



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

July 11, 2022

- **INFLATION MAY EASE GRADUALLY, PRECLUDING CHANCES OF HARD LANDING, SAYS RBI GUV :**
Inflation is expected to ease gradually in the second half of fiscal year 2022-23, lowering the likelihood of a hard landing for the economy, the governor of the Reserve Bank of India said on July 9. "At this point of time, with the supply outlook appearing favourable and several high frequency indicators pointing to resilience of the recovery in the first quarter (April-June) of 2022-23, our current assessment is that inflation may ease gradually in the second half of 2022-23, precluding the chances of a hard landing in India," Shaktikanta Das said at the Kautilya Economic Conclave. India's pandemic-hit economy is seeing a recovery but inflation has remained above the central bank's tolerance ceiling for several months amid the surge in global food and commodities. The RBI has since early May raised its policy repo rate by 90 basis points to 4.9 percent. The central bank's rate setting panel is widely expected to raise policy rates again when it meets in early August as the key price gauge is expected to remain outside the target for three quarters in a row. The current era is one of globalisation of inflation amidst growing deglobalisation of world trade, the RBI governor said on July 9.
[Inflation may ease gradually, precluding chances of hard landing, says RBI Guv \(moneycontrol.com\)](https://www.moneycontrol.com/news/economy/inflation-may-ease-gradually-precluding-chances-of-hard-landing-says-rbi-guv-1078887.html)
- **RBI ALLOWS BANKS TO SETTLE SRI LANKAN TRADE IN CURRENCIES OUTSIDE ASIAN CLEARING UNION MECHANISM :** The Reserve Bank of India (RBI) on July 8 said authorised Indian banks can settle all current account transactions, including those related to trade, with Sri Lanka in any permitted currency outside the Asian Clearing Union mechanism. The revised norm will be in place "until further notice" and come into force with immediate effect, the RBI said. The Asian Clearing Union, or ACU, is a payment arrangement between the central banks of Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka. Under the ACU, member central banks settle payments for intra-regional transactions on a net basis. This reduces the use of foreign exchange reserves and transfer costs. Currently, ACU settlements are done in three currencies: US dollar, the euro, and the Japanese yen. The RBI's decision on July 8 comes after it had, on May 19, allowed trade with Sri Lanka to be settled in Rupees outside the ACU mechanism. This rupee settlement was allowed for transactions falling under the \$1-billion credit facility extended by State Bank of India to Sri Lanka in March for the procurement of food, medicines, and other essential items.
[RBI allows banks to settle Sri Lankan trade in currencies outside Asian Clearing Union mechanism \(moneycontrol.com\)](https://www.moneycontrol.com/news/economy/rbi-allows-banks-to-settle-sri-lankan-trade-in-currencies-outside-asian-clearing-union-mechanism-1078887.html)



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- **FPIS PULL OUT OVER ₹1-LAKH CRORE FROM INDIAN EQUITIES IN Q1 FY23** : Just three months into the current fiscal, foreign investors have pulled out more than ₹1-lakh crore from Indian equities, or more than 75 percent of their sell-off in the whole of FY22. As per depositories data, FPIs have sold Indian equities worth ₹1.07-lakh crore between April-June quarter as compared to the ₹1.40-lakh crore of outflow in FY22. FPIs intensified their sell-off in June as they pulled out ₹50,203 crore from Indian equities, which is the highest monthly outflow after March 2020, when the foreign investors net sold equities worth ₹61,973 crore.
[FPIs pull out over ₹1-lakh crore from Indian equities in Q1 FY23 - The Hindu BusinessLine](#)
- **INDIA'S DEFENCE EXPORTS AT RECORD ₹13,000 CRORE, US BIGGEST IMPORTER:** A top defence ministry said on Friday that India, in 2021-22, exported defence items and technology worth a record ₹13,000 crore, an impressive 54.1 per cent rise over the previous year. India's defence exports are chiefly to the United States, the Philippines and other countries in the South-East Asia, the Middle-East and Africa. Sanjay Jaju, Additional Secretary in the Department of Defence Production (DDP), told a press briefing, "In 2021-22, we have recorded ₹13,000 crore of exports which is the highest ever exports number that we have recorded in defence." Sanjay Jaju also said that the exports in 2021-22 were almost eight times of what they were about five years ago.
[India defence exports at record ₹13,000 crore, US biggest importer | Mint \(livemint.com\)](#)
- **TATA GROUP CXOS GET RICHLY REWARDED FOR STEERING COMPANIES THROUGH THE PANDEMIC:** Some of the top-ranking executives at Tata Group companies have surpassed the growth in their pay packages last year compared to previous years following a marked turnaround in the business environment post the Covid-19 pandemic. The total package, which comprises salary, perquisites, commission and other benefits, have risen in the range of 10-50 per cent during the last year alone, according to data shared by these companies in their annual reports. Tata Consultancy Services Managing Director Rajesh Gopinathan has seen his pay package nearly double to ₹25.76 crore in FY22 compared to FY20 (₹13.37 crore), and nearly 27 per cent jump compared to FY21. Gopinathan continued to remain as the highest paid executive among the listed entities of the Tata Group. At ₹21.45 crore, the Tata Sons Executive Director Saurabh Agarwal was the highest paid executive in FY21. However, his FY22 package is not known as the unlisted Tata Sons is yet to make its annual report public. After two years (FY19 and FY20) of no change, pay package of TV Narendran, CEO and Managing Director of Tata Steel, jumped nearly 74 per cent last year compared to FY20 (₹11.22 crore). Narendran's FY22 package stood at ₹19.5 crore, an increase of 25 percent compared to FY21.
[Tata Group CXOs get richly rewarded for steering companies through the pandemic - The Hindu BusinessLine](#)



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- **STARTUP FUNDING DECLINES 40 PER CENT IN APRIL-JUNE: PwC report:** Geo-political instability appears to be taking a toll on the Indian startups with the total funding declining by 40 per cent to USD 6.8 billion in the April-June quarter, reveals a PwC India report. The early-stage deals comprised more than 60 per cent of the total with an average ticket size of USD 5 million, as per the PwC India report titled, 'Startup Deals Tracker - Q2CY22.' After three consecutive quarters of raising more than USD 10 billion, the total funding in the Indian startup ecosystem fell by 40 per cent during Q2CY22 to reach USD 6.8 billion. "The decline can be attributed to a global slowdown, decrease in tech stock valuations, inflation, and geopolitical instability," it added. Software as a Service (SaaS) and FinTech companies had the highest share of funding in Q2CY22 with a total of more than USD 3.1 billion, the report said.
[Startup funding declines 40 per cent in April-June: PwC report - The Hindu BusinessLine](#)
- **SEBI MULLS MAKING 'MARKET RISK FACTOR DISCLOSURES' TO HELP INVESTORS:** In a global first, the Securities and Exchange Board of India (Sebi) is planning to issue regular 'risk factor disclosures' on market trends, including surges and collapses, to help investors make right decisions by learning from the regulator's insights, sources said. The move, which is still in a preliminary stage of discussion, can help investors avoid a herd mentality that has been particularly witnessed during the last couple of years -- starting with large-scale selloffs when the pandemic hit the world in early 2020, followed soon by a sharp surge in buying of stocks without understanding the fundamentals and largely on account of get-rich-quick stories and then subsequent losses. Particularly of significance has been the losses suffered by investors in a large number of IPOs in the recent past and in the highly complicated futures and options segment of the capital market. "Though the investors have seen a fixed pattern play out in every single cycle -- that is, everyone rushes to buy shares when the going is good and then they indulge in panic-selling when a crisis strikes. The basics of capital market investments are always thrown out of the window and one key reason for that is the lack of truly independent insights," a top official said.
[Sebi mulls making 'market risk factor disclosures' to help investors | Business Standard News \(business-standard.com\)](#)
- **M&M OPEN TO INVESTING IN EV BATTERY CELL MAKER TO SECURE SUPPLIES:** India's Mahindra & Mahindra could consider investing in a battery-cell company to meet future electrification needs, its CEO said, after the company raised funds for its new electric vehicle (EV) unit at a \$9.1 billion valuation. Mahindra on Thursday raised \$250 million from British International Investment for the unit and is exploring a partnership with Volkswagen AG to source such EV components as batteries and motors.
[M&M open to investing in EV battery cell maker to secure supplies: CEO | Business Standard News \(business-standard.com\)](#)



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- **INDIA GAVE UNPRECEDENTED SUPPORT OF \$3.8 BN THIS YEAR TO SRI LANKA: MEA:** In its first reaction to the massive political turmoil in Colombo, India on Sunday said it stands with the Sri Lankan people in their aspirations for prosperity and progress through democratic means, established institutions and constitutional framework. The comments by the Ministry of External Affairs (MEA) came a day after thousands of angry protesters stormed embattled President Gotabaya Rajapaksa's official residence and set Prime Minister Ranil Wickremesinghe's private house on fire, in the culmination of months of agitation over the ongoing economic crisis. MEA Spokesperson Arindam Bagchi said India continues to closely follow the developments in Sri Lanka and that it is aware of the many challenges that the country and its people have been facing.
[India gave unprecedented support of \\$3.8 bn this year to Sri Lanka: MEA | Business Standard News \(business-standard.com\)](#)
- **EPFO TO SOON DISBURSE PENSION TO OVER 73 LAKH PENSIONERS IN ONE GO VIA CENTRAL SYSTEM** Retirement fund body EPFO will consider and approve a proposal for setting up a central pension disbursement system in its meeting on July 29 and 30, paving the way for crediting the benefit into over 73 lakh pensioners' bank accounts in one go across India. Presently, over 138 regional offices of the Employees' Provident Fund Organisation (EPFO) disburse pensions to beneficiaries in their region separately. Thus, the pensioners of different regional offices are getting pensions at different times or days. "A proposal for setting up a central pension disbursement system will be placed in the EPFO's apex decision making body Central Board of Trustees (CBT) in a meeting scheduled on July 29 and 30," a source told PTI.
[EPFO to soon disburse pension to over 73 lakh pensioners in one go via central system | The Financial Express](#)



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RBI KEY RATES

Repo Rate: 4.90%
SDF: 4.65%
MSF & Bank Rate: 5.15%
Fixed Reverse Repo Rate: 3.35%
CRR: 4.50%
SLR: 18.00%

FOREX RATES (AS PER FBIL FRIDAY 1.30 PM)

INR / 1 USD : 79.2499
INR / 1 GBP : 95.1263
INR / 1 EUR : 80.5834
INR /100 JPY: 58.4000

EQUITY MARKET

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