



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

October 11, 2022

NOBEL PRIZE 2022 IN ECONOMICS AWARDED TO BEN BERNANKE, DOUGLAS DIAMOND AND PHILIP DYBVIK:

The Royal Swedish Academy of Sciences has awarded the 2022 Nobel in economics to three US-based economists; Ben S. Bernanke, Douglas W. Diamond and Philip H. Dybvig "for research on banks and financial crises," according to the official release issued on October 10. The formal award is called 'Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. Notably, Bernanke has served as the 14th chairman of the US Federal Reserve from 2006 to 2014. During his tenure, he oversaw the Federal Reserve's response to the late-2000s financial crisis, for which he was named the 2009 Time Person of the Year. Diamond and Philip Dybvig developed theoretical models that explain why banks exist, how their role in society makes them vulnerable to rumours about their impending collapse and how society can lessen this vulnerability. They presented a solution to bank vulnerability, in the form of deposit insurance from the government.

(Moneycontrol)

TCS Q2 NET UP 8.4 PC TO RS 10,431 Cr: The country's largest software services exporter TCS on Monday reported an annualised 8.4 per cent growth in net income at Rs 10,431 crore for the September quarter. The Tata Group company said its total revenue from services grew at a much faster pace of 18 per cent to touch Rs 54,309 crore in the period under review.

(Financial Express)

Paytm REPORTS 63% JUMP IN MERCHANT PAYMENT VOLUMES DURING Q2 FROM YEAR-AGO PERIOD:

Digital payments and financial services company Paytm on Monday reported a 63 per cent year-on-year (YoY) increase in merchant payment volumes (gross merchandise volume or GMV) for the quarter ended September 2022 to Rs 3.18 lakh crore from Rs 1.96 lakh crore in Q2 FY22. In its Q2 update on operating metrics, the company noted 7.4 per cent quarter-on-quarter growth from Rs 2.96 lakh crore for Q1 ended June 2022. GMV at Paytm is defined as the value of total payments made to merchants through transactions on its app, through its payment instruments or through its payment solutions and excludes any consumer-to-consumer payment services such as money transfers.

(Financial Express)

INFOSYS BOARD TO CONSIDER A PROPOSAL FOR BUYBACK OF EQUITY SHARES ON OCT 13:

IT major Infosys Ltd on Monday said its board would decide on a proposal for share buyback in its meeting to be held on Thursday. The board of the company will consider a proposal for buyback of fully paid-up equity shares of the company at its meeting to be held on October 13, 2022.

(Business Standard)



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RATINGS DEVOID OF LENDERS DETAIL SHOULD BE TREATED AS UNRATED

EXPOSURE: In a move that may put pressure on the capital adequacy of banks, the Reserve Bank of India (RBI) on Monday said loan ratings without information about lenders' details should be treated as unrated exposure. The RBI said these instructions would be effective on March 31, 2023. Thus, any burden on account of higher capital charges will be in the current financial year (FY23). The press releases (PRs) issued by external credit assessment institutions (ECAI) on ratings often do not have lenders' details. These disclosures are not available in communications issued by ECAs owing to the absence of borrowers' consent, the RBI said. This may result in banks applying risk weightings without satisfying themselves regarding adherence to prescribed conditions.

(Business Standard)

RBI INTERVENTIONS, CORPORATE FLOWS PULL RUPEE BACK FROM NEW LOW

AGAINST USD: After plunging to a new low against the dollar in early hours of trade on Monday, the rupee staged a smart recovery owing to intervention by the RBI and dollar sales by banks on behalf of corporate entities, said dealers. The rupee closed at 82.32 per dollar on Monday, almost flat versus the previous close of 82.33.

(Business Standard)

INDIAN INSURANCE INDUSTRY CAN BE SIXTH LARGEST GLOBALLY: IRDAI

CHAIRMAN: The Indian insurance sector, which is growing at 11 per cent CAGR for the last five years, the momentum is expected to continue and could lead India to become the sixth largest market globally, from ten now, said Debasish Panda, chairman, Insurance Regulatory and Development Council of India. He said that the industry has been growing at 11% CAGR for the last 5 years but to insure every person in India a highlighted importance of insurance as financial and social protection has to be worked upon. He also said that the regulator is working on Bima Sugam- a one stop shop, for all insurance products.

(Business Standard)

IDBI BANK'S PRIVATISATION PROCESS LIKELY TO CONCLUDE BY SEP 2023:

The financial bids for IDBI Bank privatisation is likely to be invited by March and the conclusion of the sale process is expected in the next financial year, officials said. Last week, the government along with Life Insurance Corporation (LIC) invited preliminary bids for selling 60.72 per cent stake in IDBI Bank. The last date for putting in Expression of Interest (EoI) is December 16. Once the EoIs come in and the interested parties clear RBI's 'Fit and Proper' assessment and gets Ministry of Home Affairs (MHA) security clearance, data room access would be given to qualified bidders. It is only after due diligence, that bidders would put in financial bids.

(Business Standard)



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RETIREES CAN NOW OPT TO CONTINUE WITH 'DEFAULT' INVESTMENT PLAN

UNDER NPS: The subscribers of the National Pension Scheme (NPS) can now continue with their existing 'default' investment pattern and pension fund manager (PFM) even after retirement; pfrda SAID. Until now, retirees could not contribute to their NPS account after retirement. They had to submit a separate request for the same. After the new rule, they can choose to continue with the existing plan or choose a new PFM and investment plan. Under the 'default' investment plan, the NPC contributions are invested in equities with a cap of 15 %.

(Business Standard)

'SOUL OF INDIA' TO BE KEY G20 THEME; INDIA BRANDING ALREADY IN

WORKS: India will showcase the 'Soul of India' as the predominant theme at all its 200-plus meetings for the upcoming G20 presidency - with an aim to roll out the full measure of the 'India experience' and ensure that every foreign delegate returns as a 'tourism ambassador of India'.

(Economic Times)

BANKS FOR INCLUDING ELECTRIC VEHICLES, GREEN HYDROGEN IN PRIORITY

LENDING: Banks have pitched for including loans towards electric vehicles and green hydrogen to be classified under the priority sector lending. "Some lenders made these suggestions during various individual interactions with the Reserve Bank," said an executive aware of the developments. Banks are of the opinion that bringing such loans under priority lending list will help plug financing gaps in these sectors and help lenders meet their priority sector lending targets.

(Economic Times)

E-INVOICES MUST FOR BUSINESSES WITH OVER ₹5 CRORE TURNOVERS A

YEAR: Businesses with annual turnover of over ₹5 crore will have to move to e-invoicing under goods and services tax (GST) from January 1. The GST Network has asked its technology providers to make the portal ready to handle the increased capacity by December, a government official privy to the development, told ET. The official said the target is to bring all businesses with turnover above ₹1 crore under this framework by next fiscal year, which will further plug revenue leakages and improve compliance.

(Economic Times)

BSE SME PLATFORM ACHIEVES MILESTONE OF 400 LISTED COMPANIES:

With the listing of eight new companies in the exchange's SME platform today, the BSE SME platform has achieved the milestone of 400 listed companies. BSE Ltd has set up the BSE SME Platform in March 2012 as per the rules and regulations laid down by SEBI.

(PiB)

BENGAL DURGA PUJA ECONOMY THIS YEAR CROSSES RS 45,000-CR MARK:

Even though the World Bank has downgraded India's growth forecast to 6.5 per cent for the



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current fiscal, business activities surrounding West Bengal's Durga Puja this year witnessed a "sharp upswing" with estimated value of the festive transactions "crossing Rs 45,000-crore mark" after the last two years of the COVID-19 pandemic.

(Financial Express)



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FINANCIAL TERMINOLOGY/CONCEPTS

MARXISM

- ❖ German Philosopher Karl Marx helped the working class to question the injustice enforced upon them through their wages, life style and oppression.
- ❖ Marxism is a social, economic and political philosophy that analyses the impact of the ruling class on the laborers, leading to uneven distribution of wealth and privileges in the society. It stimulates the workers to protest the injustice. The theory was formulated by Karl Marx and Fredrich Engels in their work, 'The Communist Manifesto'. It was a pamphlet they created during the age of Imperialism, rooting from their own struggles as members of the proletariat lot. According to Marx, History demonstrates the existence of class struggle centuries earlier. He explains the struggle through five stages.
- ❖ Primitive Communism, the age of Hunter-gatherers where every human was treated equally hence, there was an absence of class. The Age of Slavery where there was class distinction between the aristocrats and the slaves. Feudalism where the struggle was between Landlords, owners and the people who rented or used their lands for agriculture. Capitalism, where the labor community (Proletariat) worked their lives off only for the ruling class (Bourgeoisie) to profit from them. Socialism is the phase that Marx believed the proletariats would revolt for their justice and eventually form a communist society, free of class distinctions and equal wealth.
- ❖ There are two obvious divisions in the Capitalist society. The Bourgeoisie enjoyed the power to control the toiling masses' wages and work, leaving them vulnerable to even replacements in the future. The former had access to modern equipment and tools to make work easier and quicker, leaving the laborer with low wages and adding more profits to themselves.



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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 : 82.4028
INR / 1 GBP : 91.3254
INR / 1 EUR : 80.1554
INR /100 JPY: 56.7000

EQUITY MARKET

Sensex: 57991.11 (- 200.18)
NIFTY : 17241.00 (- 73.70)
Bank NIFTY: 39093.10 (- 84.95)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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