



**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

September 09, 2022

GOVT. TO ACQUIRE VODAFONE IDEA STAKE AFTER SHARE PRICE STABILISES

AT RS 10 OR ABOVE: The government will acquire a stake in debt-ridden Vodafone Idea after the stock price of the company stabilises at Rs 10 or above, according to an official source. Vodafone Idea (VIL) board has offered a stake to the government at a par value of Rs 10 per share. "There is a SEBI norm that the acquisition should take place at par value. DoT will clear the acquisition after VIL shares stabilise at Rs 10 or above," an official source told PTI. The stock declined by 1.02 per cent to trade at Rs 9.68 on BSE on Thursday. The finance ministry had cleared the proposal to acquire stake in VIL in July. Debt-ridden Vodafone Idea (VIL) has decided to opt for converting about Rs 16,000 crore of interest liability payable to the government into equity which will amount to around 33 % stake in the company.

(Moneycontrol)

GOVERNMENT IMPOSES 20% DUTY ON RICE EXPORTS OF VARIOUS GRADES:

India on Thursday imposed a 20% duty on exports of various grades of rice, according to a statement seen by Reuters, as the world's biggest exporter of the grain tries to calm local prices. Below-average rainfall in key rice-producing states such as West Bengal, Bihar and Uttar Pradesh has raised concerns over rice production in a country that has already banned wheat exports and restricted sugar shipments this year.

(Moneycontrol)

UNEMPLOYMENT RATE LOWEST SINCE 2019, WORKFORCE PARTICIPATION

LARGELY UNCHANGED: According to the latest Periodic Labour Force Survey quarterly bulletin released by the Ministry of Statistics Planning and Implementation, urban unemployment rate in the country between April and June 2022 was 7.6 per cent, 0.6 per cent lower than the last quarter of FY22. This was also lower than the pre-Covid times. Unemployment rate is highest in Rajasthan and Kerala at 12.8 per cent and 12.5 per cent respectively, data shows.

(Business Line)

RBI NEEDS TO SYNCHRONISE FISCAL POLICY, OTHER FACTORS TO HANDLE

INFLATION: FINANCE MINISTER: Finance Minister Nirmala Sitharaman on Thursday said the Reserve Bank will have to be more synchronised with the fiscal policy and other factors in taming inflation. Inflation management cannot be singularly left to the monetary policy, which has proved totally ineffective in many countries, she said. "The RBI will have to synchronise somewhat, may be not as much synchronised as other western developed countries would do.



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(Business Line)

NON-LIFE INSURER'S GROSS PREMIUM JUMPS 4.6% IN AUG: Gross direct premium underwritten by non-life insurance companies rose 4.6 per cent on-month to ₹24,472 crore in August, as per the provisional data by the General Insurance Council. Market share of specialised insurers surged to 7.1 per cent in August from 2.5 per cent in July.

(Business Line)

DIGITAL LENDING RULES DESIGNED TO END REGULATORY ARBITRAGE, PROTECT CUSTOMERS, SAYS RBI DG M RAJESHWAR RAO: Reserve Bank of India Deputy Governor M Rajeshwar Rao on Thursday said the recently released digital lending norms are designed to end regulatory arbitrage and protect customers. Speaking at an event organised by industry body Assocham, Rao said there was unbridled engagement of third parties, misselling, breach of data privacy, unethical recovery practices and exorbitant interest rates recently which led the RBI to regulate the activities. On August 10, RBI came out with digital lending norms after extensive consultations and last week asked the industry to implement those by November this year. Some players in the fintech industry have expressed concerns that the norms on lending will impact their operations. "The framework is designed to strike a balance between the need for an innovative and inclusive system while at the same time ensuring that the regulatory arbitrage is not exploited to the detriment to the customer's interest," Rao said.

(Financial Express)

ECB RAISES RATES BY UNPRECEDENTED 75 BASIS POINTS: The European Central Bank raised interest rates by an unprecedented 75 basis points on Thursday to tame runaway inflation, even as a recession is now increasingly likely as the bloc has lost access to vital Russian natural gas. The ECB lifted its deposit rate to 0.75% from zero and raised the main refinancing rate to 1.25%, their highest level since 2011.

(Live Mint)

INDIA RANKS 132 OUT OF 191 IN HUMAN DEVELOPMENT INDEX: With an HDI value of 0.633, India ranked 132 out of 191 countries in the 2021 human development index, according to a report released by the United Nations Development Programme (UNDP). India is placed in the medium human development category. In the 2020 report, India had 0.645 and was ranked 131 among 189 countries. The falling life expectancy was mentioned as one of the major reasons for the drop. The report said, "Like global trends, in India's case, the drop in HDI from 0.645 in 2019 to 0.633 in 2021 can be attributed to falling life expectancy - 69.7 to 67.2 years.

(Economic Times)



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SBI DISHONOURS CHEQUE AFTER MISREADING KANNADA NUMERAL; FINED RS

85,000: A State Bank of India branch has been fined Rs 85,177 by the Dharwad District Consumer Grievances Redressal Forum for dishonouring a cheque after failing to properly recognise a Kannada numeral on it.

(Business Standard)

BONDS, RUPEE STRENGTHEN AS CRUDE OIL PRICES FALL BELOW \$90 PER

BARREL: Government bonds and the rupee strengthened sharply on Thursday as crude oil prices declined to their lowest levels in seven months, easing concerns about elevated domestic inflation, dealers said. Yield on the 10-year benchmark 7.26 per cent 2032 paper settled at 7.08 per cent as against 7.13 per cent at previous close. Bond prices and yields move inversely and a decline on 1 basis point in the 10-year yield corresponds to a rise in price of around 7 paise.

(Business Standard)

GST WING OF CBIC CONDUCTS TAX INSPECTIONS AGAINST INSURANCE

COMPANIES: The Goods and Services Tax wing of the Central Board of Indirect Taxes and Customs (CBIC) has carried out tax searches and inspections against several insurance companies. A government source said the tax searches were about cases where the insurance companies had taken input tax credit in excess of what they are entitled to. Some years ago, the indirect tax department had investigated the non-life companies for alleged tax evasion in the motor insurance business. The combined dues had then amounted to over Rs 1,500 crore.

(Business Standard)

ONE IN EVERY SIX MSME LOANS UNDER ECLG SCHEME TURNED INTO NPAS:

REPORT: One in every six loans disbursed under the Emergency Credit Line Guarantee Scheme (ECLG Scheme) launched during the Covid-19 pandemic has turned bad in the last 27 months. The majority of these loans are lower than Rs 20 lakh, a report by *Indian Express (IE)* stated. The National Credit Guarantee Trustee Company Ltd (NCGTC) declared that 1.6 million accounts or 16.4 per cent of the total 9.8 million loans disbursed have turned into non-performing assets (NPAs).

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

CLEARING PRICE

- ❖ Clearing price is that price of a commodity or a security at which the market clears a commodity or a security. Quantity supplied is equal to quantity demanded and buyers and sellers conduct the trade.
- ❖ A price is a specific monetary value associated with a security or a commodity. Generally, it so happens that sellers expect to get the highest possible price for their product, while buyers want to get it at the lowest possible price.
- ❖ In such a scenario, a price that settles the transaction so that both the parties are in agreement is called the clearing price, where this price settles is influenced by various other factors. It can also be referred to as the equilibrium price.
- ❖ It can be said that the clearing price is equal to a value that is the same as the lowest price a seller is ready to take for his commodity and the highest price a buyer is ready to pay for it. Thus, it becomes the price at which the latest transaction was conducted.



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RBI KEY RATES

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

FOREX (FBIL 1.30 PM)

INR / 1 USD : 79.6712
INR / 1 GBP : 91.7483
INR / 1 EUR : 79.7551
INR /100 JPY: 55.4900

EQUITY MARKET

Sensex: 59688.22 (+659.31)
NIFTY : 17798.80 (+174.40)
Bank NIFTY: 40208.90 (+753.00)

(CMA Chittaranjan Chattopadhyay)
Chairman,
Banking, Financial Services & Insurance Board

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