



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

December 15, 2022

FED RAISES KEY RATE BY HALF-POINT AND SIGNALS MORE TO COME: The US Federal Reserve reinforced its inflation fight Wednesday by raising its key interest rate for the 7th time this year and signaling more hikes to come. The Fed boosted its benchmark rate a half-point to a range of 4.25% to 4.5%, its highest level in 15 years.

(Moneycontrol)

GOVT TO SELL UP TO 5% STAKE IN IRCTC VIA OFS; FLOOR PRICE SET AT RS 680 PER SHARE: The government will sell up to 5 percent stake in IRCTC through an offer for sale (OFS). The floor price for the OFS is set at Rs 680 per share, 7.4% lower than IRCTC's closing price of Rs 734.70 on the BSE on December 14. Government of India is expected to garner Rs 2,720 crore for the exchequer after offloading 5 % of stake. Through the OFS route, the government intends to sell a 2.5 % stake, with the option to sell an extra 2.5 %, bringing the total issue size to 4 crore shares or 5 % stake.

(Financial Express)

RUSSIA REPLACES IRAQ AS TOP OIL SUPPLIER TO INDIA IN NOVEMBER: Russia has for the first time emerged as top oil supplier to India replacing Iraq as refiners last month snapped up oil from Moscow fearing a price cap from Dec. 5 could hit supplies and choke payment avenues, data obtained from trade sources showed. India's oil imports from Russia rose for the fifth straight month, totaling 908,000 barrels per day (bpd) in November, up 4 per cent from October, the data showed. The Group of Seven nations, Australia, and the 27 European Union countries have imposed a price cap of \$60 a barrel on Russian seaborne oil from Dec. 5 as the West tries to limit Moscow's ability to finance its war in Ukraine.

(Economic Times)

INDIA'S WPI INFLATION EASES TO 21-MONTH LOW OF 5.85 PER CENT IN NOVEMBER: India's wholesale price index-based inflation eased to a 21-month low of 5.85 per cent in November from 8.39 per cent in October on an annual basis, stated provisional data from the Commerce Ministry on Wednesday. The month-on-month change in WPI index for November 2022 witnessed a contraction of 0.26 per cent as compared to 0.39 per cent growth in October.

(Economic Times)

FINANCIALISATION OF SAVINGS TO JUMP TO 74% OF GDP BY FY27: REPORT: As household savings are increasingly moving away from the traditional preference



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

for bank deposits and physical assets such as real estate and gold towards investments in financial assets, the assets of the managed investments industry are likely to double to Rs 315 trillion, or 74% of GDP by 2027, from Rs 135 trillion, or 57% of GDP as of March this year, rating agency Crisil forecasts. In fact, just five fiscals ago, the industry's assets totted up to 41% of GDP. Household savings comprise over two-thirds of India's total gross savings in recent years, except for FY21, the pandemic year when this proportion shot up to 78.5% touching Rs 43.9 lakh crore. Rising middle-class disposable income, directed efforts at financial inclusion, digitalisation and ease of investing in mutual funds and stocks and government incentives have helped to channel savings to the industry. Moreover, with rising inflation, households are seeking higher returns than what fixed deposits can offer. The study shows life insurance accounts for the biggest chunk of the total managed investments industry, with over Rs 53 trillion of assets under management (AUM) as of last fiscal, amounting to 39% of the total industry assets followed by mutual funds, with over Rs 38 trillion in AUM, or 28.4% of industry assets.

(Financial Express)

IDBI BANK EoI DEADLINE EXTENDED TO JANUARY 7: The government has extended the deadline for potential bidders to submit expressions of interest (EoIs) for IDBI Bank to January 7, 2023, the finance ministry said on Wednesday. The earlier deadline was December 16, 2022. The last date for submission of physical copies of EoIs (for those who would submit EoIs electronically) has also been extended to January 14, 2023, from December 23, 2022, the Department of Investment and Public Asset Management (Dipam) said.

(Financial Express)

SHIPROCKET PARTNERS WITH FIEO TO HELP MSMEs IN E-COMMERCE EXPORTS: Shipping solution company Shiprocket has announced partnership with the government's trade promotion body Federation of Indian Export Organisations (FIEO) to support MSME e-commerce exporters showcase their products on the B2B marketplace Indian Business Portal (IBP) by FIEO and GlobalLinker (ecommerce solution provider) and help them expand into international markets.

(Financial Express)

ELON MUSK NO LONGER WORLD'S RICHEST; BERNARD ARNAULT TOPS BLOOMBERG LIST, ADANI RETAINS 3RD SPOT : Elon Musk is no longer the world's richest person as French magnate Bernard Arnault, with a net worth of \$171 billion has pipped the Tesla chief to the second spot on the Bloomberg Billionaires Index. Musk, who recently bought Twitter in a multi-billion deal, has seen his fortune decline by \$107 billion since January this year to \$164 billion. Bernard Arnault, whose wealth largely derives from his 48% ownership of fashion giant LVMH Moët Hennessy Louis Vuitton, commonly known as LVMH,



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

has seen his wealth fall more than \$7 billion so far this year. Indian billionaire Gautam Adani retains 3rd spot on the list with a net worth of \$125 billion.

(Financial Express)

SBI TO HIKE LENDING RATES BY 25 BPS, EMIS TO GO DEARER: State Bank of India, the country's largest lender, said on Wednesday it will increase its marginal cost of funds-based lending rate (MCLR) by 25 basis points across all tenors. Due to this latest MCLR hike, borrowers' EMI outgo will increase further. The new interest rates are effective from 15 December, 2022, as per the bank's website. Banks have started increasing MCLR after the Reserve Bank of India hiked the key repo rate by 35 basis points to 6.25%. In all, the central bank has raised the benchmark rate by 2.25% since May, 2022.

(Live Mint)

SEBI PLANNING 'MICRO' REITS TO BRING PROPERTY COMPANIES TO NASCENT MARKET: The Securities and Exchange Board of India (Sebi) is planning to allow "micro" real estate investment trusts (REITs), according to a senior official, to bring a wider set of property companies to the nascent market as India emerges from a pandemic-induced lull. The regulator is considering reducing the size of REITs, allowing them to hold just a single asset or a diversified portfolio, to increase supply and flexibility for investors, said the official. REITs in India must now have a minimum asset value of Rs 5 billion. The possibility that Sebi may lower the minimum has not been reported previously.

(Business Standard)

NASSCOM FOUNDATION STARTS ASPIRATIONAL DISTRICTS PROGRAMME TO SKILL 3.5 MN: The NASSCOM Foundation on Wednesday launched the "Aspirational Districts Programme" intending to digitally enable and skill over 3.5 million people by March 2024, to empower marginalised people in remote and backward areas of India. Under the programme, NASSCOM Foundation will tap into over 100 aspirational districts, of which 55 districts have so far been identified across 23 states, and the venture will focus on digital literacy, e-governance, and digital skill-building for marginalised communities.

(Business Standard)

FinMin LIFTS BAN ON PRINTING OF CALENDARS BY MINISTRIES AFTER 2 YEARS GAP: The Finance Ministry has lifted the ban on the printing of calendars by ministries and departments after a gap of two years. In the wake of Covid-19, the ministry in September 2020 imposed a ban on the printing of wall and desktop calendars, diaries, festival greetings card, coffee table book and similar materials.

(Business Standard)



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

DELHI HC DIRECTS IRDAI TO INTRODUCE PRODUCTS FOR PERSONS WITH DISABILITIES:

The Delhi High Court has directed the Insurance Regulatory and Development Authority of India (IRDAI) to ensure the products are designed and introduced on an early date for persons with disabilities so as to enable them to obtain health insurance coverage. A bench of Justice Prathiba M. Singh has directed the IRDAI and the insurance companies to submit a status report before March 17, 2023, the next date of hearing. The court also observed that the persons with disabilities would be entitled to health insurance coverage and products may have to be designed for them.

(Business Standard)



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

FINANCIAL TERMINOLOGY/CONCEPTS

CATCH-UP EFFECT

- ❖ Catch up effect, alternatively called the theory of convergence, states that poor or developing economies grow faster compared to economies with a higher per capita income and gradually reach similar high levels of per capita income. Thus, all economies, over time, may converge in terms of income per head.
- ❖ The catch up effect briefly stated implies that the poorer nations grow much faster because of higher possibilities of growth and over time catch up with the richer countries in terms of per capita income such that the divide between the two gets minimized.
- ❖ This theory of convergence of incomes is based on the logic of better opportunities of growth available for developing economies like access to technological knowhow from the developed world and increasing returns to capital, etc.
- ❖ Empirical evidence suggests that while some developing economies have been able to effectively tap the available advantages to grow faster and catch up with robust economies, this has not been true for a large part of the developing world. The limitations of the theory are based on grounds of social, institutional or political differences, which simultaneously influence growth.



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

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 : 82.5170
INR / 1 GBP : 102.0295
INR / 1 EUR : 87.7695
INR /100 JPY : 60.9100

EQUITY MARKET

Sensex: 62677.91 (+144.61)
NIFTY : 18660.30 (+52.30)
Bnk NIFTY: 44049.10 (+102.50)

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.**

For details please visit BFSIB portal of the ICAI website

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)**

To purchase please visit BFSIB portal of ICAI

**CMA Chittaranjan Chattopadhyay
COUNCIL MEMBER**

The Institute of Cost Accountants of India

Disclaimer: Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.