



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

October 08, 2022

RBI TO LAUNCH DIGITAL RUPEE ON PILOT-BASIS SOON, ISSUES CONCEPT

NOTE: The Reserve Bank of India said it will soon commence pilot launches of digital rupee for specific use cases, without providing a definite timeline. The RBI said this in a concept note on central bank digital currency (CBDC) aimed to create awareness about such currencies in general and the planned features of the Digital Rupee, in particular, according to a release. India's CBDC will be called 'e₹.' In the concept note, the RBI said that CBDC will be an additional payment avenue to users, and is not aimed at replacing existing payment systems. CBDC is a currency that is backed by the regulator and stored in a digital format. It can be converted into paper currency and will reflect on the RBI's balance sheet, thereby granting it legal tender status. India is aiming to launch its own central bank digital currency in this financial year that ends March 31, 2023. According to the RBI, CBDC, being a sovereign currency, holds unique advantages of central bank money, specially trust, safety, liquidity, settlement finality and integrity.

(Moneycontrol)

FOREX RESERVES FALL TO LOWEST LEVEL SINCE JULY 2020, DROP FOR

NINTH WEEK: India's foreign exchange reserves dropped for the ninth straight week to \$532.66 billion for the week ended September 30, down by \$4.854 billion. This is the lowest level since July 24, 2020, Reserve Bank of India (RBI) data showed on October 7. The forex reserves stood at \$537.52 billion in the prior week ending September 23, down by more than \$8 billion. The decline in reserves was led by a drop in foreign currency assets to \$472.81 billion, down from \$477.21 in the prior week. Gold assets also fell to \$37.61 billion as on September 30, down from \$37.89 billion in the prior week.

(Moneycontrol)

GOVT AND LIC TOGETHER TO DIVEST 60.72% STAKE IN IDBI BANK:

The Department of Investment and Public Asset Management (DIPAM) on October 7 invited expressions of interest (EoIs) from potential bidders for strategic divestment of specified Government of India and LIC stakes in IDBI Bank along with transfer of management control. The government and Life Insurance Corporation (LIC) will together divest a 60.72 percent stake in the lender. The Centre will divest a 30.48 percent stake while LIC will offload 30.24 percent. The last date and time for submission of IDBI Bank EoIs is December 16 and all the EoIs shall be valid for 180 days and can be further extended by another 180 days.

(Moneycontrol)



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ICICI BANK LAUNCHES SMART WIRE FOR INWARD REMITTANCES: ICICI Bank has launched an online service to assist its customers in making SWIFT-based inward remittances more quickly and easily. The feature, known as "Smart Wire," enables inward remittance transactions to be completed electronically for both NRIs and resident customers. Customers can use the "Smart Wire" service by logging into the internet banking platform. The beneficiary can start a wire transfer request using this new facility, provide online declarations and documentation, lock in exchange rates in advance, and monitor the progress of the transaction.

(Economic Times)

HDFC BANK LAUNCHES SMARTHUB VYAPAR MERCHANT APP FOR SMEs:

HDFC Bank, announced the launch of SmartHub Vyapar Merchant app, a payments and banking solution for small and medium-sized businesses, in partnership with Mintoak Innovations India that enables merchants to accept interoperable payments across multiple payment modes which include Cards, UPI and QR code. For the non-tech savvy merchants, it also has the option to send a payment link over mobile or email to facilitate a non face to face collection.

(Financial Express)

GOVT NOTIFIES CREDIT GUARANTEE SCHEME FOR STARTUPS:

The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry has notified the establishment of the Credit Guarantee Scheme for Startups (CGSS) for providing credit guarantees to loans extended by Scheduled Commercial Banks, NBFCs and Securities and Exchange Board of India (SEBI) registered Alternative Investment Funds (AIFs). CGSS is aimed at providing credit guarantee up to a specified limit against loans extended by Member Institutions (MIs) to finance Startups. The credit guarantee cover under the Scheme would be transaction based and umbrella based. The exposure to individual cases would be capped at Rs. 10 crore per case. In respect of transaction-based guarantee cover, the guarantee cover is obtained on single eligible borrower basis. The extent of transaction-based cover will be 80% of the amount in default if the original loan sanction amount is up to Rs. 3 crore, 75% of the amount in default if the original loan sanction amount is above Rs. 3 crore, and up to Rs. 5 crore, and 65% of the amount in default if the original loan sanction amount is above Rs. 5 crore (up to Rs. 10 crore per borrower).

The umbrella-based guarantee cover will provide guarantee to Venture Debt Funds (VDF) registered under AIF regulations of SEBI (a growing segment of funding in Indian startup ecosystem), in view of the nature of funds raised by them and debt funding provided by them. The extent of umbrella-based cover will be the actual losses or up to a maximum of 5% of Pooled Investment on which cover is being taken from the fund in eligible startups, whichever is lower, subject to a maximum of Rs.10 crore per borrower.

(PiB, GoI)



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BANKS LOANS ROSE 16.4% YOY IN TWO WEEKS TO SEPT 23, DEPOSITS UP

9.2%: RBI: Indian banks' loans rose 16.4% in the two weeks to Sept. 23 from a year earlier, while deposits rose 9.2%, the Reserve Bank of India's weekly statistical supplement showed on Friday. Outstanding loans rose 787.65 billion rupees (\$9.56 billion) to 126.30 trillion rupees in the two weeks to Sept. 23.

(Business Standard)

YES BANK NOW ON A HUNT TO BUY STRESSED ASSETS FROM OTHER

LENDERS: YES Bank, which almost collapsed two years ago, is now on a hunt to buy stressed assets from other lenders. A new partnership with US private-equity firm JC Flowers & Co. LLC allows it to buy soured loans of other banks, Prashant Kumar, chief executive officer of the Mumbai-based lender, said in an interview. The so-called asset reconstruction company, that YES Bank will take a 19.99 per cent stake in, plans to hire as many as 100 people over the next few months.

(Business Standard)

FARMERS RECEIVE MSP WORTH RS 2,356 CRORE DURING 2022-23 KHARIF

SEASON: In the ongoing Kharif marketing season of 2022-23 in Punjab, Haryana, Chandigarh, Uttar Pradesh, Uttarakhand and Tamil Nadu, a total of 1,16,761 farmers have benefitted with minimum support price (MSP) value of Rs 2,356.30 crore. In the Kharif marketing season of 2021-22, as many as 130.87 lakh farmers benefitted with MSP value of Rs 1,72,898.89 crore, the Ministry of Food and Consumer Affairs said. A quantity of 11.44 lakh metric tonnes of paddy has been procured till October 5 in the states of Uttar Pradesh, Uttarakhand, Punjab, Haryana and Tamil Nadu during Kharif marketing season of 22-23.

(Business Standard)

COMPANIES CAN OMIT IMPORTANT INFORMATION UNDER NEW CSR

DISCLOSURE RULES: The Ministry of Corporate Affairs (MCA) has limited details that companies must give about their corporate social responsibility (CSR) projects in their annual reports, according to a notification from the ministry. The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022, which was published on September 20, has revised Annexure II, among other things, which outlines the manner in which CSR activities are reported in annual reports. Details pertaining to the companies' contributions to ongoing and additional CSR programmes are not included in the amended Annexure II. The details omitted include the title, location, and duration of the company's CSR project, as well as the budget allotted for it, the amount spent on it during the current fiscal year, the mode of implementation, the name of the implementing agency and their CSR registration number, and



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the amount transferred to the unspent CSR account. While disclosing these details in the annual report has been eliminated, the corporations must still include this information in the CSR-2 form that is submitted through the MCA portal.

(Business Standard)

HDFC TO RAISE UP TO RS 12,000 CR THROUGH BONDS ON PRIVATE PLACEMENT BASIS: Housing Development Finance Corporation (HDFC Ltd) will raise up to Rs 12,000 crore by issuing bonds on a private placement basis next week. The base issue size is Rs 1,000 crore with an option to retain over subscription of up to Rs 11,000 crore, it said in a regulatory filing on Friday. "The object of the issue is to augment the long-term resources of the corporation.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

IMPORTANT STAGES & TERMS IN PROJECT FINANCE

ZERO DATE: The zero date of a project signals the effective start of the project. The completion of projection will be counted from this point of time. It is important to ensure that all activities that effect project performance like arrangement of finance, infrastructure facilities, government and clearance etc. are fully dealt/designed / established / started by this time.

MORATORIUM: This is the repayment holiday provided in a term loan, where no instalment is demanded by the Bank. It may be In case of initial moratorium, (period from the date of first disbursement till the first instalment due date fixed) or interim moratorium (Sometimes it is provided in case of restructuring, where repayment holiday is provided in between the tenor of the loan.)

DOOR TO DOOR TENOR: It is generally used to indicate the total period within which the total debt borrowed is to be paid back by the borrower to the lender. This total period also includes the period of moratorium.

IMPLEMENTATION SCHEDULE: It is an important time management document that defines and schedules the major phases of project work being carried out to fulfill the desired project objective(s) and achieve the expected deliverables.

DRAW-DOWN SCHEDULE: This is a detailed payment plan for a construction project. If a bank is financing the project, the draw schedule determines when the bank will disburse funds to the borrower / supplier/ contractor based on progress of construction.

TRIAL RUN: A trial is a small-scale implementation planned in before the main rollout of a project. It enables the project team to test logistics, communications, stakeholder management plans and the effectiveness of any rollout tools.

RAMP UP PERIOD: This is the period from completed initial product development to maximum capacity utilization, characterized by product and process experimentation and improvements.

DATE OF COMMENCEMENT OF COMMERCIAL OPERATION (DCCO):Banks must fix a **Date of Commencement of Commercial Operations (DCCO)** for all project loans at the time of sanction of the loan. The Commercial Operation date is the date from which the unit starts its commercial operation.

TAIL PERIOD: Tail Period is the time difference between the end of planned debt amortization period and the end of operating period. The debt should be planned to be repaid well before the completion of operating period. It is better to have longer Tail Period in Infrastructure project financing.



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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 : 82.4000
INR / 1 GBP : 91.6942
INR / 1 EUR : 80.5460
INR /100 JPY: 56.8200

EQUITY MARKET

Sensex: 58191.29 (- 30.81)
NIFTY : 17314.70 (- 17.10)
Bank NIFTY: 39178.10 (- 104.70)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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