



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

November 10, 2022

GOVT TO SELL SUUTI'S 1.55% STAKE IN AXIS BANK VIA OFS ON NOVEMBER 10-11: The government has decided to sell the 1.55 per cent stake in Axis Bank held by SUUTI on exchanges. This stake sale will be conducted via the Offer For Sale (OFS) mechanism by the Specified Undertaking of The Unit Trust of India, commonly known as SUUTI.

(Moneycontrol)

CRYPTOCURRENCIES SLUMP AGAIN AMID FALLOUT FROM FTX SALE: Bitcoin slumped to a two-year low and other digital assets sold off following the sudden collapse of crypto exchange FTX Trading, which has been forced to sell itself to larger rival Binance. Bitcoin traded around \$17,645, and overnight fell to its lowest level since Dec 2020. Just a year ago, bitcoin hit an all-time high of \$68,990. Ethereum, the 2nd most actively traded digital currency, fell 10%. FTX agreed to sell itself to Binance after experiencing the cryptocurrency equivalent of a bank run. Customers fled the exchange after becoming concerned about whether FTX had sufficient capital.

(Moneycontrol)

PAKISTAN TO IMPLEMENT INTEREST-FREE BANKING SYSTEM AS SOON AS POSSIBLE: Pakistan Finance Minister Ishaq Dar on Wednesday said that the federal government will implement 'interest-free' banking system in the country as soon as possible and withdraw in the coming days appeals filed against it in the Supreme Court, as per a report by Dawn. "With the permission of the prime minister and consultation with the SBP governor, I'm announcing on behalf of the federal government that the SBP (State Bank of Pakistan) and NBP (National Bank) will withdraw their appeals from the SC and our government will fully try to as quickly as possible implement an Islamic system in Pakistan," Dar said, the South-Asian nation's leading daily reported

(Economic Times)

CORPORATE ADVANCES OF BANKS SURGE IN Q2 DESPITE RATE HIKES: Despite inflationary pressures and rate hikes, corporate credit offtake has seen significant growth in the second quarter of the current fiscal for several banks. The increase in the credit offtake was in double-digits for major banks, going up to 27 per cent in some cases. Domestic advances growth was driven by a 21.2 per cent surge in corporate advances for State Bank of India (SBI). Sandeep Bakhshi, Managing Director and CEO of ICICI Bank, said domestic



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corporate portfolio grew 23.1 year-on-year and 6.8 per cent sequentially for the bank in the second quarter, driven by growth across well-rated financial and non-financial corporates.

(Business Line)

RBI PREFERS CENTRALISED DATABASE FOR CBDC OVER DISTRIBUTED LEDGER TECHNOLOGY: RBI prefers centrally-controlled, conventional database infrastructures for CBDC (central bank digital currency) instead of DLT (distributed ledger technology)-based infrastructure due to the latter's limitations. While both conventional and DLT-based infrastructures store data multiple times and in separate physical locations, the key difference is in how data is updated. In conventional databases, data is stored over multiple physical nodes, controlled by one authoritative central entity, which ensures resilience. On the other hand, in DLT-based systems, the ledger is usually managed jointly by multiple entities in a decentralised manner and each update needs to be harmonised amongst the nodes of all entities. This consensus mechanism requires additional overhead owing to which DLTs enable lower volumes of transactions. "Given the above, DLT at this point of time, is not considered suitable technology except in very small jurisdictions. However, DLT could be considered for the indirect or hybrid CBDC architecture, RBI said.

(Business Line)

CENTRE ALLOWS EXPORTERS ENGAGING IN RUPEE TRADE TO BENEFIT FROM EXPORT PROMOTION SCHEMES : To allow exporters engaging in rupee trade to benefit from existing export promotion schemes, the Centre has introduced changes in the Foreign Trade Policy (FTP) for grant of exports benefits for export realisations in Indian rupees per RBI guidelines issued in July 2022. The decision will facilitate and ease international trade transactions in Indian rupees.

(Business Line)

FULL-FLEDGED RUPEE TRADE WITH RUSSIA LIKELY TO COMMENCE BY END OF THIS MONTH: The industry is hopeful of commencing full-fledged rupee trade with Russia by the end of this month with UCO Bank putting in place the necessary guidelines and the Central government likely to soon come out with a notification allowing exporters to enjoy all existing export benefits.

(Business Line)

NIRAV MODI LOSES APPEAL, UK HIGH COURT RULES SUICIDE RISK DOES NOT BAR EXTRADITION TO INDIA: Fugitive diamond merchant Nirav Modi on Wednesday lost his appeal against extradition to India on mental health grounds as the High Court in London ruled that his risk of suicide is not such that it would be either unjust or oppressive to extradite him to face charges of fraud and money laundering. The leave to



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appeal in the High Court had been granted on two grounds related to mental health – under Article 3 of the European Convention of Human Rights (ECHR) and Section 91 of the Extradition Act 2003. The 51-year-old fugitive diamond merchant has the option of further appeals in the UK and European courts and the process to bring him back to stand trial in India is unlikely to be a speedy one.

(Financial Express)

FRONT-OF-PACK LABELLING NORMS WILL AFFECT MSMEs IF ENACTED,

SAYS INDUSTRY BODY: Trade association and sellers body, Indian Sellers Collective on Wednesday opposed a proposal by the government's food licensing body, Food Safety and Standards Authority of India's (FSSAI) on Front of Pack Nutrition Labelling (FOPNL) regulation of putting star ratings on food items based on their nutrient composition, as per a report by Mint. Under the proposed regulation, packaged food and beverages will be given star ratings like 'one-star food', 'two-star food', and therefore 'good-food', 'not-good food', etc. on the basis of their salt, sugar, and fat content. The representative body has claimed that FOPNL will lead to ethnic Indian foods being classified as unhealthy, cause severe loss of business to MSMEs

(Financial Express)

INDIA'S FY24 GDP GROWTH TO SLOW DOWN TO 5.5%, SAYS UBS INDIA

REPORT: India's GDP growth will slow down to 5.5 per cent in FY24 from the 6.9 per cent expected in the current fiscal 2022-23, a Swiss brokerage said on Wednesday. The slowdown was attributed to slowing global growth and tightening of monetary policies in the report by economists at UBS India.

(Business Standard)

FM NIRMALA SITHARAMAN APPROVES INDIA'S FIRST SOVEREIGN GREEN BONDS FRAMEWORK:

Finance Minister approved the final sovereign green bonds framework to fund environmentally sustainable projects. Green bonds are financial instruments that generate funds for investment in environmentally sustainable and climate-suitable projects. Today's approval will strengthen India's commitment towards its Nationally Determined Contribution (NDCs) targets, adopted under the Paris Agreement, and help in attracting global and domestic investments in eligible green projects, the Ministry of Finance said. The proceeds generated from the issuance of such bonds will be deployed in public sector projects which help in reducing the carbon intensity of the economy. The framework comes close in the footsteps of India's commitments under "Panchamrit" as elucidated by Prime Minister Narendra Modi at COP26 at Glasgow in November 2021.

(Business Today)



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GOVT TO FINANCE GREEN BOND PROJECTS AND INITIATIVES UNDER 9

CATEGORIES: The Centre will finance projects and initiatives in nine broad categories through its ~16,000-crore green bond offering this year and future issuances. This would be in accordance with the new Green Bond Framework released by the finance ministry on Wednesday. A Green Finance Working Committee (GFWC), chaired by the chief economic advisor, will decide projects that are eligible. The GFWC will meet at least twice a year to select and evaluate projects.

(Business Standard)

SEBI PROPOSES FRAMEWORK FOR REGULATED ENTITIES TO ADDRESS RISKS ASSOCIATED WITH CLOUD-BASED SOLUTIONS:

Capital markets regulator Sebi has proposed a cloud framework for its regulated entities, highlighting key risks and control measures such entities need to consider before adopting cloud-based solutions. Under the proposal, Sebi said there are no limitations on using any cloud deployment model. An RE may adopt cloud computing depending on their business and technology risk assessment.

(Business Today)



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FINANCIAL TERMINOLOGY/CONCEPTS

VIABILITY GAP FUNDING (VGF)

- ❖ The Viability Gap Funding Scheme of the Government of India for Financial Support to Public Private Partnerships in Infrastructure, provides financial support (Capital grant) of up to 40% of the Total Project Cost in the form of grant (one time or deferred) to infrastructure projects undertaken through public private partnerships with a view to making them commercially viable. Administered by the Ministry of Finance, budgetary provisions are made in the Annual Plans on a year-to-year basis for the Scheme.
- ❖ The scheme aims at supporting infrastructure projects that are economically justified but fall marginally short of financial viability. Support under this scheme is available only for infrastructure projects where private sector sponsors are selected through a process of competitive bidding. The total Viability Gap Funding under this scheme will not exceed twenty percent of the Total Project Cost; provided that the Government or statutory entity that owns the project may, if it so decides, provide additional grants out of its budget, upto a limit of a further twenty percent of the Total Project Cost.
- ❖ VGF under this Scheme is normally in the form of a capital grant at the stage of project construction.
- ❖ Eligibility: The project should be implemented (i.e. developed, financed, constructed, maintained and operated) for the Project Term by a Private Sector Company to be selected by the Government or a statutory entity through a process of open competitive bidding; provided that in case of railway projects that are not amenable to operation by a Private Sector Company, the Empowered Committee may relax this eligibility criterion.
- ❖ The PPP Project should be from one of the following sectors such as; Roads and bridges, railways, seaports, airports, inland waterways, Power, Urban transport, water supply, sewerage, solid waste management, Infrastructure projects in Special Economic Zones, Telecommunication, Oil and Gas pipelines etc.



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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 : 81.4800
INR / 1 GBP : 93.9817
INR / 1 EUR : 81.9759
INR /100 JPY: 55.8900

EQUITY MARKET

Sensex: 61033.55 (-151.60)
NIFTY : 18157.00 (-45.80)
Bnk NIFTY:41783.20 (+96.50)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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