



**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 17, 2022

RBI MASTER DIRECTIONS ON INTEREST RATE ON DEPOSITS: RBI released the master direction on interest rates on deposits and the major two amendments included are;

- The Overnight Alternative Reference Rate for the respective currency / Swap rates quoted / displayed by Financial Benchmarks India Pvt. Ltd. (FBIL) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.
- Scheduled commercial banks shall not Open a savings deposit account in the name of Government departments depending upon budgetary allocations / Municipal Corporations / Panchayats / State Housing Boards / Metropolitan Development Authority / any political party or any trading/business or professional concern, Karta of HUF, and organizations / agencies etc.

(RBI Notification)

HERO MOTOCORP TO ENTER EV SEGMENT NEXT MONTH: Hero MotoCorp, the country's largest two-wheeler manufacturer, plans to enter the electric segment next month with the launch of its first model in the domestic market. The company confirmed in a quarterly report that "a new era in mobility is about to begin," referring to an event under its Vida brand on October 7, 2022.

(Economic Times)

GOVERNMENT EXHORTS BANKS TO LEND MORE TO INDUSTRY: The Union government on Friday urged bankers to increase lending to the industries segment given the multiplier benefits it offers for the country's economic growth. The Department of Financial Services (DFS) under the Union finance ministry is also mulling to carry out a survey on customer service for banks and come out with rankings of banks on the same, a top official said. DFS secretary Sanjay Malhotra said in the last decade industries' share in the overall credit by banks has decreased by 16 percentage points to 26 per cent, and the same needs to increase.

(Economic Times)

8 MILLION FRONTLINE JOBS CREATED IN INDIA IN FY22: Companies in India created about 8 million frontline jobs in the fiscal year ended March 2022, according to the Frontline Index Report 2022 from BetterPlace, a leading tech platform for frontline workforce



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management in the country. The e-commerce sector contributed the highest to the demand for frontline workers followed by logistics & mobility, according to the report.

(Economic Times)

INDIA BECOMING MANUFACTURING HUB, PROMOTING INNOVATION: India is progressing towards becoming a manufacturing hub and is focussed on the proper use of technology in its 'people-centric' development model, Prime Minister Narendra Modi has said at CO Summit in Uzbekistan. Uzbekistan hands over rotating presidency of SCO to India; Xi assures support.

(Business Line)

BE READY TO MEET THE CREDIT DEMAND: FM NIRMALA SITHARAMAN TO BANKS: Indian banks have to be ready to meet the credit demand in the economy, which is expected to further pick up in the wake of the festive season and immediately after it as people are willing to spend money and businesses are willing to expand capacity and make additional investments, Finance Minister Nirmala Sitharaman said in her address to bank chief executives during the Annual General Meeting of Indian Bank's Association. As per latest data, credit growth of commercial banks is at a near nine-year high of 15.5 per cent year-on-year for the week ended August 26. This is the highest since November 1, 2013, when it was 16.1 per cent.

(Business Standard)

ZOMATO UNVEILS HEALTHY-ER FOOD OPTIONS FOR CUSTOMERS IN TEN CITIES: Food aggregator Zomato has unveiled its new offering Healthy on the Zomato app in a bid to offer customers more healthy food options. The Healthy section has been launched in ten cities across India, including Delhi, Mumbai, Bangalore, Hyderabad, Chandigarh, Pune, Chennai, Jaipur, Ahmedabad and Kolkata.

(Business Standard)

GAUTAM ADANI OVERTAKES JEFF BEZOS TO BECOME WORLD'S SECOND RICHEST: Adani Group's Chairperson and Indian billionaire Gautam Adani surpassed Amazon's Jeff Bezos to become the world's second richest person. He is now only behind Tesla CEO Elon Musk, who remains the world's richest man with a networth of \$273.5 billion, according to Forbes' real time data

(Live Mint)



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INDIA INC OVERSEAS DIRECT INVESTMENT DROPS 59% TO \$1.03 BN IN

AUG: India Inc's investment in their overseas ventures dropped by 59 per cent on an annual basis to USD 1.03 billion in August this year, as per RBI data on Outward Foreign Direct Investment (OFDI) for August 2022. In the same month of 2021-22, it stood at USD 2,500.97 million (USD 2.5 billion).

(Business Standard)

BANKS SEEK CLARITY ON 'GREY AREAS' FROM RBI ON RUPEE VOSTRO

ACCOUNTS: The banks reached out to the Reserve Bank of India (RBI) to seek clarity on legal and regulatory grey areas around proposed rupee Vostro accounts before operationalising them to settle international trade, including that with Russia, the Economic Times reported. A Vostro account is an account where a foreign bank acts as an agent to provide financial services on behalf of a domestic bank. The account enables domestic banks to provide international banking services to their clients with global needs. This account keeps a foreign entity's holdings in the Indian bank, in Indian rupees. So, when an Indian importer wants to make a payment to a foreign trader in rupees, the amount is credited to Vostro account.

(Business Standard)

Q2 ADVANCE TAX COLLECTIONS UP 22%: The Centre's advance direct tax collections grew by about 22% on year to Rs 1.81 trillion in the second quarter of the current financial year, CNBC TV18 reported. A senior revenue department official, however, told FE that the data was 'premature' as it was still being tallied. The due date for advance tax for September quarter was 15th of the month.

(Financial Express)

DGFT NOTIFIES CHANGES TO FACILITATE RUPEE TRADE: The commerce ministry on Friday notified its decision to allow invoicing, payment and settlement of external trade in rupees. The move was required to align the foreign trade policy of the government with the July announcement of the Reserve Bank of India (RBI) and facilitate rupee trade. According to the notification, domestic firms undertaking imports through this mechanism will make payment in the rupee, which will be credited into the special vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller/supplier. "Indian exporters undertaking exports of goods and services through this mechanism shall be paid the export proceeds in INR from the balances in the designated special vostro account of the correspondent bank of the partner country,"

(Financial Express)



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FINANCIAL TERMINOLOGY/CONCEPTS

WHOLESALE PRICE INDEX (WPI)

- ❖ Wholesale Price Index (WPI) represents the price of goods at a wholesale stage i.e. goods that are sold in bulk and traded between organizations instead of consumers. WPI is used as a measure of inflation in some economies.
- ❖ WPI is used as an important measure of inflation in India. Fiscal and monetary policy changes are greatly influenced by changes in WPI. In the United States, Producer Price Index (PPI) is used to measure inflation.
- ❖ WPI is an easy and convenient method to calculate inflation. Inflation rate is the difference between WPI calculated at the beginning and the end of a year. The percentage increase in WPI over a year gives the rate of inflation for that year.



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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 : 79.8180
INR / 1 GBP : 91.2320
INR / 1 EUR : 79.7164
INR /100 JPY: 55.6000

EQUITY MARKET

Sensex: 58840.79 (-1093.22)
NIFTY : 17530.80 (- 346.60)
Bank NIFTY: 40776.80 (-432.40)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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