



**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 11, 2022

CPI INFLATION MAY DROP TO 6.7% IN OCTOBER ON FAVOURABLE BASE BUT NO RESPITE FOR RBI:

Headline retail inflation likely dropped sharply in October, the first month after the Reserve Bank of India (RBI) failed to meet its inflation mandate, but stayed above the central bank's 6 percent upper bound for the tenth month in a row. According to a Moneycontrol poll of 16 economists, Consumer Price Index (CPI) inflation is expected to have fallen to 6.7 percent in October from 7.41 percent in September.

(Moneycontrol)

US-INDIA CEO FORUM OFFICIALLY LAUNCHED: US Secretary of Commerce Gina Raimondo and Indian Commerce and Industry Minister Piyush Goyal have officially launched the US-India CEO Forum. They were joined by Forum's Private Sector Co-Chairs James Taiclet (Chairman, President, and CEO, Lockheed Martin Corporation) and Natarajan Chandrasekaran (Chairman, Tata Sons), as well as other members of the US and Indian CEO sections.

(Business Line)

GOVT AMENDS AADHAAR RULES; SUPPORTING DOCUMENTS NEED TO BE UPDATED 'AT LEAST ONCE' IN 10 YEARS:

The government has amended Aadhaar regulations, specifying that supporting documents need to be updated "at least once" by Aadhaar holders on completion of 10 years from enrolment date. The updation would ensure "continued accuracy" of Aadhaar-related information in the Central Identities Data Repository (CIDR), according to gazette notification issued by Ministry of Electronics and IT. "Aadhaar number holders may, on completion of every 10 years from the date of enrolment for Aadhaar, update their supporting documents in Aadhaar, at least once, by submitting Proof of Identity (POI) and Proof of Address (POA) documents...so as to ensure continued accuracy of their information in the CIDR, in such manner as may be specified by the Authority from time to time," it said.

(Moneycontrol)

SOLAR DEVELOPERS SHOCKED AS GOVT REMOVES 'PROJECT IMPORT' BENEFITS :

Solar energy companies have expressed shock as the government has suddenly removed solar from 'project import regulations', which gave concessional customs duty on goods meant for projects. From April 1, 2022, in accordance with its previously announced intention, the Centre brought in 40 per cent basic customs duty (plus 10 per cent social welfare surcharge) on imported solar modules and 25 percent (+SWS) on solar cells.

(Business Line)

STATES DEBT ELEVATED AMID MODERATE REVENUE, HIGH CAPITAL OUTLAYS; CENTRE'S RS 1 LAKH CR LOAN TO GIVE RESPITE:

India's states' debts



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are expected to remain elevated, with indebtedness – measured by debt to gross state domestic product (GSDP) – seen at 31 per cent in FY23, mirroring the levels in the previous fiscal year, according to CRISIL. The rating agency, in its report, highlighted the need for higher capital outlays as the driving factor behind the buoyancy in borrowings of the states. In addition, the revenue accounts are likely to weaken marginally, yielding a revenue deficit of 80,000 crores in the current financial year. Flattish sales tax collections from fuel, modest growth in grants and discontinuation of GST compensation, after end-June 2022 in line with the GST (Compensation to States) Act, 2017, will moderate the growth,” said Anuj Sethi, Senior Director, CRISIL Ratings. Sethi added that despite the laggards, the overall revenue of states is expected to rise by 8 per cent on-year in FY23. “Strong State Goods and Services Tax collections and healthy central tax devolutions will be the major drivers this fiscal as well,” he said.

(Financial Express)

SEBI PROPOSES FRAMEWORK TO PROTECT PUBLIC SHAREHOLDERS' INTEREST IN COMPANIES UNDERGOING INSOLVENCY RESOLUTION

PROCESS: Capital market regulator SEBI on Thursday came out with a proposal to protect the interest of public equity shareholders in cases of listed companies undergoing insolvency resolution process. The proposed framework would provide an opportunity to minority shareholders to participate in the Corporate Insolvency Resolution Process (CIRP) on the same pricing terms as available to the resolution applicant, according to a consultation paper floated by Sebi. Under the proposed framework, the existing public equity shareholders of the corporate debtor should be provided an opportunity to acquire equity of the fully diluted capital structure of new entity to the extent of up to the minimum public shareholding percentage (currently 25 per cent). The pricing terms should be the same as agreed upon by the resolution applicant. The new entity should endeavour to achieve at least 5 per cent public shareholding through such mode of offer made to the non-promoter public shareholders.

(Financial Express)

US CONSUMER INFLATION EASED TO 7.7% IN OCTOBER OVER PAST 12

MONTHS: Price increases moderated in the United States last month in the latest sign that the inflation pressures that have gripped the nation might be easing as the economy slows and consumers grow more cautious. Consumer inflation reached 7.7% in October from a year earlier and 0.4% from September, the Labor Department said Thursday. The year-over-year gain was the smallest since January. Excluding volatile food and energy prices, "core" inflation rose 6.3% in the past 12 months and 0.3% from September.

(Economic Times)

KOTAK MAHINDRA LAUNCHES MERCHANT ONE ACCOUNT FOR MSMEs: Kotak Mahindra Bank today announced the launch of a new banking account which aims to cater to the needs of MSMEs, including small retailers. Called Merchant One Account, as per the bank, it encapsulates a series of offerings and helps equip small businesses with digital solutions.



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Merchant One is an all-in-one account offering impactful solutions to solve transactional worries of merchants across the country. Merchant One Account allows retailers to maintain a khaata of transactions, record customer databases, order stocks digitally, etc. Besides, merchants will not be charged non-maintenance charges if they miss maintaining monthly average balance in this current account.

(Business Today)

RATED INDIAN INFRASTRUCTURE FIRMS MOST EXPOSED TO CURRENCY RISK:

S&P: Infrastructure entities are most exposed to currency risk among Indian corporates, said rating agency Standard and Poor's (S&P) on Thursday. Renewable energy players in particular have high capex spending and heavily rely on dollar debt. Over the next 12 months, rated Indian renewable companies will likely have to raise funds equal to nearly one-third of their existing debt. The agency did not quantify amounts. These companies will need capital for capex targets and refinancing. They should be able to raise funds domestically, rather than using high-cost offshore debt, S&P said in a report called 'Asia-Pacific's Strong-Dollar Problem: Inconvenience Today, Headache Tomorrow'.

(Business Standard)

CURRENT ACCOUNT DEFICIT LIKELY TO BE LOWER AT 3% THIS FISCAL: SBI

REPORT: State Bank of India has pencilled in lower current account deficit at 3 per cent for this fiscal as against the minimum consensus of 3.5 per cent, citing rising software exports, remittances and a likely USD 5-billion jump in forex reserves via swap deals. Every USD 10 increase in crude prices impacts the Current Account Deficit (CAD) to the tune of 40 basis points while the same on fuel inflation is 50 bps and also results in 23 bps decline in growth, according to Soumyakanti Ghosh, the chief economic advisor at SBI. CAD has a counter cyclical shock absorber, he said in a report on Thursday. Exchange rate is the major contributor to software exports growth and 40 per cent of its variation is explained by exchange rates. "If we translated these numbers in actual terms, every Re 1 fall against the dollar leads to an increase in software exports by USD 250 million".

(Business Standard)

IRDAI PROPOSES ALLOWING INSURERS TO INVEST IN UNLISTED

COMPANIES: India's insurance regulator has proposed to the government that insurers be allowed to buy over 10% of unlisted firms without approval, regulatory and industry sources said, a move that could unlock new funding avenues for startups in Asia's third largest economy. Currently, Insurance Regulatory and Development Authority of India (IRDAI) does not allow insurers to invest in unlisted entities without its permission. IRDAI has sent a proposal to the government to allow buying a more than 10% stake in unlisted firms by insurers, using over 10% of the monies lying in their shareholders fund, policyholders fund, or funds maintained by a reinsurance company, according to the two sources, who requested anonymity.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

UNICORNS

- ❖ The Unicorns are privately held, venture-capital backed startups that have reached a value of \$1 billion.
- ❖ The valuation of unicorns is not expressly linked to their current financial performance, but largely based on their growth potential as perceived by investors and venture capitalists who have taken part in various funding rounds.
- ❖ American venture capitalist Aileen Lee is credited with coining the term in 2013. It was used to emphasise the rarity of the emergence of such startups.
- ❖ There are more than 1,000 unicorn companies around the world, as of March 2022.
- ❖ Prime Minister Narendra Modi on May 29 **praised India's startup ecosystem** as he highlighted that the country has reached a landmark figure of 100 unicorns with a valuation of more than \$300 billion.



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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 : 81.7421
INR / 1 GBP : 93.1827
INR / 1 EUR : 82.0069
INR /100 JPY: 55.9100

EQUITY MARKET

Sensex: 60613.70 (- 419.85)
NIFTY : 18028.20 (- 128.80)
Bnk NIFTY: 41603.80 (- 179.40)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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