



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

July 12, 2022

- **RBI SETS UP MECHANISM TO SETTLE TRADE TRANSACTIONS IN RUPEES:** RBI on July 11 said that it was putting in place a mechanism to settle international trade in rupees. The central bank's move, which it said was to promote growth of global trade and to support increasing global interest in the rupee, comes amid increasing pressure on the Indian currency in the wake of Russia's invasion of Ukraine. Moreover, the move to facilitate trade settlement in rupees could also allow India to bypass certain orders that prevent the use of a global currency such as the US dollar for trade with certain countries. For instance, Russia's attack on Ukraine has seen several countries impose sanctions on the former, with the US cutting off Russia's access to the dollar. This has made Indian companies, looking to take advantage of the lower price of Russian commodities, consider alternative modes of payment for imports. As part of its move today on July 11, the RBI said authorised banks would need to take its permission before instituting the rupee trade settlement mechanism. As per the new settlement mechanism, exports and imports under the arrangement will be denominated and invoiced in rupees with the exchange rate between the currencies of the two trading partner countries to be market determined. To settle these trade deals, authorised Indian banks will need to open Special Rupee Vostro Accounts of the partner trading country's bank. Indian importers using this mechanism will need to pay in rupees. This will be credited into the special vostro account of the correspondent bank of the partner country against the invoices for the supply of goods or services. Indian exporters, on the other hand, will be paid in rupees from the balance in the designated special vostro account of the correspondent bank of the partner country.

[Trade transactions will soon be in rupee as RBI brings in a mechanism to hedge the currency \(moneycontrol.com\)](https://www.moneycontrol.com/news/economy/rbi-brings-in-a-mechanism-to-settle-trade-transactions-in-rupees-1078787.html)

- **DAYS AFTER RBI FX STEPS, SBI HIKES FCNR (B) DEPOSIT RATE BY 105 BPS TO 2.85% FOR 1-YEAR USD DEPOSITS :** SBI has raised interest rates on its Foreign Currency Non-Resident (Bank), or FCNR(B), deposits by 105 basis points for one-year US dollar deposits, data on the lender's website showed. The one-year US dollar deposit interest rate is now 2.85 percent, up from 1.80 percent. As per the data on SBI's website, the interest rate on five-year US dollar deposits was increased to 3.25 percent. Data from Paisabaaar.com showed the previous interest rate was 2.45 percent. As such, the US dollar FCNR(B) deposit rates have been raised by 80-105 basis points across all tenures.

[Days after RBI FX steps, SBI hikes FCNR \(B\) deposit rate by 105 bps to 2.85% for 1-year USD deposits \(moneycontrol.com\)](https://www.moneycontrol.com/news/economy/sbi-hikes-fcnr-b-deposit-rate-by-105-bps-to-2-85-for-1-year-usd-deposits-1078787.html)



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- **IBBI MANDATES INSOLVENCY PROFESSIONALS TO RAISE BILLS ONLY IN THEIR NAMES** : Insolvency regulator IBBI has mandated that insolvency professionals should henceforth raise bills only in their own names towards their fees. Also, such fees would have to be paid through banking channels, the IBBI has said. The regulator has also now amended its regulations to stipulate that the resolution professionals should disclose his/her relationship and the relationship of the professionals engaged by him with the corporate debtor, the financial creditors, resolution applicants etc to the insolvency professional agency of which he/she is a member, in a time-bound manner.
[IBBI mandates insolvency professionals to raise bills only in their names - The Hindu BusinessLine](#)
- **BANK OF BARODA HIKES MCLR BY 10-15 BPS**: Government-owned Bank of Baroda on Monday hiked the benchmark Marginal Cost of funds based on the Lending Rate (MCLR) by 10-15 basis points on certain tenures. The new rates will come into effect from July 12. With the latest hike in lending rates, retail loans for a car, personal, or home are set to go higher which would have an impact on your equated monthly instalments (EMI). However, the bank has kept MCLR unchanged for short tenures like overnight and one month.
[Bank of Baroda hikes MCLR by 10-15 bps, EMIs to go up. Check new rates | Mint \(livemint.com\)](#)
- **PE INVESTMENTS IN INDIA FELL 25% SEQUENTIALLY IN APRIL-JUNE QUARTER**: Private equity investments in India declined 25.1 per cent sequentially to \$6.7 billion in April-June 2022 from a level of \$8.98 billion in January-March 2022. Even on a year-on-year basis, PE investments fell 17.3 per cent against \$8.13 billion recorded in April-June 2021, data with Refinitiv, an LSEG Business, showed. Total number of deals in April-June 2022 dropped 14.9 per cent to 344 compared with 404 deals in January-March 2022 but grew 6.5 per cent compared to the 323 deals in April-June 2021. However, for the first half this calendar year, PE investments in India was up 25.9 per cent at \$15.7 billion (\$12.48 billion). The number of deals, too, surged 22.4 per cent at 748 compared with 611 in the first half last year.
[PE investments in India fell 25% sequentially in April-June quarter: Refinitiv - The Hindu BusinessLine](#)
- **RAZORPAY GETS IN-PRINCIPLE APPROVAL FROM RBI FOR PAYMENT AGGREGATOR LICENSE**: Razorpay on Monday said it has received an in-principle approval by the Reserve Bank of India for Payment Aggregator (PA) license. "As a company that has always adhered to regulatory governance while innovating towards building the financial backbone for Indian businesses, Razorpay was a leading contender for a payment aggregator license," it said in a statement. The RBI issued a payment aggregator framework in March 2020 under which payment gateways were mandated to have a license in order to acquire merchants and provide them with digital payments acceptance solutions.
[Razorpay gets in-principle approval from RBI for Payment Aggregator license - The Hindu BusinessLine](#)



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- **MALLYA'S \$40-MILLION TRANSFER TO FAMILY MEMBERS THAT RESULTED IN A \$25 FINE:** The Supreme Court on Monday slapped a fine of Rs 2000 (\$25) and a four-month jail sentence on fugitive businessman Vijay Mallya. In addition, the former liquor baron has been asked to deposit \$40 million with 8 per cent interest within a month, failing which his properties would be attached to recover the amount. The court held Mallya guilty of contempt after it was brought to its notice that he had transferred \$40 million to his children in the US. In 2016, the Karnataka High Court had prohibited Mallya from transferring money to any third party without clearing existing dues. These loans were owed by his now defunct Kingfisher Airlines to a consortium of various public sector banks led by State Bank of India.
[Vijay Mallya's \\$40-million transfer to family members that resulted \\$25 fine | Business Standard News \(business-standard.com\)](#)
- **Byju's STRUGGLES TO CLOSE \$800 MN FUNDING AS GLOBAL TECH ROUT WEIGHS ON VALUATIONS:** Indian online education provider Byju's is struggling to close a funding round of \$800 million as a global technology rout weighs on valuations. Investors including Sumeru Ventures and little-known firm Oxshott haven't transferred about \$250 million of the targeted amount because of "macroeconomic reasons," a Byju's spokeswoman said Monday without elaborating. The two firms should come through by the end of August, she added. Founder Byju Raveendran however has completed an injection of about \$400 million into the startup as part of the round, the spokeswoman said.
[Byju's struggles to close \\$800 mn funding as global tech rout weighs on valuations | Mint \(livemint.com\)](#)
- **CBI FILES 2 SEPARATE CASES OF BANK FRAUDS WORTH RS 1,438 CR AND RS 710 cr:** The Central Bureau of Investigation (CBI) has filed two separate cases of bank fraud over complaints from the State Bank of India, and a Bank of India-led consortia. In one case, as per a complaint from SBI, the CBI has registered a case against a Mumbai-based private company over allegations that the latter has caused a loss of over Rs.1,438.45 crore to SBI and four other consortium member banks. As per CBI, the allegation against the company, which is engaged in trading ferrous and non-ferrous metal, and its promoters, is that they caused a loss to SBI and other consortium banks (such as Central Bank of India, Indian Overseas Bank and others) by diverting, or siphoning off funds, and showing sales to overseas dormant entities, along with manipulating books of accounts. The other case was registered against a private company based at Ahmedabad, its directors and unknown private persons/public servants on complaint from Bank of India (BOI) over allegations of bank fraud of over Rs. 710.85 crore that was caused by the private company to the consortium of banks comprising of Bank of India (as the lead bank), along with IDBI, SBI, PNB and Shamrao Vithal Cooperative Bank Ltd. as well as to IFCI Ltd.
[CBI files 2 separate cases of bank frauds worth Rs 1,438 cr and Rs 710 cr - BusinessToday](#)



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- **RUPEE FALLS 22 PAISE TO RECORD LOW OF 79.48 AGAINST US DOLLAR** : The rupee depreciated by 22 paise to close at a fresh lifetime low of 79.48 (provisional) against the US dollar on Monday, tracking a strong greenback overseas and subdued domestic equities. However, receding crude oil prices in the international market restricted the rupee's loss, forex traders said. At the interbank forex market, the local unit opened weak at 79.30 against the greenback and witnessed an intra-day high of 79.24 and a low of 79.49. It finally settled at 79.48 (provisional), down 22 paise over its previous close of 79.26. The dollar index, which measures the greenback's strength against a basket of six currencies, advanced 0.56 per cent to 107.60.
[Rupee Today: Rupee falls 22 paise to record low of 79.48 against US dollar - The Economic Times \(indiatimes.com\)](#)
- **INDONESIA'S NEW DIGITAL NOMAD VISA ALLOWS TRAVELLERS TO LIVE TAX-FREE**: Indonesia has announced "Digital Nomad Visas" for travellers to attract foreign tourists as their earnings come from outside the country. The impact of Covid-19 can be seen in Indonesia's economic condition. While Bali is one of the most renowned areas in the country for beaches and bars. Indonesia is hoping to advance for another element through these visas.
[Indonesia's New Digital Nomad Visa allows travellers to live tax-free – details here | 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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