



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(ST ATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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DAILY NEWS DIGEST BY BFSI BOARD

December 12, 2022

THE PRADHAN MANTRI NATIONAL APPRENTICESHIP MELA TO BE CONDUCTED IN 197 DISTRICTS: As a part of Prime Minister Shri Narendra Modi's vision to boost career opportunities for India's youth under Skill India Mission, the Ministry of Skill Development and Entrepreneurship (MSDE) will hold the Pradhan Mantri National Apprenticeship Mela (PMNAM) on December 12th, 2022, across 197 locations in 25 states and union territories. Several local businesses have been invited to be a part of the mela to provide local youth with the opportunity to shape their careers through apprenticeship training.
(PiB, GoI)

GOVT AMENDS SEZ RULES TO ALLOW 100% WFH FOR IT UNITS IN SEZS TILL DEC 31, 2023: Centre has amended the Special Economic Zones (SEZs) rules allowing IT/ITES units in SEZs to permit 100 % of their workforce to work from home (WFH) till December 31, 2023.
(Business Line)

GOVERNMENT ASKS TRADE BODIES, BANKS TO EXPLORE OPPORTUNITIES FOR TRADE IN RUPEE WITH MORE COUNTRIES: The government has asked trade bodies and banks to explore opportunities for trade in rupee with more countries after having facilitated rupee trade with Russia, Mauritius and Sri Lanka. The Indian banks have already opened special vostro rupee accounts (SVRA) with banks of these three nations, operationalising the rupee trade arrangement. In all 18 such special rupee accounts have been opened by 11 banks, including 2 of Russia and one of Sri Lanka, following approval from the Reserve Bank of India. In a recent review meeting with stakeholders, sources said, the finance ministry asked stakeholders to explore more countries and establish this mechanism as part of its plans to expand bilateral trades through SVRAs and internationalise indigenous payment modes.
(Economic Times)

BANK FINANCING BOOSTS FESTIVE SALES, SHOW RBI DATA: Consumption through bank financing went through the roof this festive season, helped by competitive vehicle loan rates, no-cost EMI offers extended by several brands and increasing credit card usage across the country. Vehicle loans saw their highest growth rate in five years during the festive month of October while consumer durable loans grew at their highest pace since 2019, according to data from the Reserve Bank of India.
(Economic Times)



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Paytm CAN'T USE IPO PROCEEDS FOR BUYBACK; FIRM'S LIQUIDITY TO BE

USED: REPORT: One 97 Communications Ltd, cannot use proceeds of its mega IPO for the proposed repurchase of its own shares, as rules prohibit such a move, sources said, adding the firm will use its strong liquidity for the purpose. Paytm has a liquidity of ₹9,182 crore, as per its last earnings report. The company's board is scheduled to meet on December 13 to consider a share buyback proposal. "The management believes that given the company's prevailing liquidity/ financial position, a buyback may be beneficial for our shareholders".

(Live Mint)

TWITTER BLUE SUBSCRIBER SERVICE TO BE RELAUNCHED ON 12 DEC

AFTER DEBACLE: Twitter Blue tick premium service will relaunch once again on Monday, a month after a previous attempt failed. The company said it would let users buy subscriptions to Twitter Blue to get a blue checkmark and access special features starting Monday. Earlier, blue tick verification was provided to noted personalities in various fields like entertainment, politics, journalism, etc. to avoid impersonation.

(Live Mint)

TATA GROUP MAY BE QUIETLY PREPARING FOR ANOTHER IPO: Amid all the rumours doing rounds of IPOs being planned for Tata Play and Tata Technologies, the salt-to-steel conglomerate Tata Group, which has 29 publicly listed enterprises with a combined market capitalisation of \$314 billion (Rs 23.4 trillion) as of December 31, 2021, may silently be prepping up for a very different IPO. India's electronic industry is poised to grow to \$300 billion by 2025, a share of which Tata Group will be eyeing with Tata Electronics Pvt Ltd (TEPL). Incorporated in 2020, this greenfield venture has expertise in manufacturing precision electronic components and has a manufacturing facility in the Krishnagiri district of Tamil Nadu. The recent development that has put Tata Electronics in the spotlight is Tata Sons Chairman Natarajan Chandrasekaran confirming the company's plans to venture into the semiconductor business, which is pegged to reach \$1 trillion revenue by 2030 globally.

(Business Today)

TATA GROUP-OWNED AIR INDIA TO BUY 150 BOEING 737 MAX AIRCRAFT TO EXPAND FLEET: REPORT:

Tata Group-owned Air India Ltd. Is all set to sign a deal with Boeing Co to buy around 150 737 Max planes in a bid to expand its fleet, said a report on Friday. This will be Tata Sons' first major order after the group bought the ailing airline from the Government of India. The order is also the biggest so far for the American aircraft manufacturer after it sold 75 aircraft to Akasa Air in 2021, a report in ET said. Air India is likely to take delivery of 50 737 MAX aircraft initially, and later add more to its fleet. The Air India-Boeing



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deal is likely to be finalised in the next few days. The American aircraft manufacturer Boeing has promised to deliver 50 aircraft by March 2023, the report said.

(Business Today)

USFDA ISSUES WARNING LETTER TO GLENMARK PHARMA FOR LAPSES AT GOA PLANT:

The US health regulator has pulled up drug maker Glenmark Pharmaceuticals for manufacturing lapses, including failure to establish required laboratory control mechanisms, at its Goa-based manufacturing plant. The US Health regulator noted that the "warning letter summarises significant violations of Current Good Manufacturing Practice (CGMP) regulations for finished pharmaceuticals".

(Business Standard)

BENGALURU SET TO HOST FIRST MEETING OF G20 FINANCE TRACK:

Bengaluru is all set to host the first meeting of the G20 Finance Track under India's G20 Presidency. First G20 Finance and Central Bank Deputies Meeting are scheduled to be held in Bengaluru on December 13-15 2022, said Ajay Seth, Secy., Dpt. of Economic Affairs, MoF

(Business Standard)

PUNJAB NATIONAL BANK PLANS RS 1,000 CR AT-1 BOND ISSUE TO SHORE UP CAPITAL:

Public sector lender Punjab National Bank plans to raise up to Rs 1,000 crore in capital through additional tier-1 (AT1) bonds. The proposed offering comes just after it raised Rs 4,000 crore through tier-II bonds in early December. The cost of paying coupon on tier-1 bonds, a form of debt, is less than servicing equity capital.

(Business Standard)

ODISHA TO HOST G20 SUB-COMMITTEE MEET ON EDUCATION, CULTURE, ENERGY NEXT YR:

Union Minister Dharmendra Pradhan on Saturday said three G20 sub-committee meetings on education, energy and culture will be held in Odisha next year. Pradhan was speaking during an anniversary celebration of a regional media house here. The Union Education minister and G20 sub-committee meetings on education, energy and culture will be held in Odisha in April next year. State's Heritage town Konark and Bhubaneswar are likely to be among the venues for 200 such meetings to be held in the run-up to the main summit.

(Business Standard)

NOT ALL BANKS MAY OPT TO SELL PRODUCTS OF 27 INSURERS, SAY EXPERTS:

Not all corporate insurance agents - banks and others - may sign up soon to



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distribute products of 27 insurers - nine each in life, general and health- said experts. Even when the Insurance Regulatory and Development Authority of India (IRDAI) had allowed the corporate agents to tie up with three insurers in each segment, not many had opted for that. "The nine tie ups in each sector were recently prescribed. We have distribution tie-ups with three life insurers and two general insurers," S.Krishnan, Managing Director and CEO, Tamilnad Mercanti le Bank Ltd (TMB) said.

(Business Standard)

RBI SHORTLISTS 7 CONSULTANCY FIRMS TO USE AI, ML TO IMPROVE

SUPERVISION: The Reserve Bank has shortlisted seven global consultancy firms, including Pricewaterhouse Coopers, McKinsey and Boston Consulting Group (India), to use artificial intelligence and machine learning for supervisory functions. The RBI is looking to use advanced analytics, artificial intelligence and machine learning to analyse its huge database and improve regulatory supervision over banks and NBFCs. For this purpose, the central bank plans to hire external experts. In September this year, the RBI invited expressions of interest (Eoi) for engaging consultants for use of advanced analytics, artificial intelligence and machine learning for generating supervisory inputs.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

VENTURE LENDING or VENTURE DEBT

- ❖ Venture debt or Venture lending is a loan to an early stage company (to startups and growth companies that do not have positive cash flows or significant assets to give as collateral) that provides liquidity to a business for the period till raising of equity funds. It is a short term financing solution and typically these loans are repaid within a period of 18 months or sometimes up to two-three years. Most often, private venture debt providers (funds or banks) expect to be repaid from the proceeds of the next funding round i.e from equity/venture capital infusion. However, venture debt providers stay very closely linked to venture capital investors and it is not unusual to see a being provided with such loans multiple times during its development.
- ❖ Venture lenders frequently piggyback on the due diligence done by the venture capital firm.
- ❖ Venture debt can be a source of capital for entrepreneurial companies. As a complement to equity financing, venture debt provides growth capital to extend the cash runway of a startup company to achieve the next milestone while minimizing equity dilution for both employees and investors.
- ❖ Difference between Venture capital and venture debt: Venture capital involves active investors who not only buy stakes in companies, but also advise them, and help them build businesses that are fit for purpose using their experience from working with other similar companies. Whereas, Venture debt doesn't do all that. The venture lender provides a loan to help grow the start-up business and reach its next milestone faster. The next time they go to the market to raise more money; they will have something more to show. This does not dilute the original investors and the founders. When the venture lender lends venture debt, they don't become shareholders or get involved in the management of the businesses.



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RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.2092
INR / 1 GBP : 100.8241
INR / 1 EUR : 86.9313
INR /100 JPY : 60.4100

EQUITY MARKET

Sensex: 62181.67 (-389.01)
NIFTY : 18496.60 (-112.70)
Bnk NIFTY: 43633.45 (+36.60)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
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- ❖ **Certificate Course on General Insurance.**

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Publications by BFSI Board

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**

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**CMA Chittaranjan Chattopadhyay
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