



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

December 13, 2022

CPI INFLATION SLUMPS TO 11-MONTH LOW OF 5.88% IN NOVEMBER 2022:

India's headline retail inflation rate slumped to an 11-month low of 5.88 % in November from 6.77 % in the previous month, data released on December 12 by the ministry of statistics and programme implementation showed. At 5.88 %, the latest Consumer Price Index (CPI) inflation print is well below the consensus estimate.

(Moneycontrol)

INDUSTRIAL OUTPUT CRASHES BY 4% IN OCTOBER: India's industrial output, as per the Index of Industrial Production (IIP), crashed by 4 percent in October, data released on December 12 by the Ministry of Statistics and Programme Implementation showed. With the output having increased by 3.5 percent in September, the latest figure shows industry growth returned to sub-zero territory after a gap of just one month. This is the worst performance of the Indian industry in over two years. For April-October 2022, India's industrial output is up 5.3 % YoY, down from 20.5 % in the first seven months of FY22.

(Moneycontrol)

STATES REVERTING TO OLD PENSION SCHEME WILL NOT GET MONEY ACCUMULATED UNDER NPS:

State governments of Rajasthan, Chhattisgarh, and Jharkhand will not get money deposited to date under the National Pension System (NPS), Finance Ministry told Lok Sabha citing PFRDA regulations. The Ministry also made it clear that there is no proposal at the Central level to go back to the old scheme.

(Business Line)

UNDP REPORT SAYS 415 MN PEOPLE LIFTED OUT OF POVERTY IN INDIA:

GOVT: More than 400 million people were lifted out of poverty in India between 2005-06 to 2019-21, the government said on Monday citing UNDP's Global Multidimensional Poverty Index (MPI) 2022. As per the baseline report of MPI 2021 released by NITI Aayog, India's MPI identifies 25.01 per cent of the population as multidimensionally poor, Minister of State (Independent Charge) of Ministry of Planning Rao Inderjit Singh said in a written reply to the Rajya Sabha.

(Economic Times)

RS 1.25 LAKH CR OF BLACK MONEY CONFISCATED BY MODI GOVT: ASHWINI VAISHNAW :

Black money to the tune of "Rs 1.25 lakh crore" has been confiscated by the Modi govt, Union Minister Ashwini Vaishnaw said on Monday and asserted transparency is a key aspect of the present dispensation's good governance model. The minister for railways said similarly, to



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ensure transparency, benami properties worth Rs 4,300 crore was attached and registration of 1.75 lakh companies cancelled.

(Economic Times)

NEARLY 8,000 MSMEs SHUT IN FY23 SO FAR: GOVT DATA : The total number of Udyam-registered MSMEs shut down due to various reasons between April 1 and December 8 in the current financial year stood at 7,995, said Minister of State in the MSME ministry Bhanu Pratap Singh Verma in a written reply to a question in the Rajya Sabha. Moreover, the number of MSMEs recording a decline in their turnover compared to the previous financial year and which were also re-classified was 19,706. Till July 20 in the current FY, the number of closed Udyam MSMEs was 2,870.

(Financial Express)

ECLGS LOANS TO DOMESTIC AIRLINES HAVEN'T REDUCED MSMEs' SHARE IN CREDIT SCHEME: MOS FINANCE: Credit support to domestic airlines under the ECLGS has not resulted in a reduction of MSMEs' share in the scheme, Minister of State in the finance ministry said. The loan amount disbursed till November to the aviation sector under ECLGS was 0.22 per cent of the Rs 2.85 lakh cr loans disbursed out of Rs 3.58 lakh cr loans sanctioned to 1.19 crore borrowers.

(Financial Express)

ECLGS: 57% OF RS 5 LAKH CR DISBURSED TILL NOV; NPAS AT 3.89%: The government's flagship credit support scheme for MSMEs Emergency Credit Line Guarantee Scheme (ECLGS) has sanctioned 1.19 crore loans (borrowers) involving 71 per cent or Rs 3.58 lakh crore of the total scheme limit of Rs 5 lakh crore while 57 per cent or 2.85 lakh crore loans have been disbursed as of November 30, 2022. Out of the total sanctioned amount, 66 per cent has been extended to MSME borrowers while 95.17 per cent of loans sanctioned also belonged to MSMEs. The data was shared by the Minister of State in the finance ministry Bhagwat Karad in the Lok Sabha on Monday. In terms of bad loans under ECLGS, the NPAs as a percentage of loans guaranteed was 3.89 per cent amounting to Rs 13,964.58 crore, according to the data cited from the National Credit Guarantee Trustee Company (NCGTC) which guarantees coverage to member lending institutions under ECLGS.

(Financial Express)

Paytm's LOAN DISBURSALS SURGE 374% ON-YEAR, LOAN VOLUME JUMPS 150% IN OCT-Nov: Paytm operator One 97 Communications witnessed a 150% jump in loan volume for the October-November period from a year earlier. The company's loan distribution business continued to witness an accelerated growth, said Paytm, adding that its loan disbursements came in at an annualised run rate of Rs 39,000 crore (\$4.8 billion) in November. The Noida-based digital payments giant continued to witness accelerated growth with disbursements through its platform. According to the company statement, the value of loans disbursed grew 374% on-year to



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Rs 6,292 crore (\$774 million), while the number of loans disbursed grew 150% on-year to 6.8 million cumulative loans for the two months ended November 2022.

(Financial Express)

TATA MOTORS TO PARTIALLY SELL STAKE IN SUBSIDIARY TATA TECH VIA

IPO: Tata Motors' board has approved a partial divestment of the company in Tata Technologies, its wholly owned subsidiary, through an initial public offering (IPO), the parent firm said in an exchange filing. The subsidiary is into product engineering and digital services. The IPO would be the Tata group's first since it listed Tata Consultancy Services in 2004, if this offering comes before Tata Play's. It would also be the first under the chairmanship of N Chandrasekaran, who took over as Tata group chairman in 2017. Tata Play, too, is preparing for an IPO. The direct-to-home platform pre-filed its draft red herring prospectus (DRHP) confidentially with the SEBI on November 29. It's the first company to take the pre-filing route for its IPO.

(Business Standard)

IN A FIRST: BAJAJ ALLIANZ SET TO LAUNCH SURETY BONDS ON DECEMBER

19: At least three insurance companies are looking to launch a surety insurance product, of which Bajaj Allianz General is set to be the first company to launch the product on December 19. This will make it the first general insurance company to launch the product after Finance Minister in this year's Budget had said surety bonds can be used as a substitute for bank guarantees for government procurement.

(Business Standard)

SHAJI K V TOOK CHARGE AS NABARD CHAIRMAN FROM DEC 7: Shaji K V has taken the charge as Chairman of National Bank for Agriculture and Rural Development (NABARD) with effect from December 7, 2022, the government on Monday informed Parliament.

(Business Standard)

DIRECT TAX COLLECTION UP 24% TO RS 8.77 TRN; NEARS 62% OF BUDGET

ESTIMATES: The net direct tax collection grew 24 per cent to Rs 8.77 lakh crore in the April-November of the current fiscal, the Finance Ministry said on Monday. This represents 61.79 per cent of the full-year Budget Estimates (BE) of direct tax collection for 2022-23 (April-March). "Direct tax collection net of refund stands at Rs 8.77 lakh crore as of November 30, which is 24.26 per cent higher than the net collection for the corresponding period last year," the ministry tweeted. The collection accounts for 61.79 per cent of Budget Estimates for FY 2022-23. The Budget estimated direct tax collection at Rs 14.20 lakh crore this fiscal, higher than Rs 14.10 lakh crore collected last fiscal (2021-22). Tax on corporate and individual income makes up for direct taxes.

(Business Standard)



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RBI CIRCULAR PERMITS RESIDENT ENTITIES TO HEDGE GOLD PRICE RISKS

AT IFSC: The Reserve Bank on Monday permitted resident entities to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC). Resident entities in India are currently not permitted to hedge their exposure to price risk of gold in overseas markets. "On a review, it has been decided to permit eligible entities to hedge their exposure to price risk of gold on exchanges in the IFSC recognised by the International Financial Services Centres Authority (IFSCA)," the RBI said in a circular.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

LEVERAGED BUYOUT

- ❖ A leveraged buyout (LBO) is the acquisition of another company using a significant amount of borrowed money (bonds or loans) to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.
- ❖ The buyer typically wishes to invest the smallest possible amount of equity and fund the balance of the purchase price with debt or other non-equity sources. The aim of the LBO model is to enable investors to properly assess the transaction and earn the highest possible risk-adjusted internal rate of return (IRR).
- ❖ In an LBO, the goal of the investing company or buyer is to make high returns on their equity investment, using debt to increase the potential returns.



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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 : 82.6425
INR / 1 GBP : 101.0272
INR / 1 EUR : 86.8854
INR /100 JPY : 60.3100

EQUITY MARKET

Sensex: 62130.57 (-51.10)
NIFTY : 18497.20 (+0.60)
Bnk NIFTY: 43708.80 (+75.40)

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**
- ❖ **Certificate Course on Investment Management**
- ❖ **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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