



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

October 14, 2022

13 MAJOR STATES HAVE FISCAL SPACE FOR RS 7.4 LAKH CRORE CAPITAL SPENDING IN FY23: ICRA :

As many as 13 major states, including West Bengal, Tamil Nadu and Gujarat, have a massive fiscal space of Rs 7.4 lakh crore for capital spending in the current fiscal, 81 per cent higher than the last fiscal, Icra said on Thursday. The 13 states, having nearly 85 per cent share in India's GDP in 2020-21, had made a capital expenditure of Rs 4.1 lakh crore last fiscal against their Budget estimate for capex spending of Rs 5.8 lakh crore. The 13 states are; Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal. "Icra estimates that the 13 state governments have the fiscal space to incur capital spending of as much as Rs 7.4 trillion in FY2023, rivalling the size of the Gol's capex budgeted for this fiscal. While the availability of funds doesn't appear to be a constraint in FY2023, the actual outgo incurred by these state governments in the early months of this fiscal has been rather muted.

(Moneycontrol)

RBI CLARIFIES ON CLASSIFICATION OF THE CLAIMS RECEIVED FROM NCGTC FOR THE PURPOSE OF CRR/SLR:

Reserve Bank of India vide its notification dated 13.10.2022 has clarified that, the amounts received by a bank from the National Credit Guarantee Trustee Company Ltd towards claims in respect of guarantees invoked and held by them pending adjustment of the same towards the relative advances, need not be treated as outside liabilities for the purpose of computation of NDTL for CRR and SLR.

(RBI Notification)

US ANNUAL INFLATION EDGES DOWN TO 8.2%, BUT ACCELERATED IN SEPTEMBER:

US inflation jumped more than expected in September, according to government data released Thursday, in the latest sign that pricing pressures have become more intractable despite aggressive central bank action. US prices rose 0.4 percent in September compared to August, twice the 0.2 percent projected by analysts, with price increases for food, shelter and medical care weighing on consumers, according to data from the Bureau of Labor Statistics. The annual rate of inflation slowed slightly to 8.2 percent from 8.3 percent, according to the report.

(Moneycontrol)

RBI ASKS BANKS TO STOP BUILDING POSITIONS IN OFFSHORE MARKET:

The Reserve Bank of India, seeking to arrest the rupee's slide, is asking local banks to not



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build additional positions in the non-deliverable forward market, a move that could lead to offshore volatility spilling into local markets, bankers and traders said. The build-up of positions in this segment of the market is forcing the RBI to spend more reserves to defend the rupee, one of the bankers said. The RBI's informal communication to local bankers is a step back from the directions it issued in June 2020, when it allowed banks operating from the International Financial Services Centre Banking Units to trade in the NDF segment.

(Moneycontrol)

BANDHAN BANK TO RAISE EXPOSURE OF SECURED LOANS TO 70 PC BY

2025: Private lender Bandhan Bank on Thursday said it will diversify its asset base by increasing exposure to secured loans to 70 per cent by 2025. The bank will also diversify its geographical presence, MD & CEO of Bandhan Bank Chandra Sekhar Ghosh said. Ghosh said that percentage of the bank's secured loans at present is 39 per cent. Ten per cent of its exposure will be on retail channels – automobiles including two-wheelers, gold and personal loans.

(Financial Express)

RBI ASKS NO ENTITY TO OBTAIN FRESH RATINGS FROM

BRICKWORK: The Reserve Bank of India on Wednesday restrained banks and other financial entities from appointing Brickwork Ratings India for obtaining fresh rating with immediate effect. The central bank also said it will separately issue instructions on the existing ratings issued by the rating agency. The RBI directive comes after the Securities and Exchange Board of India (Sebi) cancelled Brickwork Ratings' licence to operate as a credit rating agency for allegedly not following proper rating process, procedural lapses and conflict of interest. Sebi has directed Brickwork Ratings to wind up operations in six months.

(Financial Express)

GeM: PUBLIC PROCUREMENT CROSSES RS 3 LAKH CRORE; DOUBLES IN 12

MONTHS: Public procurement of goods and services by central government ministries and departments has crossed Rs 3 lakh crore from the business-to-government portal Government e-Marketplace (GeM) on the back of a surge in purchase activity, showed official data. The cumulative transaction value of goods and services bought by government ministries from MSMEs through the GeM portal grew 116 per cent to Rs 3.11 lakh crore from Rs.1.44 Lakh crore during October last year.

(Financial Express)

AN ADANI GROUP COMPANY LIKELY TO BE RATED HIGHER THAN

SOVEREIGN: REPORT: An Adani Group firm is likely to be soon rated above India's sovereign rating as the ports-to-energy conglomerate helmed by Gautam Adani, Asia's



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richest man, sees rapid growth in business and lower debt. Adani Group CFO Jugeshinder (Robbie) Singh told a select group of investors on October 10 in New Delhi that an announcement will soon be made of one of the group firms becoming the first Indian firm with all its business in the country, to be rated higher than the sovereign, according to two persons present at the meeting. Global credit rating agencies such as S&P and Fitch have assigned the lowest investment grade rating of 'BBB-' to India. Most companies including public sector giants are rated at par or below the sovereign rating.

(Business Standard)

INDIA PUSHES FOR SETTLEMENT OF INTERNATIONAL TRADE IN RUPEE WITH SUDAN:

India has reached out to Sudan towards settlement of international trade in rupee as part of its push towards internationalisation of the domestic currency. If implemented, India will be able to import crude oil from the African country, and make the payment in local currencies. This can boost exports and save the country's forex reserves that are currently under pressure.

(Business Standard)

PACKAGED PARATHAS, UNLIKE CHAPATIS, TO ATTRACT 18% GST, SAYS

GAAAR: It is another stamp of approval from the advance ruling system to say that packaged paratha will attract 18 per cent goods and services tax (GST) while chapati draws 5 per cent rate. The Gujarat Appellate Authority for Advance Ruling (GAAAR) upheld the order by the GAAR in an application filed by Vadilal Industries.

(Business Standard)

DIGITISATION A GAME CHANGER FOR INDIAN ECONOMY, SAYS IMF CHIEF

ECONOMIST: Applauding India's digitization efforts, the chief economist of the International Monetary Fund (IMF) said the move was a game changer as it had allowed the Indian government to do things that would have been extremely difficult otherwise. "Digitisation is helping along a number of dimensions. One is financial inclusion, obviously because there are a lot of people in countries like India that were unbanked. And having access to digital wallets is a way in which they can enter into transactions that are not just cash transactions, which are very inefficient," Pierre-Olivier Gourinchas, the chief economist of IMF, told PTI in an interview in response to a question about India's digitisation efforts.

(Business Standard)

YEN HITS LOWEST LEVEL AGAINST DOLLAR SINCE 1990: The yen on Thursday dropped to the lowest level against the dollar since 1990 after US inflation data indicated more aggressive interest rate hikes from the Federal Reserve. One dollar was worth 147.67 yen



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following the stronger-than-expected inflation number, which comes as Japan's central bank holds off from hiking interest rates to try and cool sky-high prices.

(Economic Times)

IRDAI OFFERS MORE FLEXIBILITY TO GENERAL INSURANCE COMPANIES ON PRODUCTS UNDER MISCELLANEOUS LINES:

IRDAI has offered more flexibility to general insurance companies in designing and pricing of products under miscellaneous lines of business and allowed them to launch these without prior regulatory approval. The miscellaneous insurance under the general insurance segment is a unique segment which requires creative conceptualization in order to cater to the ever-evolving needs of the policyholders, the regulator said. Earlier, the products with a sum assured above Rs 5 crore could be launched without prior approval of IRDAI. But insurers needed regulatory approval before launching products with sum assured up to Rs 5 crore.

(Economic Times)



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FINANCIAL TERMINOLOGY/CONCEPTS

How are banks leveraging the cloud to create new business frontiers?

- ❖ Leaders in the banking sector increasingly recognize that the cloud is more than a technology. It is an ultimate destination for banks and financial institutions to store data and applications and provide better experiences for their customers.
- ❖ A new era has dawned in which traditional banks are being challenged by the advent of next-gen branchless banks such as Varo or SoFi. Competing purely on sophisticated technology, end-user convenience and hyper-personalized customer service, these new-age digital banks are already shaking the ground of their established counterparts – and more disruption is sure to come.
- ❖ Yet, the cost and effort to migrate workloads to the cloud may be a major concern for financial institutions, in addition to the expertise and skills required to implement such a strategy – key factors when companies seek to leverage cloud technologies while deploying elaborate workloads. External cloud providers such as AWS, Microsoft Azure and Google Cloud Platform (known collectively as the “hyperscalers”) offer capabilities that can shorten the development time needed to build such capabilities in-house.
- ❖ The next question is which hyperscaler to choose. In this context, the market trend is to pick more than one in what is known to us as a multi-cloud strategy, typically with one as the major and another as the minor. Such a strategy enables diversification of risks (business continuity and lock-in), encourages competitive tension and enables leverage of the different supplier benefits (AWS scale and commercials, Microsoft O365/other products, Google analytics/AI, etc).



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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 : 82.4013
INR / 1 GBP : 91.2001
INR / 1 EUR : 79.9210
INR /100 JPY: 56.1100

EQUITY MARKET

Sensex: 57235.33 (-390.58)
NIFTY : 17014.30 (-109.30)
Bank NIFTY: 38624.00 (-494.55)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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