



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

November 17, 2022

DAS TELLS BANKERS TO STAY WATCHFUL AND PROACTIVE: RBI governor Shaktikanta Das on Wednesday told bankers to remain watchful of the evolving macroeconomic situation, including global spillovers, and take mitigating measures proactively so that the potential impact on their balance sheets is minimised and financial stability risks are contained. Das met managing directors and chief executive officers of public sector banks and select private banks ahead of the monetary policy decision. The monetary policy committee (MPC) is scheduled to meet between December 5-7. The banking sector credit grew by close to 18% y-o-y in the fortnight ended October 21, while deposit growth was at 9.5% during the period. While some banks are using excess liquidity to support the credit growth for now, they are also increasing deposit rates. Despite challenges, the Indian banking sector has remained resilient and continued to improve in various performance parameters, Das said. On asset quality front, the banks across the board have seen an improvement in the second quarter of the financial year.

(Financial Express)

RRBs MAY GET TO ADOPT REFORMS AGENDA MEANT FOR LARGER BANKS: The government may ask prominent regional rural banks to adopt reforms agenda meant for state-run commercial banks under the so-called EASE (Enhanced Access and Service Excellence) programme or a similar initiative to bolster their core banking. This could be a part of the finance ministry's broader efforts to further strengthen the RRBs in a time-bound manner to bring them on a par with commercial lenders in at least some key parameters, given their crucial role in boosting credit flow in rural India. Under the revamped version of the EASE initiative, launched by finance minister Nirmala Sitharaman in June, each public-sector bank will have to firm up a three-year road map based on its business priorities. EASENext, the latest and revamped version, has two components: EASE 5.0, which is a common reforms agenda for all PSBs, and a bank-specific medium-term action plan. Currently, the country has 43 RRBs that are backed by 12 state-run banks (sponsor banks). Usually, the central government holds 50% in RRBs, while the relevant sponsor banks and state governments hold 35% and 15%, respectively.

(Financial Express)

HDFC ARM TO INVEST IN 15 REALTY STARTUPS: HDFC Capital, an arm of Housing Development Finance Corporation, on Wednesday said it will invest in 15 startups, which were the part of the real estate tech innovation summit. The company has already invested in three startups; Loyalie, HomeExchange and Monsoon Credit, according to a statement.

(Financial Express)



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RBI PUTS ONUS ON EU BANKS TO RESOLVE STALEMATE WITH ESMA: (RBI) has put the onus on European Union banks to resolve the stalemate caused by the European Securities & Markets Authority's (ESMA) decision to disqualify key Indian institutions which act as central counterparties (CCPs) in securities, money market, and forex transactions.
(Economic Times)

WINDFALL TAX ON DOMESTIC CRUDE RAISED TO RS 10,200/TONNE STARTING THURSDAY: India on Wednesday raised windfall tax on domestic crude to Rs 10,200 per tonne from Rs 9500 per tonne. It slashed special additional excise duty on export of diesel to Rs 10.50 per litre from Rs 13 per litre. The changes come into effect from November 17, according to an official notification issued late Wednesday. The duty on exports of Aviation Turbine Fuel remains unchanged at Rs 5 per litre. This is the ninth revision in rates since the introduction of the windfall tax on July One.
(Economic Times)

SEBI PROPOSES MEASURES TO STREAMLINE SHARE BUYBACK PROCESS: Capital markets regulator SEBI on Wednesday proposed measures to streamline the process of buybacks of securities from the open market in a bid to make such process robust, efficient, transparent and shareholder-friendly. Under the proposal, SEBI has proposed to introduce a glide path with respect to the reduction in the maximum limit and the time period for completion of the buyback offer under the stock exchange mechanism, according to the consultation paper. Further, a separate window on the stock exchange may be created for undertaking buyback through this route. Currently, rules provide that buyback from the open market through the stock exchange should be less than 15 per cent of the paid-up capital and free reserves of the company, based on both standalone and consolidated financial statements of the company.
(Business Today)

CBI BOOKS ROTOMAC GLOBAL IN RS 750 CRORE BANK FRAUD CASE: The CBI has booked Kanpur-based Rotomac Global and its directors for Rs 750.54 crore for alleged fraud in Indian Overseas Bank, officials said. The company, which was in the business of writing instruments, has a total outstanding of Rs 2,919 crore against a consortium of seven banks led by Bank of India in which Indian Overseas Bank has an exposure of 23 per cent.
(Business Today)

LIC'S MOVE TO SELL RELIANCE CAPITAL'S DEBT TO ARC UPSETS LENDERS, BIDDERS: Days ahead of the deadline to submit binding bids, LIC's move to sell its Rs 3,400 crore secured principal debt of cash-strapped Reliance Capital Ltd (RCL) to an



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asset reconstruction company (ARC) has irked its lenders and bidders. LIC is conducting a Swiss Challenge process to invite bids from Asset Reconstruction Companies (ARCs) to sell its exposure in RCL, sources said, adding prospective bidders will be asked to better the offer. However, the sources said, Asset Care and Reconstruction Enterprise will have the first right to match the counteroffer. The last date to submit the bids is November 25, while the deadline for submission of binding bids for RCL is November 28. According to the sources, the Committee of Creditors (CoC) of RCL are upset as to why LIC has initiated a parallel process to sell its debt so close to the bids submission deadline. LIC is a member of the CoC and this attempt to finalise a transaction 3 days before the binding bids deadline has upset the other members and bidders, the sources noted.

(Business Standard)

SBI SIGNS RS 1,240-CR LOAN AGREEMENT WITH GERMANY'S KfW FOR SOLAR PROJECTS:

State Bank of India has signed a 150 million euro (Rs 1,240 crore) loan agreement with the German development bank KfW for funding solar projects. The long-term loan, under the Indo-German solar partnership, will facilitate new and upcoming capacities in the solar sector and further contribute to the country's goals announced during the COP26, the bank said in a statement on Wednesday.

(Business Standard)

43% OF MSMEs TO CLOSE THIS FISCAL WITH PRE-PANDEMIC MARGINS:

REPORT: According to the Crisil report on Wednesday, nearly half of the small businesses will not be able to claw back their margins to the pre-pandemic levels even though almost all of them will be able to match the fiscal 2020 revenue levels this fiscal due to the inability to completely pass on high commodity prices and the rupee's fall, as per a report.

(Business Standard)

SBI EXPECTS 14%-15% CORPORATE CREDIT GROWTH IN FY23, SAYS TOP EXECUTIVE:

India's largest lender State Bank of India expects corporate loans to grow at a pace of 14% to 15% this financial year and at about 12% on average over the next two years, a top executive from the bank said on Wednesday.

(Business Standard)

PFRDA APPOINTS SURAJ BHAN AS CHAIRMAN OF NPS TRUST WITH EFFECT FROM NOV 12:

Pension Fund Regulatory & Development Authority has appointed Suraj Bhan as the chairman of the National Pension System Trust (NPS Trust), responsible for managing funds under the National Pension System (NPS).

(Business Standard)



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GOVT GETS RS 3,839 CR FROM AXIS BANK STAKE SALE; DISINVESTMENT

KITTY SWELLS: The government has garnered about Rs 3,839 crore by selling a 1.5 per cent stake in Axis Bank, held through SUUTI. Last week the government sold a 1.5 per cent stake in Axis Bank through the Specified Undertaking of the Unit Trust of India (SUUTI). The floor price for the offer was Rs 830.63 per equity share. "Government has received about Rs 3,839 crore from the sale of Axis Bank shares held by SUUTI," the Department of Investment and Public Asset Management Secretary Tuhin Kanta Pandey tweeted.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

NOMINAL EFFECTIVE EXCHANGE RATE (NEER)

- ❖ The NEER is the weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies.
- ❖ More simply, NEER shows whether the Rupee is more expensive or cheaper than a basket of other currencies in terms of their present value.
- ❖ The 'weights' being the relative importance of such currencies in our foreign trade (e.g. for 2013-14, the weights in the 6-currency index were 31.09% for Euro, 21.56% for US dollars, 5.79% for pounds sterling, 26.56% Chinese Yuan, 6.65% Japanese Yen and 8.35% Hong Kong Dollars).
- ❖ These weights are determined as per the moving average of previous 3 years' exports plus imports to/from the concerned countries. In economics, the NEER is an indicator of a country's international competitiveness in terms of the foreign exchange (forex) market.



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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 : 81.3354
INR / 1 GBP : 96.5836
INR / 1 EUR : 84.4115
INR /100 JPY: 58.1700

EQUITY MARKET

Sensex: 61980.72 (+107.73)
NIFTY : 18409.70 (+6.30)
Bnk NIFTY: 42535.30 (+162.60)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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