



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

**September 13, 2022**

**RBI ON BRINK OF FAILURE AS RETAIL INFLATION RISES BACK TO 7% IN AUGUST:** India's headline retail inflation rate, as measured by the Consumer Price Index (CPI), returned to 7 percent territory in August from a five-month low of 6.71 percent in July, according to data released on September 12 by the Ministry of Statistics and Programme Implementation. CPI inflation had fallen to 6.71 percent in July after spending three consecutive months above 7 percent. CPI inflation has now spent 35 consecutive months above the Reserve Bank of India's (RBI) medium-term target of 4 percent and eight straight months outside the central bank's 2-6 percent tolerance range. The RBI is deemed to have failed when average inflation is outside the 2-6 percent tolerance range for three consecutive quarters.

**(Moneycontrol)**

**IIP GROWTH AT 4-MONTH LOW OF 2.4% IN JULY AS BASE EFFECT CONTINUES TO NORMALISE:** India's industrial growth, as per the Index of Industrial Production (IIP), slowed further in July to 2.4 percent from 12.7 percent in June, data released by the Ministry of Statistics and Programme Implementation on September 12 showed. At 2.4 percent, the July industrial growth figure is the lowest in four months. IIP growth has been slowing ever since it hit a one-year high of 19.6 percent in May on the back of a favourable base effect.

**(Moneycontrol)**

**AT1 BONDS MAKE A COMEBACK WITH RS 18,000 CR ISSUANCES THIS YEAR, MORE BANKS LIKELY TO JOIN:** AT1 bonds, or additional tier-1 bonds, are back with a bang in the Indian banking industry after being pushed to the back burner two years back when a Yes Bank write-off of such bonds caused massive losses to investors. At least five banks said they are likely to tap AT1 bonds in a bigger way in the coming days to shore up the capital base as credit demand picks up and system liquidity tightens further. This comes after more than Rs 18,000 crore worth of AT1 bond sales in this financial year, with recent back-to-back issues from State Bank of India, Bank of Baroda, HDFC Bank and Bank of Maharashtra. AT1 are a type of perpetual bonds banks use to augment their core equity base. They carry a higher coupon but are considered risky instruments in the event of a bank collapse. These bonds were introduced by the Basel accord after the global financial crisis to protect depositors. They do not have a maturity date and banks have a call option that permits them to redeem these bonds after a certain period.

**(Moneycontrol)**



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**NBFCs AUM GROWTH TO TOUCH 4-YEAR HIGH IN FY23: CRISIL:** After three years of single-digit growth, non-banking financial companies (excluding housing finance companies, microfinance institutions and government-owned NBFCs) are expected to see their assets under management (AUM) grow 11-12 per cent — a four-year high — to about ₹13 lakh crore by the end of this fiscal, riding on macroeconomic tailwinds, according to CRISIL. “AUM had logged a 3-year compound annual growth rate (CAGR) of close to 20 per cent through fiscal 2019.

*(Business Line)*

**RBI DEPUTY GOVERNOR PITCHES FOR DATA LAW TO PROTECT CUSTOMERS' PRIVACY:** Reserve Bank of India Deputy Governor T Rabi Sankar has pushed the case for a law to protect customers' privacy and ensure that monetisation of customer data should be done with "some level" of consent. Speaking at a seminar organised by economic think-tank NCAER, Sankar said India is extremely data rich as digitalisation is growing a rapid pace. Last month, Union IT Minister Ashwini Vaishnaw said the Centre was hopeful of getting a new legislation passed by the next Budget Session of Parliament.

*(Economic Times)*

**INDIA'S AGRICULTURAL AND PROCESSED FOOD PRODUCTS EXPORTS UP BY 30%:** According to the provisional data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), the overall export of agricultural and processed food products increased to USD 9598 million in April-July 2022 from USD 7397 million over the same period of the last fiscal. The exports of agricultural and processed food products rose by 30 percent in the first four months of the current Financial Year 2022-23 (April-July) in comparison to the corresponding period of FY 2021-22. Fruits & vegetables, cereals, livestock and processed foods witnessed a spike in exports this fiscal. Export of processed fruits & vegetables up by 51% to USD 665 million in April-July 2022 compared to corresponding period previous year.

*(PiB, GoI)*

**KHADI INDIA ORGANISED AN EXHIBITION AND A FASHION SHOW 'Aheli Khadi' AT NIFT GANDHINAGAR:** With the intention to reach out to young audience and global market, an exhibition and to popularise khadi as a fabric and showcase its use for traditional and contemporary cloths 'Aheli Khadi' a Fashion Show was organized by Khadi India at the Tana Riri Auditorium, NIFT Gandhinagar on Sunday. Shri Manoj Goel, Chairman of KVIC graced the function as chief guest. Eminent designers, fashion industry members, students and khadi institutions graced the fashion show. Another attraction of the fashion show was "Aheli"; the fabric showcased at ramp was sourced from the khadi institutions to design for pan generational consumer.

*(PiB, GoI)*



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### **VEDANTA PICKS GUJARAT FOR \$20-BN SEMICONDUCTOR FORAY WITH**

**FOXCONN:** Vedanta Ltd has selected the state of Gujarat for its semiconductor project, two sources told Reuters, the first major step in its \$20 billion joint venture with Taiwan's Foxconn. The project will include display and semiconductor facilities near the largest city of Ahmedabad in the western state, the source added, declining to be named ahead of an official announcement.

**(Business Standard)**

**HDFC BANK ISSUES e-BG:** HDFC Bank has issued an electronic bank guarantee (e-BG) in partnership with National E-Governance Services Ltd (NeSL), becoming the first bank in the country to do so. e-BG has been developed in consultation with NeSL, CVC-CBI committee and IBA to simplify the process and eliminate the possibility of fraud and manipulation. e-BG will be issued on the NeSL portal through an API-based digital workflow. Paper based; time-consuming process has been eliminated with the new electronic bank guarantees. This is a transformational change, and the Bank will migrate to eBG to benefit all its customers, the bank said in a statement on Monday.

**(Business Standard)**

### **S&P AFFIRMS STATE BANK OF INDIA'S 'BBB-' RATING ON IMPROVING**

**ASSET QUALITY:** Global rating agency Standard and Poor's (S&P) has affirmed State Bank of India's long-term rating 'BBB-' on improving asset quality. It also affirmed the short-term issuer credit rating 'A-3' and maintained stable outlook for the rating.

**(Business Standard)**

### **BUSINESSES WILL BE ABLE TO CLAIM PRE-GST TAX CREDITS FROM**

**OCTOBER 1: REPORT:** The businesses that could not claim tax credits for taxes paid during the pre- GST era may soon get an opportunity to do so. The government, from October 1, is likely open a special window for businesses to file their claims, according to a report by *Mint*. When the new tax regime under GST was introduced in 2017, several businesses could not file their tax claims due to a lack of clarity on the rules. The businesses also reportedly faced technical glitches. These have now been resolved, *Mint* stated.

**(Business Standard)**



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

### **LOK ADALAT**

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- ❖ Lok Adalats are established under Legal Services Authorities Act 1987. Every State Authority or District Authority or the Supreme Court Legal Services Committee or every High Court Legal Services Committee or Taluk Legal Services Committee may organize Lok Adalats at such intervals and places and for exercising such jurisdiction and for such areas as it thinks fit.
- ❖ The Civil procedure code is applicable to Lok Adalats and they are civil courts for this purpose. (However permanent Lok adalats are empowered to entertain criminal cases which is compoundable in nature)
- ❖ Certain advantages are there for Banks for referring the NPA accounts for Compromise Settlement. Both suit filed and non-suit filed accounts with amount **due up to Rs.20.00 Lacs may be referred to Lok Adalats**. (However, cases with dues above Rs.20.00 Lacs can be filed if Lok Adalat is arranged by DRT). As per RBI guidelines, accounts which are in "doubtful" and "loss" category should be referred to Lok Adalats for Compromise Settlement.
- ❖ There are **no court fees involved** when fresh disputes are referred to it. If no settlement is arrived at, the parties can continue with court proceedings. Its decrees have legal status and are binding. Since the decisions of Lok Adalat are **consent decrees, no appeal can be filed against its decision**.
- ❖ Filing a case with Lok Adalat doesn't extend limitation period.



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### **RBI KEY RATES**

Repo Rate: 5.40%  
SDF: 5.15%  
MSF & Bank Rate: 5.65%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 79.6776  
INR / 1 GBP : 92.5742  
INR / 1 EUR : 80.3671  
INR /100 JPY: 55.5600

### **EQUITY MARKET**

Sensex: 60115.13 (+321.99)  
NIFTY : 17936.30 (+103.00)  
Bank NIFTY: 40574.00 (+158.30)

**(CMA Chittaranjan Chattopadhyay)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

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