



**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

September 16, 2022

RBI ALLOWED BHARAT BILL PAYMENT SYSTEM TO PROCESS CROSS-BORDER BILL PAYMENTS:

As per the guidelines on 'Rupee Drawing Arrangement – Direct to Account Facility', foreign inward remittances received under Rupee Drawing Arrangement (RDA) can be transferred to the KYC compliant beneficiary bank accounts through electronic mode, such as, NEFT, IMPS, etc. As announced in the Statement on Developmental and Regulatory Policies issued on August 05, 2022, RBI has issued directions issued under Section 10(4) and Section 11(1) of the FEMA, 1999 to allow foreign inward remittances received under the Rupee Drawing Arrangement (RDA), to be transferred to the KYC compliant bank account of the biller (beneficiary) through Bharat Bill Payment System (BBPS).

(RBI Notification)

EXIM BANK'S GOI-SUPPORTED LINE OF CREDIT OF USD 448 MILLION TO

UZBEKISTAN: Exim Bank has entered into an agreement dated December 10, 2020 with the Government of Republic of Uzbekistan, for Government of India supported Line of Credit (LoC) of USD 448 million for the purpose of financing the social infrastructure and other development projects. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India. The Agreement under the LoC is effective from September 12, 2022. Under the LoC, the terminal utilization period is 60 months from the scheduled completion date of the project.

(RBI Notification)

PM GATI SHAKTI: GREEN SIGNAL FOR 22 INFRASTRUCTURE PROJECTS WORTH RS 1 LAKH CRORE:

Under the Pradhan Mantri Gati Shakti (PMGS), one of the more ambitious programmes of Prime Minister Narendra Modi, a total investment of more than Rs 1 lakh crore has been approved for 22 major infrastructure projects, sources have said. According to the sources, the Network Planning Group (NPG) has recommended these projects for implementation. The NPG is a group of officers of different departments under the PMGS. Of these 22, eight are under the ministry of housing and urban affairs, six projects are under the ministry of railways, four under the ministry of petroleum and natural gas, two projects are under the ministry of road transport and highways, and two are related to industrial corridors.

(Money Control)

WORLD BANK SEES RISING RISK OF GLOBAL RECESSION IN 2023 AMID RATE HIKES:

The world may be edging toward a global recession as central banks across



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the world simultaneously hike interest rates to combat persistent inflation, the World Bank said on Thursday. The world's three largest economies - the United States, China, and the euro area - have been slowing sharply, and even a "moderate hit to the global economy over the next year could tip it into recession," the bank said in a new study.

(Business Standard)

PAYTM PARTNERS PhonePe's PARENT FIRM FLIPKART FOR BIG BILLION

DAYS SALE: Digital financial services firm One97 Communications, which owns the Paytm brand, on Thursday announced a collaboration with e-commerce firm Flipkart for its annual festive season sale 'The Big Billion Days' as payments partner. Flipkart, which owns majority stake in Paytm's competitor PhonePe, will host its annual festive season sale between September 23 - 30, 2022.

(Business Standard)

REDINGTON INDIA, GOOGLE CLOUD ENTER INTO TIE-UP FOR DRIVE

DISTRIBUTION: Information technology solutions provider Redington Ltd has entered into a partnership with Google Cloud India for drive distribution and adoption of Google Workspace and Cloud with small and medium businesses, the company said on Thursday.

(Business Standard)

RELIANCE RETAIL TO SEEK DOUBLING OF BORROWING LIMIT TO RS 1

TRILLION: To boost its growth and expansion, Reliance Retail has reportedly sought shareholders' approval to increase its borrowing limit from Rs 50,000 crore to Rs 1 trillion. According to a report by *Economic Times (ET)*, the company borrowed Rs 40,000 crore in FY22. According to the company's annual reports, the company will seek shareholders' approval in the September 30 Annual General Meeting (AGM).

(Economic Times)

YES BANK TO SELL ALL ITS NPAS TO JC FLOWERS ARC BY DECEMBER:

YES Bank will wipe out Rs 48,000 crore worth of non-performing assets (NPAs) by December. The private lender had earlier agreed to sell its bad loans to an asset reconstruction company (ARC) floated by JC Flowers. According to a report in *Mint*, YES Bank will also pick up a 20 per cent stake in the ARC.

(Live Mint)

SUNIL BARTHWAL NAMED NEW COMMERCE SECY, VIVEK BHARDWAJ

APPOINTED MINES SECY: Senior IAS officers Sunil Barthwal and Vivek Bharadwaj have been named as the Commerce and Mines Secretary, respectively, as part of a top-level bureaucratic reshuffle effected on Thursday.

(Business Standard)



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INDIA EMERGES AS SRI LANKA'S TOP LENDER IN 2022, THINK TANK

REPORT SAYS: India has emerged as the top lender to Sri Lanka in 2022, disbursing USD 377 million in loans to the island nation as it grappled with an unprecedented political crisis and economic turmoil, according to the Verite Research think-tank. The Asian Development Bank follows India with USD 360 million in loans. They account for 76 per cent of total disbursements from January to April 2022.

(Business Standard)

IBBI TO FIX MINIMUM FEE SLABS FROM OCT 1 FOR INSOLVENCY

PROFESSIONALS: The Insolvency and Bankruptcy Board of India (IBBI) has prescribed minimum fee slabs for resolution professionals representing bankrupt firms from October 1 onwards so that such professionals are adequately compensated.

(Business Standard)

FITCH CUTS INDIA FY23 GDP GROWTH FORECAST TO 7%; WORLD GDP

GROWTH AT 2.4%: Global rating agency Fitch has lowered India's economic growth forecast for fiscal 2022-23 (FY23) as measured by gross domestic product (GDP) to 7 per cent from its June 2022 estimate of 7.8 per cent. It now expects the GDP to slow further to 6.7 per cent in FY24 as compared to its earlier forecast of 7.4 per cent.

(Business Standard)

SBI CLARIFIES IT'S NOT A NODAL BANK FOR RUSSIA-RELATED

TRANSACTIONS: SBI on Thursday clarified that it has not been identified as a nodal bank for handling Russia-related transactions. The clarification by the bank came in response to reports in certain sections of media that it had been identified as nodal bank for looking after Russia-related transactions.

(Financial Express)

IDBI BANK SALE TO HERALD PSB PRIVATIZATION: The Centre will soon float an expression of interest for strategic disinvestment of IDBI Bank and the transaction may provide a template for privatisation of public sector banks as per the new public sector enterprises policy, department of investment and public asset management (Dipam) secretary Tuhin Kanta Pandey said.

(Financial Express)



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FINANCIAL TERMINOLOGY/CONCEPTS

BACKTESTING

- ❖ This is a model in Financial Risk management. Backtesting is way of testing if a model's predictions are in line with realised data. Backtesting a risk model, for instance, is typically done by checking if actual historical losses on a portfolio are very different from the losses predicted by the model. If actual losses are consistently higher, the model is underestimating risk. If they are lower, the model is overestimating risk.
- ❖ Backtesting measures the accuracy of the value at risk calculations. Backtesting is the process of determining how well a strategy would perform using historical data.
- ❖ Risk managers use a technique known as backtesting to determine the accuracy of a VaR model. Backtesting involves the comparison of the calculated VaR measure to the actual losses (or gains) achieved on the portfolio.
- ❖ Value-at-risk (VaR) is a widely used measure of downside investment risk for a single investment or a portfolio of investments. VaR gives the maximum-dollar loss on a portfolio over a specific time period for a certain level of confidence. Often the confidence level is chosen so as to give an indication of tail risk; that is, the risk of rare, extreme market events.



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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 : 79.5830
INR / 1 GBP : 91.6186
INR / 1 EUR : 79.2726
INR /100 JPY: 55.4100

EQUITY MARKET

Sensex: 59934.01 (- 412.96)
NIFTY : 17877.40 (- 126.40)
Bank NIFTY: 41209.20 (-196.20)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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