



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

January 10, 2023

FALL IN INDIA NOMINAL GDP GROWTH IN FY24 TO CHALLENGE FISCAL

MATH: India's nominal GDP growth is likely to fall in 2023-24, hurting tax collections and putting pressure on the federal government to reduce the budget gap by cutting expenses ahead of national elections in 2024. Nominal GDP growth, which includes inflation, is the benchmark used to estimate tax collections in the upcoming budget to be presented on Feb. 1. It is estimated to be around 15.4% for the current financial year. At least four leading economists expect nominal GDP growth to come in between 8% and 11% as inflation slows and real GDP growth eases from an estimated 7% this year, when pandemic-related distortions and pent-up demand pushed up growth rates.

A lower tax revenue will limit the government's ability to spend and support the economy as the country heads to national elections in 2024. It will also strain efforts to bring down the fiscal deficit towards the medium-term target of 4.5% of GDP by 2025/26. Higher nominal GDP growth has not only helped in lowering public debt and fiscal ratios, but has also resulted in pushing up credit growth to 16%-17% year-on-year in FY23

(Economic Times)

TCS Q3 RESULTS: PROFIT RISES 4% QOQ TO RS 10,846 CRORE:

Tata Consultancy Services Ltd pleasantly surprised the Street with a 5.3% sequential rise in consolidated revenue for the quarter ended December to Rs 58,229 crore. The revenue was above the ET Now poll of Rs 56,893 crore. The net profit rose nearly 4% on quarter to Rs 10,846 crore but was lower than the expected Rs 11,200 crore. The software major also announced a special dividend of Rs 67 per share and an interim dividend of Rs 8 per share. In constant currency terms, revenue grew 13.5% year-on-year during the quarter, TCS said.

(Economic Times)

IDBI BANK DIVESTMENT PROCESS TO COMPLETE IN FY24: DIPAM SECY:

The divestment process of IDBI Bank will complete in the fiscal year 2023-24, Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey said in an interview with ETNow on Monday. Pandey had earlier tweeted that multiple expressions of interest were received for the strategic disinvestment of Centre and LIC's stake in IDBI Bank.

(Economic Times)

RBI NOTIFIES THE LIST OF ELIGIBLE CREDIT RATINGS FOR THE PURPOSE OF BASEL-III CAPITAL REGULATIONS:

On the basis of Basel III Capital Regulations, list of domestic credit rating agencies accredited for the purpose of risk weighting banks' claims



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for capital adequacy purposes has been prescribed by RBI. On a review, banks are advised to use the ratings of the following domestic credit rating agencies for risk weighting their claims for capital adequacy purposes: i) Acuite Ratings & Research Limited (Acuite), ii) Credit Analysis and Research Limited (CARE), iii) CRISIL Ratings Limited, iv) ICRA Limited, v) India Ratings and Research Private Limited (India Ratings) and INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS). No fresh ratings/evaluations shall be obtained from Brickwork Ratings India Private Limited

(RBI Notification)

RS SODHI STEPS DOWN AS AMUL MD; JAYEN MEHTA TAKES INTERIM

CHARGE: Amul Federation's managing director RS Sodhi, who has been leading the dairy giant since 2010, stepped down on January 9 as the board decided to end his tenure with "immediate effect". He has been replaced for an interim period by Jayan Mehta, Amul's incumbent chief operating officer. Sodhi, while commenting on the board's decision, said he was "very happy", and refuted reports that claimed that he was "sacked".

(Moneycontrol)

GOVT CONSIDERS LIFTING RICE EXPORT CURBS AS SUPPLY IMPROVES:

India, the world's biggest rice exporter, is likely to lift restrictions on grain shipments in a move that would mark a further easing of a global wave of food protectionism after Russia's invasion of Ukraine. Authorities are actively considering removing curbs on some rice exports as domestic prices are stable, according to a person familiar with the matter. India accounts for about 40% of global rice trade. Any relaxation of the export curbs will likely cool benchmark prices in Asia, which are trading near the highest since mid-2021. India imposed a 20% duty on shipments of white and brown rice in September, and banned broken rice sales abroad. The curbs, which apply to about 60% of Indian rice exports, came on top of restrictions on wheat and sugar sales.

(Moneycontrol)

BANKS' GROSS BOND ISSUANCES SURGED ₹90,000 CR IN APRIL-DEC 2022:

Gross bond issuances by banks surged to ₹90,000 crore in the April-December (nine months) FY23 against ₹70,000 crore in FY22, surpassing the previous high of ₹80,000 crore in FY17, as they scrambled to bridge the gap between credit and deposit growth, according to ICRA. The credit rating agency expects overall gross bond issuances by banks to rise further to ₹1.3-1.4 lakh crore in FY23. As credit demand picked up strongly in recent months, the overall gap between deposits and credit growth widened substantially. Incremental credit expansion stood at ₹12.7-lakh crore in FY23 (till December 16, 2022), while deposit accretion continued to trail at ₹8.9-lakh crore. "To bridge this gap (of ₹3.8-lakh crore), banks have been relying on various sources of funding such as refinance from All India Financial Institutions (AIFIs), drawdown of



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excess on-balance sheet liquidity and debt capital market issuances. As a result, gross bond issuances by banks surged,” according to an assessment by ICRA.

(Business Line)

KERALA GOVT'S YEAR OF ENTERPRISES PROJECT GETS RECOGNITION FOR 'BEST PRACTICE MODEL' TO PROMOTE MSMEs:

The Kerala government's Industries department got recognition from the centre for its Year of Enterprises project which was selected as one of the best practices in the 'Thrust on Micro, Small and Medium Enterprises (MSMEs)' category, as per a report by the Press Trust of India (PTI). Under this project, more than one lakh enterprises were set up in eight months in the state of Kerala. The Year of Enterprises has been regarded as the best practice model in the second Chief Secretaries National Conference held in New Delhi from January 5-7, as per an official release, the report noted.

(Financial Express)

WITH \$10.8 BILLION, BENGALURU TOP CITY ON START-UP FUNDING IN

2022: Bengaluru topped the startup funding chart in India with \$10.8 billion in 2022, followed by Mumbai at \$3.9 billion, and Gurugram at a distant \$2.6 billion. Startups based in Delhi and Chennai registered \$1.2 billion each in funding, followed by Pune at \$1 billion, according to data provided by Tracxn, a leading global market intelligence platform.

(Business Standard)

LENDERS BEGIN VOTING TO HOLD SECOND AUCTION FOR RELIANCE CAPITAL ASSETS:

Indian lenders began voting on the proposal whether to hold a second auction to sell Reliance Capital assets or not on Monday. The voting was held after the National Company Law Tribunal did not stay the second auction after a petition made by Torrent -- which has emerged as highest bidder in the first auction with an upfront cash offer of Rs 8,640 crore. The Hinduja group had offered Rs 9,000 crore to the lenders after the first round of the auction was held earlier.

(Business Standard)

INDIA OVERTAKES JAPAN TO TAKE THIRD SPOT AMONG LARGEST VEHICLE MARKETS:

India has overtaken Japan to become the third largest vehicle market in 2022 after China and the US, selling more than 4.25 million vehicles riding on pent-up demand and enhanced production by carmakers. According to the Society of Indian Automotive Manufacturers (SIAM), 4.13 million vehicles including passenger and commercial were sold in the country between January and November 2022.

(Business Standard)



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BANDHAN BANK COLLECTION EFFICIENCY RISES TO 98% AT END OF DEC

2022: Collection efficiency ratio of private lender Bandhan Bank increased to 98 per cent at the end of December 2022 from 95 per cent at the end of the second quarter. An initial disclosure statement by the bank said that the ratio for micro-credit loans was 98 per cent at the end of December 2022, while for non-MFI loans, it was 99 per cent. Loans and advances of the bank at the end of December 2022 stood at 1,00,520 crore, registering a growth of 14 per cent year-on-year. Total deposits of the lender at the end of the third quarter this fiscal stood at 1,02,283 crore, reflecting a growth of 21 per cent year-on-year, the bank said.

(Business Standard)

NO K-SHAPED RECOVERY IN INDIA, PANDEMIC 'LEVELER' TO REDUCE

INEQUALITY: SBI: Economists at SBI dismissed the 'K-shaped recovery' critique, saying the pandemic was a 'leveler' which helped in reducing inequalities. They said government transfers to the poor alone are adding up to Rs 75,000 per household per annum.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

K-SHAPED ECONOMIC RECOVERY

- ❖ A K-shaped recovery occurs when, following a recession, different parts of the economy recover at different rates, times, or magnitudes. This is in contrast to an even, uniform recovery across sectors, industries, or groups of people. This type of recovery is called K-shaped because the path of different parts of the economy when charted together may diverge, resembling the two arms of the Roman letter "K." The term refers to the shape that when this type of recovery takes when plotted on a line graph. The portion of the population that recovers quickly is represented by the upper part of the K, while the lower part represents those groups that recover more slowly. In some cases, it could be that different industries recover at different speeds.
- ❖ The K-shaped recovery is unique when compared to other shapes. It foreshadows a dangerous, diverging economic future in which the economy recovers unevenly on one side and the wealthiest prosper while everyone else falls behind. In simple terms, a K-shaped recovery is a post-recession scenario in which one section of the economy begins to recover while another segment continues to struggle.
- ❖ A K-shaped recovery leads to changes in the structure of the economy or the broader society as economic outcomes and relations are fundamentally changed before and after the recession. This can happen for a number of reasons related to technological and structural change within an economy as well as responses to a recession by policymakers. The government needs to do more to prevent a K-shaped recovery of the economy hit by the coronavirus pandemic.



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RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.3662
INR / 1 GBP : 100.0387
INR / 1 EUR : 87.9528
INR /100 JPY : 62.4700

EQUITY MARKET

Sensex: 60747.31 (+846.94)
NIFTY : 18101.20 (+241.70)
Bnk NIFTY: 42582.80 (+394.00)

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- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

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Publications by BFSI Board

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**

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Chairman,

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