



**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 15, 2022

AUGUST EXPORTS REVISED HIGHER TO \$33.92 BILLION, UP 1.6% YoY:

India's merchandise exports for August have been raised to \$33.92 billion from the preliminary estimate of \$33 billion, data released by the commerce ministry on September 14 showed. As per the latest data, imports in August amounted to \$61.9 billion, marginally higher than the preliminary estimate of \$61.68 billion. As such, the merchandise trade deficit for last month was lowered to \$27.98 billion from \$28.68 billion as per preliminary data released on September 3. The trade deficit in August 2021 was \$11.71 billion. For April-August as a whole, merchandise exports have totalled \$193.51 billion, up 17.7 percent compared to the first five months of FY22. Over the same period, imports amounted to \$318.03 billion, resulting in a trade deficit of \$124.52 billion.

(Moneycontrol)

E-COMMERCE ENTITIES MAY FACE HEAVY PENALTY FOR POSTING FAKE

REVIEWS: Soon e-commerce entities may face heavy penalty for posting fake reviews of products, as the government is finalising guidelines to curb such practices. According to sources, a committee formed by the Department of Consumer Affairs is finalising changes in the norms related to fake reviews, which were formulated by the Bureau of Indian Standards (BIS) in 2021.

(Business Standard)

WITH A LOSS OF RS 4,500 CRORE, BYJU'S FY21 REPORT CARD HAS MANY

RED MARKS: Byju's, the education technology company that is India's most-valued start-up, today said it had earned Rs 2,428 crore in revenue in the financial year 2020-21 (FY21) translating into a loss of Rs 4,500 crore. This is similar to the revenue figure of Rs 2,434 crore in the previous year, though the difference is that the bottom line in 2019-20 showed a profit of Rs 51 crore.

(Business Standard)

REGULATORY ASSETS OF DISCOMS INCREASE 88,720 CRORE IN JUNE:

Discoms' regulatory assets cumulatively rose to Rs 88,720 crore by June 30, showed government data, indicating that financial woes of utilities run deeper than their outstanding dues from states, reported *The Times of India* on Wednesday. While the data says the amount recognised by state regulators is Rs 88,720 crore, industry players believe it is just the tip of the iceberg and the actual amount could be in excess of Rs 1 trillion with claims tied up in legal knots at the appellate level or in higher courts, reported *TOI*.

(Business Standard)



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CENTRE UPBEAT ON RS 1.5-TRILLION GST REVENUE EVERY MONTH FROM OCTOBER: Government officials are bullish that the Central Board of Indirect Taxes & Customs (CBIC) will be able to garner goods and services tax (GST) revenues of over Rs 1.5 trillion every month from October onwards. This comes at a time when GST collections have been falling behind the Rs 1.5-trillion mark for the last four months. GST collections were to the tune of Rs 1.43 trillion in August; in July it was around 1.49 trillion. Collections topped in April, with Rs 1.67 trillion, which was an all-time high.

(Business Standard)

WPI-BASED INFLATION SOFTENS TO 11-MONTH LOW AT 12.41% IN AUGUST: The wholesale price index- (WPI-) based inflation rate for August decelerated for the third consecutive month to an 11-month low of 12.41 per cent as pricing pressure from manufactured and fuel items eased despite an increase in food inflation. Data by the industry department on Wednesday showed food inflation accelerating to 12.37 per cent in August, as prices of wheat, vegetables, fruits and protein-rich items shot up, compared to their level a year ago.

(Business Standard)

GOVT TO SOON INVITE BIDS FOR IDBI BANK PRIVATISATION: DIPAM SECRETARY: DIPAM Secretary Tuhin Kanta Pandey on Wednesday said the department is working on the Expression of Interest (Eoi) and would soon invite preliminary bids from investors for the privatisation of IDBI Bank. The Cabinet Committee on Economic Affairs gave in-principle approval for strategic disinvestment and transfer of management control in IDBI Bank in May 2021.

(Business Standard)

SBI HITS RS 5 TRILLION MARKET CAPITALISATION: State Bank of India (SBI) hit the Rs 5 lakh crore market capitalisation on Wednesday after its shares touched a record high of Rs 564.45. With this market capitalisation, SBI stood on the seventh position in the market capitalisation ranking.

(Business Standard)

SC DIRECTS UNION BANK TO RELEASE OVER RS 1,300 CRORE LYING IN ITS ESCROW ACCOUNT TO NHB: The Supreme Court has directed Union Bank of India to release “forthwith” over Rs 1,300 crore lying in its escrow account to the National Housing Bank in a case related to Dewan Housing Finance Corporation (DHFL). A Bench led by Justice SA Nazeer, while seeking response from NHB and DHFL on an appeal filed by the Union Bank of India on behalf of Committee of Creditors of erstwhile DHFC, said that in case the Union Bank succeeded in its appeal, the NHB will have to refund the money to the PSU bank with interest that will be fixed at the time of final disposal of the case.

(Financial Express)



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RTI DISCLOSURE OF SENSITIVE INFO WILL BREACH RIGHT TO PRIVACY:

BANKS TELL SC: Lenders, including SBI, PNB and HDFC Bank, on Tuesday vehemently opposed any disclosure of their “highly confidential and sensitive” inspection and risk assessment reports under the Right to Information Act, saying this would amount to invasion of right to privacy of their lenders and customers, shareholders and employees. RBI has supported the banks’ argument. The apex court had, in February 2021, revived its 2015 judgment making it necessary for RBI to disclose financial information related to private and public banks under the RTI Act.

(Financial Express)

GOVT REDUCING COMPLIANCES IN FOOD PROCESSING SECTOR: The government is focusing on reducing compliances further to promote the food processing sector, Minister of State for Food Processing Industries Prahlad Singh Patel said on Wednesday. Addressing the '14th FICCI Foodworld India - The Global Convention for Food Business and Industry', Patel highlighted the need to enhance the marketing and branding of Indian food processing sector and products.

(Economic Times)

‘MADE IN INDIA’ CHIPS TO DRASTICALLY REDUCE PRICES OF PRODUCTS,

INCLUDING LAPTOPS: ‘Made in India’ semiconductors could drastically reduce the prices of finished products, Vedanta Chairman Anil Agarwal said on Wednesday. “Today, a laptop costs Rs 1 lakh, and once the glass as well as the semiconductor chip are available, the same can be priced at Rs 40,000 or less,” he told a leading news channel.

(Economic Times)

HOUSING FINANCE COMPANIES TO CONCEDE MARKET SHARE TO BANKS:

CRISIL: Housing finance companies (HFCs) are expected to continue losing home-loan market share to banks amid stiff competition. According to a Crisil report released on Wednesday, HFCs have already conceded 400 basis points market share to banks over the past four fiscals, resulting in banks’ share rising to 62% as of March 2022. This despite the fact that assets under management (AUM) of housing finance companies is expected to increase 10-12% this fiscal, driven by home loans, which could grow 15% YoY.

(Live Mint)



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FINANCIAL TERMINOLOGY/CONCEPTS

PONZI SCHEME

- ❖ A ponzi scheme is an investment plan in which the operator or the operating company pays returns to investors from the new capital coming in from new investors instead of the profits of the business. The investors get attracted to these schemes because of the unusually high rate of return offered within shorter time spans compared to other conventional investment options.
- ❖ To gain confidence of investors, the promoters usually give decent payouts in the first few months, luring investors to put in more money. This sets off a ripple effect, bringing in new investors to participate. The initial ones then get paid out from the funds received from new investors.
- ❖ These schemes start off as legitimate businesses. However, they often fail to sustain them with operating income alone. So, in order to meet the promises made to their investors, the capital gathered from new members gets used up. For example, a hedge fund can turn into a ponzi scheme if it faces unexpected losses and cannot legitimately meet the desired returns. The promoters then start forging reports instead of admitting their failures.



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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 : 79.5837
INR / 1 GBP : 91.4024
INR / 1 EUR : 79.3391
INR /100 JPY: 55.4000

EQUITY MARKET

Sensex: 60346.97 (- 224.11)
NIFTY : 18003.80 (- 66.20)
Bank NIFTY: 41405.40 (+532.30)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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