



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
**CMA BHAWAN**  
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723  
Website :www.icmai.in

## **DAILY NEWS DIGEST BY BFSI BOARD**

**October 12, 2022**

**RESERVE BANK ISSUES CONSOLIDATED GUIDELINES ON UNHEDGED FOREIGN CURRENCY EXPOSURE:** The Reserve Bank on Tuesday modified and consolidated guidelines for banks on unhedged foreign currency exposures of any entity to prevent losses due to heightened volatility in the forex market. These instructions shall come into force from January 1, 2023.

***(Financial Express)***

**IMF CUTS INDIA'S FY23 GROWTH FORECAST BY 60 BPS TO 6.8%:** The International Monetary Fund (IMF) has announced another cut to its gross domestic product (GDP) growth forecast for India for the current financial year, this time by 60 basis points to 6.8 percent which is below that of RBI, which on September 30 lowered it by 20 basis points to 7 percent. While the IMF has cut the growth forecast for FY23 substantially, that for FY24 was left unchanged at 6.1 percent. The sharp cut for India announced on October 11 comes even as the global growth forecast for 2022 was left unchanged at 3.2 percent.

***(Moneycontrol)***

**WORST IS YET TO COME, WARNS IMF'S TOP ECONOMIST PIERRE-OLIVIER GOURINCHAS:** The worst for the global economy is yet to come, the International Monetary Fund's (IMF) top economist Pierre-Olivier Gourinchas has warned. "...this year's shocks will re-open economic wounds that were only partially healed post-pandemic. In short, the worst is yet to come and, for many people, 2023 will feel like a recession," Gourinchas wrote in an article accompanying the October 11 release of an update to the IMF's World Economic Outlook report. In its World Economic Outlook update, the IMF retained its GDP growth forecast of 3.2 percent for 2022 but lowered that for 2023 by 20 basis points to 2.7 percent.

***(Moneycontrol)***

**IDBI BANK SALE: CORPORATES CANNOT BE BIDDING CONSORTIUM MEMBERS DUE TO RBI NORMS:** Large corporates have been disallowed from being even a minority shareholder in consortium wanting to bid for 61 % stake in IDBI Bank, as the current RBI norms bar industrial houses from becoming bank promoters, an official said. Currently, RBI guidelines allow industrial houses to hold a maximum of 10 per cent stake in private sector banks, but they cannot be a promoter. Last week, the government along with Life Insurance Corporation (LIC) invited Expression of Interest (EoI) for selling 60.72 per cent stake in IDBI Bank. However, it barred large industrial houses from participating in the strategic sale.

***(Financial Express)***



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
**CMA BHAWAN**  
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723  
Website :www.icmai.in

### **MUDRA SCHEME: 2.19 CR LOANS SANCTIONED IN H1 FY23, UP 8% FROM YEAR AGO, SHOWS GOVT DATA:**

The government's Mudra scheme for credit to micro enterprises by banks/FIs saw around 8 % increase in loans sanctioned during the first half of the current financial year 2022-23. According to the official data, 2.19 crore loans involving Rs 1.58 lakh crore were sanctioned as of October 7 in the current fiscal in comparison to 2.03 crore loans involving Rs 1.13 lakh crore sanctioned as of October 8 during FY22. With respect to disbursements, Rs 1.53 lakh crore loans were disbursed in H1 FY23, up 43 per cent from Rs 1.07 lakh crore loans disbursed during the year-ago period.

*(Financial Express)*

### **IDBI TIES UP WITH FINTECH VAY NETWORK TO PROVIDE DIGITAL SOLUTIONS TO MSMEs:**

IDBI Bank on Monday announced the partnership with supply chain financing platform Vay Network Services as its fintech partner to provide digital supply chain financing (SCF) to MSMEs. ( e-SCF ). Supply Chain Financing enables MSMEs to get credit based on their approved invoices from the supplier helping them in managing their cash flows of their business.

*(Financial Express)*

### **MICROFINANCE: CREDIT DISBURSED JUMPS NEARLY 90% IN JUNE QUARTER FROM YEAR AGO:**

The microfinance sector has recorded growth of 88.9 per cent in the amount disbursed to Rs 49,788 crore during the first quarter (April-June) of the financial year 2022-23 from Rs 26,357 crore disbursed during Q1 FY22. However, the quarter-on-quarter (QoQ) growth registered a decline of 39.2 per cent from Rs 81,898 crore during Q4 FY22, showed the latest quarterly microfinance report by credit bureau CRIF High Mark on Tuesday.

*(Financial Express)*

### **STARTUP FUNDING DROPS BY 80% YoY TO \$3 BN IN Q3 OF CALENDAR**

**2022:** Indian startups raised \$3 billion in Q3 2022 (July-Sept), which was 57 per cent lower as compared to the previous quarter, according to a new report by Tracxn, the technology-led market intelligence platform. "Q3 2022 witnessed \$3 billion in funding, which is 57 per cent lower from Q2 2022 and 80 per cent lower than the peak funding of \$14.9 billion received in the same quarter last year," according to the 'Tracxn Geo Quarterly Report: India Tech Q3 2022'.

*(Business Standard)*

### **FOREIGN MANUFACTURERS NEED FSSAI NOD FROM FEB 1 FOR MILK, MEAT EXPORTS:**

Food regulator FSSAI has made it mandatory for foreign food manufacturing



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
**CMA BHAWAN**  
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723  
Website :www.icmai.in

facilities to register with it for exporting products such as meat, milk and infant foods to India. This will be effective from February 1, 2023. FSSAI said that it has been decided that registrations of foreign food manufacturing facilities, falling under five food categories, who are intended to export these products shall be mandatory. These categories are milk and milk products; meat and meat products, including poultry, fish and their products; egg powder; infant food; and nutraceuticals.

***(Business Standard)***

### **RBI ALLOWS SPDs TO UNDERTAKE ALL FOREIGN EXCHANGE-RELATED**

**ACTIVITIES:** RBI on Tuesday allowed standalone primary dealers to offer all foreign exchange market-making facilities to users, (as currently permitted to Category-I Authorised Dealers), a move aimed at providing broader facilities to customers for currency risk management. At present, Standalone Primary Dealers (SPDs) are permitted to undertake foreign currency business for limited purposes. Currently, there are seven SPDs and 14 bank primary dealers in the country. SPDs will also be permitted to take up trading and self-clearing membership with SEBI-approved stock exchanges and clearing corporations for undertaking proprietary transactions in equity and equity derivatives market.

***(Business Standard)***

### **SBI REVAMPS CALL CENTRE, TO OFFER 30 BANKING SOLUTIONS IN 12**

**LANGUAGES:** State Bank of India has revamped its customer call centres by unveiling a new contact centre which will offer over 30 banking solutions in 12 languages and will be available round the clock. Currently, the Contact Centre manages 1.5 crore monthly calls, with 40 per cent self-serviced through IVR, and the rest managed by over 3500 tele-caller representatives operating through 4 toll-free helpline numbers.

***(Business Standard)***

### **INDIA NEEDS TO INVEST RS 13.52 LAKH CRORE PER YEAR TO CREATE**

**FULL EMPLOYMENT: STUDY :** The government needs to invest at least 5 per cent of GDP, that is Rs 13.52 lakh crore, per year and enact a 'Right to Work' legislation to ensure full employment in the country, as per a study by the People's Commission on Employment and Unemployment. The study titled 'Right to Work: Feasible and Indispensable for India to be a truly Civilized and Democratic Nation' by People's Commission on Employment and Unemployment, set up by Desh Bachao Abhiyan, was released on Tuesday. Full employment cannot be achieved through a piecemeal approach as it requires drastic changes in the legal, socio-political and economic aspects, the report noted.

***(Economic Times)***

### **RBI TIGHTENS DISCLOSURE NORMS DIVERGENCE IN NPAS AND**

**PROVISIONS:** Norms that applied to commercial banks on disclosing divergence in asset



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
**CMA BHAWAN**  
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723  
Website :www.icmai.in

classification and provisioning will hold good for urban cooperative banks (UCBs) also, RBI on Tuesday said. The regulator also revised specified thresholds for commercial banks to disclose divergence from this financial year (FY23). Banks will make disclosures if they satisfy either of the two conditions: First, when additional provisioning for non-performing assets (NPAs) assessed by the RBI exceeds 10 per cent of the reported profit before provisions and contingencies; second, when additional gross NPAs identified by the regulator exceed 10 per cent of the reported incremental gross NPAs. It gives a leeway to UCBs, for which the threshold for reported incremental gross NPAs will be 15 per cent. This threshold will be reduced progressively for UCBs in a phased manner after review, RBI said. The disclosure norm will become stricter from FY24. Banks will have to disclose divergence when the GNPA's assessed by RBI exceed 5 per cent of the reported profit before provisions and contingencies. The disclosure conditions will also kick in if the additional GNPA's identified by the regulator exceed 5 per cent of the reported incremental gross NPAs, it added.

***(Business Standard)***



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
**CMA BHAWAN**  
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723  
Website :www.icmai.in

## ***FINANCIAL TERMINOLOGY/CONCEPTS***

### **'GOOGLE TAX' OR DIVERTED PROFITS TAX**

---

- ❖ Diverted Profits Tax, commonly known as "Google tax", refers to tax provisions designed to counter the practice of profits being diverted to other jurisdictions that have lower or zero tax rates.
- ❖ While Google is one of the most frequent practitioners of such diversions, and hence the tax's informal nickname; the practice is quite prevalent across industry sectors. Profits are considered diverted when an entity pays only a negligible tax amount in, say, the United Kingdom by completing its transactions in the low-tax capital city of Dublin, Ireland, even though the revenue it generated in the UK is well within tax brackets.
- ❖ Such entities derive large profits from their local user bases through online ads and in-app purchases even in countries where the firms might not have an employee base.
- ❖ **The Google Singapore Case:** Recently, India's Income Tax Appellate Tribunal (ITAT), however, ruled against the I-T department's appeal to disallow Google's tax deduction, stating the transaction under scrutiny did not attract the levy since the advertisers and target audience were located abroad, and the revenue was paid to Google Singapore, which does not have a permanent establishment in India. Even before the matter was addressed by ITAT, the commissioner of I-T (Appeals) had also ruled that the tax levy did not apply to the assessee, since they were neither an Indian resident with business or profession in India nor a non-resident with a permanent establishment in India.



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
**CMA BHAWAN**  
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723  
Website :www.icmai.in

### **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 : 82.3901  
INR / 1 GBP : 90.8252  
INR / 1 EUR : 79.7855  
INR /100 JPY: 56.5100

### **EQUITY MARKET**

Sensex: 57147.32 (- 843.79)  
NIFTY : 16983.50 (- 257.50)  
Bank NIFTY: 38712.40 (- 380.70)

**(CMA Chittaranjan Chattopadhyay)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

***Disclaimer:** Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.*