



**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 14, 2022

GOVT CONSTITUTES EXPERT COMMITTEE TO SUGGEST WAYS TO SCALE UP VC/PE INVESTMENTS:

The government has constituted an expert committee to suggest ways for scaling up of venture capital and private equity (VC/PE) investments, as per a circular issued by the Ministry of Finance on September 13. The six-member panel will be headed by M Damodaran, the former chairman of the Securities and Exchange Board of India (SEBI). The committee will "comprehensively study the end-to-end frictions and potential accelerants from regulatory policy and taxation to facilitate ease of investing, as well as to encourage investments in India". The panel will also "review issues, compliances and suggest simplifications and changes" for further accelerating the growth of alternative capital to participate in the VC/PE industry, it added.

(Moneycontrol)

US ANNUAL INFLATION SLOWS SLIGHTLY TO 8.3% IN AUGUST: US annual inflation slowed slightly in August, to 8.3 percent, higher than expected but slightly below the prior months and confirming a slowdown from the blistering 9.1 percent rate in June -- the highest in 40 years.

(Moneycontrol)

PE/VC INVESTMENTS FALL 80% TO A 19-MONTH LOW IN AUGUST:

Investments by private equity and venture capital funds plummeted 80 per cent to USD 2.2 billion in August, a 19-month low, a report said on Tuesday. The month recorded the highest ever exits at USD 3.1 billion, making it the best month from sell-offs perspective, according to the report by industry lobby IVCA and the consultancy firm EY.

(Business Standard)

TATA SONS TO INVEST RS 975 CRORE IN PUNE IT CITY METRO RAIL PROJECT:

Tata Sons, holding company of the Tata group, is investing Rs 975 crore in Pune IT City Metro Rail, a special purpose vehicle that has won the contract to construct, operate, and maintain the project connecting Shivaji Nagar and Hinjewadi in the city. The Tatas own a 74 per cent stake in the SPV; the rest is owned by Siemens Project Ventures.

(Business Standard)

FORMER RBI DEPUTY GOVERNOR KANUNGO, KAUSHIK DUTTA JOIN BHARATPE BOARD:

Fintech unicorn BharatPe has appointed former RBI deputy governor B P Kanungo and TARI founder Kaushik Dutta as independent directors as it looks to strengthen governance rigour and transparency in the preparation of a listing.

(Business Standard)



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FINANCE MINISTER NUDGES INDIA INC TO CLEAR UNPAID DUES OF

MSMEs: Union Finance Minister Nirmala Sitharaman on Tuesday asked big corporate houses to clear dues to micro, small, and medium enterprises (MSMEs) and said smaller businesses will need equal support from both the government and larger established firms. According to reports, India's MSMEs were owed dues worth Rs 10.7 trillion at the end of 2021. The legally recommended period for payment of dues to the MSME sector in India is 45 days. However, in 2020-21 it stood at 195 days for micro industries.

(Business Standard)

INFOSYS EMAIL WARNS EMPLOYEES AGAINST MOONLIGHTING: IT services firm Infosys has warned employees it will not allow moonlighting and violations may lead to termination, mailing them about rules days after Wipro chairman Rishad Premji called the trend "cheating--plain and simple". Bengaluru-based Infosys sent an email to employees titled "No Double Lives" and said: "...dual employment is not permitted as per the Employee Handbook and the Code of Conduct." Moonlighting, in usual parlance, means taking up a job apart from one's regular 9 to 5 job. While some do it for extra money, others do it to gain more experience while there are also those who do it to pursue their interests.

(Business Standard)

CENTRE HOLDS SAMSUNG'S INCENTIVE OF RS 900 CR UNDER PLI SCHEME

FOR FY21: The central government has held the disbursement of incentive amount under the production-linked incentive (PLI) scheme to Samsung Electronics for FY21 after some discrepancies were found in the invoices, reported *The Financial Express* on Tuesday. According to the report, there were differences between the incremental production and sales shown by Samsung and the ones arrived by the Centre.

(Financial Express)

INDIA'S HIRING OUTLOOK RANKED SECOND GLOBALLY: India has the best hiring outlook globally, second only to Brazil, with 54 % of companies surveyed planning to hire in the December quarter as against 51 per cent in the September quarter, according to "Manpower Group Employment Outlook Survey" showed that India has the strongest net employment outlook for the December quarter in the Asia-Pacific region, followed by China and Australia.

(Business Standard)

BOND YIELDS DROP, RUPEE LOGS BIGGEST SINGLE-DAY GAIN SINCE JULY

27: Govt. bonds and the rupee strengthened sharply on Tuesday as optimism over the prospect of Indian sovereign debt being included in a global bond index spurred hefty overseas investment. Yield on the 10-year benchmark bond settled at 7.08 % as against 7.14 % at previous close. Bond prices and yields move inversely. A fall of 1 basis point in the yield on the 10-year paper corresponds to a rise in price of roughly 7 paise.

(Business Standard)



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STATES' BORROWING COSTS SEE FOURTH CONSECUTIVE WEEKLY FALL:

States borrowing costs came down by 6 basis points to 7.46 per cent at the weekly auctions on Tuesday, data showed. This is fourth consecutive weekly fall in borrowing costs. At the latest auction, ten states raised Rs 10,500 crore of development loans. According to a PTI report, this figure is 1.5 per cent higher than indicated in the borrowing calendar; a first in a couple of years.

(Economic Times)

NPS PENSION RULES EASED FROM TODAY AND DIGITAL LIFE-CERTIFICATE

ALLOWED: From now on, the National Pension System (NPS) pensioners do not need to fill a separate proposal form to choose the annuity after exiting the pension corpus. "The Exit Form submitted by NPS retiree must be considered as the proposal form, for offering the immediate annuity product by the insurance companies," insurance regulator Insurance Regulatory and Development Authority of India (IRDAI), stated in a circular on September 13, 2022. The insurance regulator has also allowed the NPS pensioners to submit life-certificate digitally. Currently, the NPS pensioners have to submit an "exhaustive" exit form to PFRDA at the time of withdrawal. Then, they have to fill a detailed proposal form offered by the insurance companies while choosing their preferred annuity plans.

(Economic Times)

LOAN WAIVER NOT A BENEFIT, BANKS EXEMPT FROM 10% TDS FOR OTS:

Banks will not be required to deduct 10% tax at source (TDS) on one-time settlement (OTS) or loan waivers, the Central Board of Direct Taxes said. CBDT said that OTS or loan waiver by a bank will not be treated as a benefit or a perquisite and not face TDS as they would have to bear the additional cost of tax deduction besides the haircut. The exemption will be available to all public financial institutions, scheduled banks, cooperative banks, rural development banks, state financial corporations, and state industrial investment corporations, NBFCs for housing finances and ARCs. Budget 2022-23 had introduced a new section, 194R, in the IT Act, which required TDS at a rate of 10% by any person providing any benefit or perquisite exceeding ₹ 20,000 in a year to a resident, arising from his business or profession.

(Economic Times)



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FINANCIAL TERMINOLOGY/CONCEPTS

FAIR TRADE PRICE

- ❖ In the commodities market, fair trade price is the minimum price that importers must pay to the producers of some agricultural products such as coffee and banana. It is the floor price that must be paid irrespective of the market price.
- ❖ When the market price of a commodity is higher than this minimum price, the buyer must pay the former. But if the market price falls below the fair trade price, the producer must be paid at least a price equal to the fair trade price.
- ❖ Fair trade price acts as a security net that reduces market risks of farmers and attempts to improve their living conditions. The fair trade price policy comes under the fair trade standards, which stipulate that it is unfair to pay market price to the producers in developing countries if the price is too low to survive and does not provide them at least the cost of production.
- ❖ The Fair Trade Labelling Organisation international (FLO) monitors the fair trade floor price and changes it from time to time considering the average cost of production, working conditions, and other economic factors.
- ❖ Products sold at fair trade prices must follow the standards outlined by FLO-CERT and are generally sold at higher prices.
- ❖ Fair trade price focuses, in particular, on goods or products that are normally imported from developing countries. They include products such as coffee, handicraft, cocoa, banana, sugar, tea, wine, fresh fruit, chocolate, and flowers.



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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 : 79.0640
INR / 1 GBP : 92.6809
INR / 1 EUR : 80.2268
INR /100 JPY: 55.6200

EQUITY MARKET

Sensex: 60571.08 (+455.95)
NIFTY : 18070.00 (+133.70)
Bank NIFTY: 40873.10 (+299.10)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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