



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

October 06, 2022

INCREASE IN COLLATERAL -FREE LOAN LIMITS FOR CIVIL AVIATION

SECTOR UNDER ECLGS SCHEME: The Department of Financial Services (DFS) has expanded the scope of the Emergency Credit Line Guarantee Scheme (ECLGS) with enhancement of maximum loan amount eligibility for airlines under ECLGS 3.0 for aviation sector to tide over their present cash flow problems. Under the latest modification, 100 percent of the fund based or non-fund-based loan outstanding as on the reference dates or Rs 1,500 crore, whichever is lower; and of the above, Rs 500 crore shall be considered. This would be based on equity contribution by the owners. Previously, civil aviation companies were allowed to borrow up to 50 percent of their highest fund-based credit outstanding, subject to a maximum of Rs 400 crore per borrower. Earlier in March 2022, the ECLGS scheme was extended beyond March 2022, till March 2023.

(Moneycontrol)

NO CHARGE FOR RUPAY CREDIT CARD USE ON UPI FOR TRANSACTION UP TO RS 2,000:

NPCI: There will be no charge for RuPay credit card use on Unified Payments Interface (UPI) for transactions up to Rs 2,000 in line with the RBI direction, a recent NPCI circular said. RuPay credit card has been operational for the last four years, and all major banks are enabled and are issuing incremental cards for both commercial and retail segments. Nil Merchant Discount Rate (MDR) would apply for this category up to the transaction amount less than and equal to Rs 2,000, it noted. MDR is the cost paid by a merchant to a bank for accepting payment from their customers via credit or debit cards every time a card is used for payments in their stores. The merchant discount rate is expressed in the percentage of the transaction amount.

(Financial Express)

RBI PLANS TO EXTENSIVELY USE AI, ML TO IMPROVE REGULATORY

SUPERVISION: The Reserve Bank is planning to extensively use advanced analytics, artificial intelligence and machine learning to analyse its huge database and improve regulatory supervision on banks and NBFCs. For this purpose, the central bank is also looking to hire external experts. While the RBI is already using AI and ML in supervisory processes, it now intends to upscale it to ensure that the benefits of advanced analytics can accrue to the Department of Supervision in the central bank.

(Financial Express)



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PHDCCI PITCHES FOR COMPULSORY SUSPENSION OF BANK DRAWLS IN CHEQUE BOUNCING CASES: Industry body PHDCCI has urged the Finance Ministry to take measures like compulsory suspension of bank drawls for a few days to make the cheque issuers accountable for their action in cheque-bouncing cases. The government should enact a law that from the date of dishonouring of cheque, the dispute between the two parties must be settled within 90 days through mediation, the chamber has suggested.

(Financial Express)

DROP IN ECBS INDIA INC'S OVERSEAS BORROWINGS DECLINE 29% IN APRIL-AUGUST 2022: India Inc raised about 29 per cent less via external commercial borrowings (ECBs) in the first five months of FY23 at \$7.669 billion compared with \$10.8726 billion in the year-ago period. This decline comes even as the companies are increasingly tapping domestic banks for credit. The rise in interest rates in advanced economies and the depreciation of rupee are proving to be dampeners in raising ECBs.

(Business Line)

WTO CUTS 2023 TRADE, GDP FORECAST ON UKRAINE WAR, INFLATION, MONETARY TIGHTENING: The World Trade Organization on Wednesday raised the global merchandise trade volumes will grow by 3.5% in 2022—slightly better than the 3% forecast in April. However, it lowered the forecast to 1% for 2023, from the previous estimate of 3.4% as spiralling energy prices, rising interest rates and higher bills for food and fertiliser curb import demand. “World trade is expected to lose momentum in the second half of 2022 and remain subdued in 2023 as multiple shocks weigh on the global economy,” the Geneva-based organisation said. It also said that world GDP at market exchange rates will increase by 2.8% in 2022 and lowered the forecast for 2023 to 2.3% from 3.2% earlier.

(Economic Times)

BoB PLANS TO RAISE \$500M OVERSEAS LOAN: State-owned Bank of Baroda (BoB) is planning to raise up to \$500 million via an overseas loan as the bank is seeking to expand its offshore investments and credit, people familiar with the matter told ET. It has reached out to global lenders who are likely to make commitments by October 10 depending on the global credit markets, which are caught in a storm.

(Economic Times)

INDIA EMERGES AS THE WORLD'S LARGEST PRODUCER AND CONSUMER OF SUGAR AND WORLD'S 2ND LARGEST EXPORTER OF SUGAR: In Sugar Season (Oct-Sep) 2021-22, a record of more than 5000 Lakh Metric Tons (LMT) sugarcane was produced in the country out of which about 3574 LMT of sugarcane was crushed by sugar mills to produce about 394 LMT of sugar (Sucrose). With this, India has emerged as the



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world's largest producer and consumer of sugar as well as the world's 2nd largest exporter of sugar. Another shining highlight of the season is the highest exports of about 109.8 LMT.

(PiB, GoI)

FINANCE MINISTRY REJECTS 15% BENIGN CORPORATE TAX IN DESH BILL:

The Ministry of Finance has continued to oppose the key provisions of the Development Of Enterprise And Services Hub (DESH) bill which will be replacing the Special Economic Zones (SEZ) Act. This includes the benign corporate tax rate of 15 per cent until 2032 for units in these planned hubs. Official sources claim that the ministry has, in its formal comments on the Bill, emphasised its reluctance to integrate the hubs with the domestic market in contrast to SEZs, which have explicit export obligations.

(Business Standard)

SCARRED BY BOYCOTTS, AD INDUSTRY TREADS CAUTIOUSLY THIS FESTIVAL SEASON:

Advertisers are trading cautiously on social messaging this festive season, scarred by last year's boycott campaigns. From Dabur Fem's Karwa Chauth campaign, to Fabindia's Jashn-e-Riwaaz campaign, some companies were forced to apologise and take down ads last year after a backlash from social media users. Those memories have remained fresh in the minds of ad executives, say industry insiders and experts.

(Business Standard)

785,000 UNSOLD HOUSING STOCK IN TOP EIGHT CITIES IN SEP-END:

REPORT: Real estate developers are sitting on around 7.85 lakh unsold housing units across eight major cities and it will take them 32 months to clear these stocks at current sales velocity, according to PropTiger. Housing brokerage firm PropTiger.com data showed that unsold housing inventory has increased to 7,85,260 units as on September 30, 2022 from 7,63,650 unsold units at the end of previous quarter.

(Business Standard)

30% RISE IN TECH FIRM'S E-COMMERCE PLATFORMS SALES IN EARLY FESTIVE SEASON:

E-commerce platforms during the first week of festive season are estimated to have registered 30 per cent growth year-on-year, inventory and warehouse management tech firm EasyEcom said on Wednesday. EasyEcom said that e-commerce volume will grow more in Tier-2 and Tier-3 towns compared to Tier-1 cities, with non-metros driving nearly 80 per cent of the total e-commerce sales along with Tier-2 towns adding about 60 per cent to the figure.

(Business Standard)



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GOVT LIKELY TO SAVE AROUND RS 80K CRORE IN FY23 FROM UNUSED BUDGETED FUNDS:

The central government will likely save around Rs 80,000 crore in the current financial year as various ministries and departments have underutilised allocated funds because of tardy spending by states under some of the Centrally Sponsored Schemes (CSS). The government will save more than 2 per cent on the Rs 39.4 trillion budget. This will give the Centre some fiscal room to absorb any additional demand, and help stay within the targeted fiscal deficit of 6.4 per cent of GDP, the report stated. "Savings from unused funds would be about Rs 80,000 crore, which will make up for additional expenditure," a senior government official told *ET*. According to the official, the Centre will also save money on lower wheat procurement.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

VENTURE CAPITAL

- ❖ Start up companies with a potential to grow need a certain amount of investment. Wealthy investors like to invest their capital in such businesses with a long-term growth perspective. This capital is known as venture capital and the investors are called venture capitalists.
- ❖ Such investments are risky as they are illiquid, but are capable of giving impressive returns if invested in the right venture. The returns to the venture capitalists depend upon the growth of the company. Venture capitalists have the power to influence major decisions of the companies they are investing in as it is their money at stake.



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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 : 81.4267
INR / 1 GBP : 92.4714
INR / 1 EUR : 80.2677
INR /100 JPY: 56.2200

EQUITY MARKET

Sensex: 58065.47 (+1276.66)
NIFTY : 17274.30 (+387.00)
Bank NIFTY: 39110.05 (+1080.40)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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