



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

January 18, 2023

GOVT LIKELY TO SWEETEN NEW DIRECT TAX REGIME, SAY SOURCES: The Indian government is considering lowering rates under its new direct tax regime and could introduce revised slabs in the upcoming Union Budget, due on February 1, to make new direct tax regime more attractive, sources told CNBC-TV18 on January 17. The sources also told CNBC-TV18 that the Finance Ministry is likely to reduce 30 percent and 25 percent tax rate under the new regime. They added that the Finance Ministry's aim is to make people slowly shift to a tax regime with no exemptions.

(Moneycontrol)

'BIDDER MUST INFORM ABOUT DISQUALIFICATION INCIDENCE IN A CPSE STRATEGIC SELL-OFF WITHIN 7 DAYS': Learning from past two incidences, the government has now asked bidder to declare an incidence, which could disqualify them from strategic disinvestment of a Central Public Sector Enterprises (CPSE), within seven days of happening. Details about ultimate beneficial owner and corporate restructuring of bidder are also to be intimated.

(Business Line)

TO AVOID FRAUD, SEBI MOVES TO END TRANSFER TO BROKERS: Soon, the investor/trader may not be required to transfer money to his broker for buying stocks. The amount, for which you intend to buy the stock, can remain blocked in your own account and debited in the favour of the clearing corporation (CC) of the stock exchange once the trade is executed. This way the role of brokers will be limited to providing a risk management platform along with trade execution. Market regulator SEBI has proposed such a move saying it is to ensure there is no malpractice in handling of client money by brokers and also for the clients to keep earning interest even when their money is blocked for trading. India will be the first market in the world to usher-in this new era of market transactions once SEBI turns its proposals into a rule. Currently, the regulator is seeking public comments on it.

(Business Line)

RBI'S NEW LOSS PROVISIONING REGIME SEEN TRIGGERING MAJOR FUNDRAISES BY BANKS: Transition to the expected credit loss (ECL)-based regime for loan provisioning is expected to trigger billion-dollar fundraising by banks as they look to replenish capital buffers against the impact of higher provisioning requirements. Analysts are applauding the decision to introduce the framework at a time when the banking system's health is robust, which in addition to minimising the impact of the norms, will also make it easier for banks to raise funds from the market to meet any potential shortfalls. The sector



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could see a slew of billion dollar fundraises by banks in FY24, an investment banker said, adding “they (banks) were preparing for it starting mid-FY23”. RBI, on Monday, issued a discussion paper proposing a shift in provisioning requirements of banks from an ‘incurred loss’ approach to the ECL approach.

(Business Line)

BACKING SRI LANKA, INDIA SENDS FINANCING ASSURANCES TO IMF: India has sent financing assurances to the International Monetary Fund (IMF) on Monday, becoming the first of Sri Lanka’s creditors to officially back the crisis-hit island nation’s debt restructure programme. The development comes days ahead of External Affairs Minister S. Jaishankar’s scheduled visit to Colombo on January 19 and 20, and just as Sri Lankan leaders concluded talks with a visiting high-level delegation of the Communist Party of China. “The written financing assurances from India were sent to the IMF Monday evening,” a top official source in Colombo confirmed. This takes Sri Lanka one step closer to a crucial \$2.9-billion package from the Fund, made contingent on “receiving financing assurances from Sri Lanka’s official creditors and making a good faith effort to reach a collaborative agreement with private creditors.”

(Business Line)

FINANCE MINISTRY TO MEET HEADS OF PUBLIC SECTOR BANKS ON THURSDAY; TO REVIEW PROGRESS OF VARIOUS SCHEMES: The finance ministry has called a meeting of heads of public sector banks and financial institutions to review the progress of various social sector schemes, including Jan Dhan, Mudra, KCC, and PM SVANidhi. The meeting with managing director and CEOs of public sector banks is scheduled to be held on January 19 and largely for reviewing the schemes to promote financial inclusion, sources said.

(Economic Times)

CENTRE CUTS WINDFALL TAX ON CRUDE OIL TO ₹1,900 PER TONNE: The union government has lowered the windfall tax on the sale of locally-produced crude oil to ₹1,900 per tonne from ₹2,100 per tonne after a gap of two weeks. Centre has also reduced additional excise duty on the export of aviation turbine fuel (ATF) to ₹3.5 per litre from earlier ₹4.5 per litre and has reduced export duty on diesel to ₹5 per litre, including cess, from the previous levy of ₹6.5 per litre, said a finance ministry notification. The tax on windfall profits was first imposed on July 1, as oil producing companies were making huge profits due to high oil prices.

(Live Mint)

BANK OF INDIA’S Q3 NET PROFIT UP 12%: Public sector lender Bank of India’s net profit rose by 12% year-on-year to Rs 1,151 for the quarter ending December 31 despite a



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jump in its provisions. The bank's provisions increased by 461% to Rs 1,879 crore in Q3FY23. The increase in provisions is mainly on account of ageing assets and higher provisioning on standard assets. On asset quality front, gross NPA fell by 280 bps to 7.66% as of December 31 while net NPA ratio fell by 105 bps to 1.61%.

(Financial Express)

INDIA MAY GROW EVEN LESS THAN 5% NEXT YEAR: EX-RBI GOVERNOR

RAGHURAM RAJAN: As the global economy slows down, going forward India may grow even less than 5 per cent, said Raghuram Rajan, former Governor of the Reserve Bank of India. "Certainly growth this fiscal year is spectacular at 7 per cent. But you'll have to look at the details of that growth to feel comfortable. What's happening there is that we grew fairly fast in the early part of the year rebounding from the slow growth as a result of the pandemic. And if you look at the later part of the year, we've slowed down to about a 5 % rate, maybe even less, because of the effects of the slowing global economy. We are already seeing our goods exports slowing down substantially. So, I think we can't be complacent. Good year but looking forward, we need to do more, to get growth up to the place where we as a country can provide all the jobs we need," said Rajan.

(Business Today)

ADANI, ASHOK LEYLAND TO DEVELOP ASIA'S FIRST HYDROGEN-MINING

TRUCK: Adani Enterprises on Tuesday signed a deal with Ashok Leyland and Ballard Power to launch a pilot project to develop a hydrogen fuel cell electric truck for mining logistics and transportation, a first in Asia. "This pioneering and ambitious green hydrogen project holds a strong promise for India's future energy self-reliance and is consistent with the vision of Gautam Adani, Chairman of the Adani Group, of accelerating the use of hydrogen-powered fuel cell technology in the commercial transport system.

(Business Standard)

GOOGLE PILOTS 'SOUNDBOX BY GOOGLE PAY' FOR UPI PAYMENTS IN

INDIA: The search giant is piloting a sandbox of its own in the country to alert sellers of confirmations for Unified Payments Interface (UPI)-based payments, reports TechCrunch. The company has branded them as 'Soundpod by Google Pay' and is currently distributing it as a pilot with some shopkeepers in north India, including Delhi. The Soundpods are being built by Amazon-backed ToneTag, the report mentioned.

(Business Standard)

RBI ADVISES STATES AGAINST REVERTING TO OLD PENSION SCHEME,

SAYS BIG RISK: Amid a move by some state governments to restore the old pension scheme (OPS), the Reserve Bank of India has put forth its reservation against it, saying doing



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so would entail a major risk for the sub-national fiscal horizon. Earlier this month, Himachal Pradesh became the fourth state to revert to the OPS for state government employees. Chhattisgarh and Rajasthan, too, have rolled out the old pension scheme. Both these states are ruled by the Congress party. Besides them, the AAP-ruled Punjab has preferred the OPS.

(Business Standard)

RUSSIA BECOMES INDIA'S FOURTH-LARGEST TRADING PARTNER, IMPORTS

JUMP 5-FOLD: Russia has become India's fourth-largest trading partner with imports from the country spiking five-fold to \$32.9 billion during the April-December period, according to a report in The Times of India. There are two main contributors to India's higher imports from Russia -- crude oil and fertilisers. India bargained a deal with Russia for crude petroleum, seeing this as an opportunity to push the export of petrol and diesel to countries such as the Netherlands and Brazil.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

UNICORNS

- ❖ The Unicorns are privately held, venture-capital backed startups that have reached a value of \$1 billion.
- ❖ The valuation of unicorns is not expressly linked to their current financial performance, but largely based on their growth potential as perceived by investors and venture capitalists who have taken part in various funding rounds.
- ❖ American venture capitalist Aileen Lee is credited with coining the term in 2013. It was used to emphasise the rarity of the emergence of such startups.
- ❖ There are more than 1,000 unicorn companies around the world, as of March 2022.
- ❖ Prime Minister Narendra Modi in past has already **praised India's startup ecosystem** as he highlighted that the country has reached a landmark figure of 100 unicorns with a valuation of more than \$300 billion.



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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 : 81.7727
INR / 1 GBP : 99.7649
INR / 1 EUR : 88.5626
INR /100 JPY : 63.5200

EQUITY MARKET

Sensex: 60655.72 (+562.75)
NIFTY: 18053.30 (+158.50)
Bnk NIFTY: 42235.05 (+67.50)

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CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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