



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

August 19, 2022

- **A BIG BANG APPROACH TO PSB PRIVATIZATION MAY DO MORE HARM THAN GOOD (RBI Bulletin):** The latest Reserve Bank of India (RBI) bulletin published on August 18 suggests that a big bang approach to privatization of government-owned banks may do more harm than good. Some of the major reasons as identified by the RBI paper that show PSBs can serve the country better than private banks include better financial inclusion, better credit system, and better efficiency of the PSBs. The paper highlighted that the private banks have failed to cater to the customers of the rural and semi-urban areas to date and customers from such locations are relying heavily on PSBs for banking. The paper also suggests that market confidence tends to be in favor of PSBs in terms of crisis.
<https://www.moneycontrol.com/news/business/banks/rbi-bulletin-a-big-bang-approach-to-psb-privatisation-may-do-more-harm-than-good-9051831.html>
- **NHPC TO DEVELOP NEPAL HYDROPOWER PLANT LEFT BY CHINA:** Nepal has signed a pact with an Indian company NHPC to develop a hydroelectric plant in the west of the nation years after a Chinese firm backed out. Nepal has opened its rivers, which it sees as having a combined potential to generate more than 42,000 megawatts of hydroelectric power, to foreign players to develop its economy and export electricity to narrow the trade deficit of more than \$13 billion.
<https://www.moneycontrol.com/news/business/nhpc-to-develop-nepal-hydropower-plant-left-by-china-9052681.html>
- **SEBI COMES OUT WITH GUIDELINES FOR OVERSEAS INVESTMENT BY AIFs, VCFs:** SEBI on Thursday came out with new guidelines for Alternative Investment Funds (AIFs) and Venture Capital Funds (VCFs) for making investment abroad, under which overseas investee firms won't need to have an Indian connection. As per the existing guidelines, such overseas investments were allowed only in those companies which had an Indian connection, which are now done away with. As per the fresh guidelines, AIFs or VCFs will be allowed to invest in an overseas investee company, which is incorporated in a country whose securities market regulator is a signatory to the International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI.
<https://economictimes.indiatimes.com/markets/stocks/news/sebi-comes-out-with-guidelines-for-overseas-investment-by-aifs-vcfs/articleshow/93641718.cms>



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- **RBI TURNS NET SELLER OF US CURRENCY IN JUNE; SELLS \$3.719 bn:** RBI turned net seller of the US currency in June after it sold USD 3.719 billion on a net basis, the central bank data showed. In the reporting month, the central bank purchased USD 18.96 billion from the spot market and sold USD 22.679 billion, according to the RBI monthly bulletin for August 2022 released on Thursday. During the fiscal 2022, the central bank had net purchased USD 17.312 billion. It had bought USD 113.991 billion and sold USD 96.679 billion in the spot market in FY22.
https://www.business-standard.com/article/finance/rbi-turns-net-seller-of-us-currency-in-june-sells-3-719-bn-data-122081801285_1.html
- **HDFC BANK OPENS FIRST ALL-WOMEN BRANCH IN KAZHAKKODE:** Private sector bank major HDFC has opened its first all- women branch in Kozhikode, Kerala will have 4 women bankers.
<https://www.livemint.com/industry/banking/hdfc-bank-opens-first-all-women-branch-in-north-kerala-11660811931505.html>
- **NBFCs POISED FOR EXPANSION, BUT CHALLENGES PERSIST (RBI Bulletin):** Non-banking finance companies (NBFCs) are poised to expand given their strong capital buffers, adequate provisions and sufficient liquidity on their books, the Reserve Bank of India (RBI) said in the monthly bulletin released on August 18. Nevertheless, going forward, as the economy recovers, NBFCs need to be wary of rising borrowing costs on account of normalization of monetary policy, and also need to remain more vigilant about cybercrimes, the RBI bulletin said.
<https://www.moneycontrol.com/news/business/rbi-bulletin-nbfc-s-poised-for-expansion-but-challenges-persist-9051771.html>
- **GOVT REVIEWS WINDFALL GAINS TAX, CUTS CESS ON CRUDE:** In its third fortnightly review of windfall gains tax, the Government of India cut cess on crude oil and reduced it to Rs 13,000/tonne from Rs 17,750 per tonne. According to a circular issued by the Centre, the export duty on aviation turbine fuel (ATF) was hiked to Rs 2 per litre from nil while the export duty on diesel was hiked by two rupees to Rs 7 per litre from Rs 5 per litre with effect from August 19, 2022.
<https://www.moneycontrol.com/news/economy/policy/govt-reviews-windfall-gains-tax-9052361.html>



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- **UPI EXPANDS FURTHER GLOBALLY; INDIAN TRAVELLERS TO UK TO ENJOY HASSLE-FREE DIGITAL TRANSACTIONS:** The NPCI International Payments Ltd (NIPL) has forged a partnership with payments solutions provider PayXpert to internationalize the acceptance of its payment solutions in the UK. This collaboration will make the Indian payment solutions available in the UK on all PayXpert's android point-of-sale (POS) devices for in-store payments, starting with UPI-based QR code payments and later integrating the possibility for RuPay card payments," NPCI said in a release on Thursday.
<https://www.thehindu.com/business/Economy/upi-expands-further-globally-indian-travellers-to-uk-to-enjoy-hassle-free-digital-transactions/article65783225.ece>
- **SBM BANK INDIA TO STOP ONBOARDING NEW CUSTOMERS FOR CREDIT ON PPI:** Troubles are mounting for Tiger Global-backed unicorn fintech Slice as its prepaid card partner State Bank of Mauritius India is looking to pause the onboarding of new customers until further clarity after the RBI approved the first set of guidelines on digital lending.
<https://www.moneycontrol.com/news/business/startup/more-trouble-for-slice-sbm-bank-india-to-stop-onboarding-new-customers-for-credit-on-ppi-9050821.html>
- **GST INVESTIGATION WING ASKS OFFICERS TO REFRAIN FROM SUMMONING CMD/CEOs:** The GST investigation authority has asked field offices not to exercise the power to arrest in a mechanical manner and also refrain from summoning senior management officials like CMDs and CEOs. The investigation authority under the Central Board of Indirect Taxes and Customs (CBIC) has issued guidelines to field officers on issuing summons and provision of arrest and bail under the Goods and Services Tax (GST) law.
<https://indianexpress.com/article/india/gst-investigation-wing-summoning-cmd-ceos-8097852/>
- **COINS WORTH ₹11 CRORE MISSING FROM SBI VAULTS; CBI BEGINS PROBE:** The CBI on Thursday conducted searches at 25 locations in connection with a case of coins worth ₹11 crore going missing from the vaults of an SBI branch in Karauli in Rajasthan, officials said Friday. The central agency had registered the case on April 13 following an order of the Rajasthan High Court, they said.
<https://www.businesstoday.in/latest/trends/story/coins-worth-rs-11-crore-missing-from-sbi-vaults-cbi-begins-probe-345023-2022-08-18>
- **INDIAN INFLATION STILL ELEVATED, MAY WARRANT POLICY RESPONSE- RBI:** Inflation in India may still require a monetary policy response going forward as it remains above the target range even though it has eased in recent months, the Reserve Bank of India said on Thursday. In India, supply conditions are improving, with the recent monsoon pick-up, strong momentum in manufacturing and a rebound in services," RBI bulletin says. India's



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consumer inflation dipped to 6.71% in July, easing for the third month in a row and helped by a slower increase in food and fuel prices but it remained above the RBI's 2% to 6% tolerance band for a seventh straight month.

<https://www.livemint.com/economy/indian-inflation-still-elevated-may-warrant-policy-response-rbi-11660826767183.html>

- **BROKERS PROTEST PENALTIES OVER NEW CLIENT MARGIN NORMS:** India's stock broking community is up in arms in the wake of new regulations that mandate reporting of collateral, against which trading limits are given, at the level of each client. Brokers on their part, told Business Line that the penalty regime has begun on a turbulent note since systems of CCs were not functioning smoothly and the procedures were marred with glitches and repetitions.

<https://www.thehindubusinessline.com/markets/new-margin-reporting-norm-takes-a-toll-on-broking-community/article65784479.ece>

FINANCIAL TERMINOLOGY

DIFFERENCE BETWEEN ADR & GDR

- Depository Receipt (DR) is an instrument used by domestic companies to raise money outside the country. Some of its examples are American Depository Receipts (ADRs) and Global Depository Receipts (GDR).
- American Depository Receipts (ADRs) is a type of stock that allows US people to invest in non- US corporations and receive dividends in US dollars. Indian enterprises who want to raise capital in the United States can use ADRs to achieve so by issuing shares of any of the American bourses. The ADRs are governed by the Securities and Exchange Commission (SEC). They trade in US dollars and clear through US settlement systems, allowing ADR holders to avoid having to transact in a foreign currency.
- Global Depository Receipt or GDR are like ADRs except for the fact that it is listed on an exchange outside the United States and helps the issuer raise funds simultaneously in different markets like Luxembourg or London. The GDR is mostly traded on the European bourses.



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RBI KEY RATES

Repo Rate: 5.40% SDF: 5.15%
MSF & Bank Rate: 5.65%
Fixed Reverse Repo Rate: 3.35%
CRR: 4.50% SLR: 18.00%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 79.6667
INR / 1 GBP : 95.7440
INR / 1 EUR : 80.9658
INR /100 JPY : 58.8900

EQUITY MARKET

Sensex: 60298.00 (+ 37.87) NIFTY : 17956.50 (+ 12.20)
Bank NIFTY: 39656.20 (+194.50)

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