borrowers (MLAB), it said. CTBC Bank, Mizuho Bank, State Bank of India and Sumitomo Mitsui Banking Corporation are the other MLABs and joint social loan coordinators. This is India's largest social financing issuance, the largest social loan globally, the first social ECB loan out of India and the largest ECB loan deal from a Housing Finance Company/private NBFC in India, HDFC said.  
[HDFC raises Rs 8.7k cr as 'social loan' to fund affordable housing segment | Business Standard News \(business-standard.com\)](https://www.business-standard.com/news/business-standard.com)
- **SEBI AMENDS THE RULES FOR MUTUAL FUNDS, DEFINES 'ASSOCIATE:** Sebi has amended mutual fund rules to remove the applicability of the definition of "associate" to sponsors that invest in various companies on behalf of the beneficiaries of insurance policies. The new rules will become effective from September 3, the Securities and Exchange Board of India (Sebi) said in a notification. "The definition of associate shall not be applicable to such sponsors, which invest in various companies on behalf of the beneficiaries of insurance policies or such other schemes," the regulator said. Under the rules, associate includes a person who directly or indirectly, by himself, or in combination with relatives, exercises control over the Asset Management Company (AMC) or the trustee, among others.  
[Sebi amends the rules for mutual funds, defines 'associate' | Business Standard News \(business-standard.com\)](https://www.business-standard.com/news/business-standard.com)
- **ICICI BANK, PNB HIKE EXTERNAL BENCHMARK BASED LENDING RATES::** Two major banks -- ICICI Bank and PNB raised their lending rates after the RBI increased the benchmark interest rate by 0.50 per cent on Friday. The Reserve Bank of India (RBI) increased the key policy repo rate -- at which it lends short-term money to banks -- by a steep 50 basis points or 0.5 per cent to a three-year high of 5.40 per cent to tame high inflation.  
[pnb lending rates hike: ICICI Bank, PNB hike external benchmark based lending rates, BFSI News, ET BFSI \(indiatimes.com\)](https://www.indiatimes.com/news/et-bfsi)



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**TODAY'S FINANCIAL  
TERMINOLOGY: Nominal Effective Exchange Rate(NEER)**

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The NEER is the weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies. More simply, NEER shows 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 (e.g. for 2013-14, the weights in the 6-currency index were 31.09% for Euro, 21.56% for US dollars, 5.79% for pounds sterling, 26.56% Chinese Yuan, 6.65% Japanese Yen and 8.35% Hong Kong Dollars). These weights are determined as per the moving average of previous 3 years' exports 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.

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**RBI KEY RATES**

Repo Rate: 5.40%  
SDF: 5.15%  
MSF & Bank Rate: 5.65%  
Fixed Reverse Repo Rate: 3.35%  
CRR: 4.50%  
SLR: 18.00%

**FOREX RATES (AS PER FBIL 1.30 PM)**

INR / 1 USD : 79.1158  
INR / 1 GBP : 96.0677  
INR / 1 EUR : 80.9149  
INR /100 JPY: 59.3300

**EQUITY MARKET**

Sensex: 58387.93 (+89.13)  
NIFTY : 17397.50 (+15.50)

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