



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

July 20, 2022

- **PROGRESS IN DOUBLING FARMERS INCOME:** Government had constituted an Inter-Ministerial Committee in April, 2016 to examine issues relating to “Doubling of Farmers Income (DFI)” and recommend strategies to achieve the same. Ministry of Statistics and Programme Implementation [National Statistical Office (NSO)] conducted a Situation Assessment Survey (SAS) of Agricultural Households during NSS 70th round (January 2013- December 2013) with reference to the agricultural year July 2012- June 2013 and during NSS 77th round (January 2019- December 2019) and the survey says average monthly income of agricultural households rises from Rs.6426/- in 2012-13 to Rs.10,218/- in 2018-19. Government has adopted several developmental programmes, schemes, reforms and policies for achieving higher incomes for the farmers such as Formation and promotion of 10,000 FPOs along with necessary financial support under AtmaNirbhar Package (Agriculture), Special attention for creation of infrastructure through Agri Infrastructure Fund (AIF) with a size of Rs. 100,000 crore, Supplementary income transfers under PM-KISAN, Better access to irrigation under Pradhan Mantri Krishi Sinchai Yojana (PMKSY), Increase in Minimum Support Price (MSPs) for all Kharif& Rabi crops ensuring a minimum of 50 percent of profit margin on the cost of production, New procurement policy under PM-AASHA in addition to FCI operations etc.  
<https://pib.gov.in/PressReleasePage.aspx?PRID=1737287>
- **INDIA ATTRACTS USD 343.64 MILLION FDI EQUITY INFLOW IN R&D SECTOR DURING 2021:** India attracted USD 343.64 million FDI equity inflow in R&D sector during C.Y. 2021 (Calendar Year) which is 516% higher as compared to previous C.Y. 2020 (USD 55.77 million). FDI is permitted under 100% automatic route in R&D sector subject to applicable laws/regulations, security and other conditionalities. Karnataka is the top FDI Equity recipient state in R&D during C.Y. 2021 followed by Telangana and Haryana. The following states showed growth of more than 250% during C.Y. 2021 compared to previous C.Y. 2020: Telangana, Karnataka, Haryana, Andhra Pradesh & Tamilnadu. Singapore is the top investing country in R&D during C.Y. 2021 with 40% share of total FDI Equity in R&D followed by Germany (35%) and U.S.A (11%). Further, FDI Equity inflow from several countries like Germany, Mauritius, France, Singapore, Oman and U.S.A. showed an increase of more than 200% as compared to previous C.Y. 2020.  
[India receives \\$343.64 million FDI equity inflow in R&D sector in 2021 \(indiaonline.com\)](https://www.indiaonline.com)



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- **RBI PANEL PROPOSES FOUR-TIER REGULATORY FRAMEWORK FOR BIG COOPERATIVE BANKS:** A Reserve Bank of India committee has recommended a four-tier regulatory framework for urban cooperative banks (UCBs) based on the size of deposits and their area of operations. The differentiated regulatory approach was mainly recommended for key parameters such as net worth, capital to risk-weighted assets ratio (CRAR), branch expansion and exposure limits, according to the central bank. Under the revised approach, Tier 1 category will consist of all unit and salary earner's UCBs, irrespective of deposit size, the central bank said. This category will also include all other UCBs having deposits of up to Rs 100 crore, the regulator said. The second tier, or Tier 2, will consist of UCBs with deposits of more than Rs 100 crore and up to Rs 1,000 crore. The third tier, or Tier 3, will be UCBs with deposits of more than Rs 1,000 crore and up to Rs 10,000 crore. The fourth tier, or Tier 4, will consist of UCBs with deposits of more than Rs 10,000 crore. The minimum net worth of Rs 2 crore is stipulated for Tier 1 UCBs operating in a single district and Rs 5 crore for all other UCBs under all tiers. The UCBs that do not meet the requirement will be provided a glide path of five years to achieve this. The minimum CRAR requirement for Tier 1 banks is retained at 9 percent. For Tier 2, 3 and 4 UCBs, while retaining the current capital adequacy framework, it has been decided to revise the minimum CRAR to 12 percent.  
[RBI panel proposes 4-tier regulatory framework for urban cooperative banks \(moneycontrol.com\)](http://moneycontrol.com)
- **RUPEE HITS 80 MARK VERSUS DOLLAR FOR FIRST TIME AS OIL BOILS:** The Indian rupee on Tuesday hit a psychologically significant level of 80 for the first time against the US dollar after crude oil surged on concerns about tighter supplies globally, with the currency weakening for the eighth consecutive session. It opened at 79.99 and touched a fresh record low of 80.02. Overnight, crude oil surged over 5% after Saudi Arabia declined to commit to output increases following a visit by US president Joe Biden and a disruption along the Keystone pipeline cut shipments of some Canadian oil to US refiners, Bloomberg reported.  
[Rupee hits 80 mark versus dollar for first time as oil boils \(moneycontrol.com\)](http://moneycontrol.com)
- **GST CHANGES FROM MONDAY MAY PUT PRESSURE ON RETAIL INFLATION: EXPERTS:** A 5 per cent GST on pre-packaged unbranded food items from Monday onwards may push up retail price inflation moderately but this is likely to be more than neutralised by falling global commodity prices, as well as easing vegetable and fruit rates domestically, said experts.  
[GST changes from Monday may put pressure on retail inflation: Experts | Business Standard News \(business-standard.com\)](http://business-standard.com)
- **DEFAULTING FIRM'S DEBT INCLUDES BOTH PRINCIPAL AND INTEREST:** NCLAT: The National Company Law Appellate Tribunal (NCLAT) said last week that debt owed by a defaulting company includes both the principal amount and the interest on it. A bench of Justice Ashok Bhushan, Justice M. Satyanarayana Murthy, Member (Judicial), and Naresh Salecha, Member (Technical), said the total amount for maintainability of the claim will include both principal debt amount as well as interest on delayed payment.  
[Defaulting firm's debt includes both principal and interest: NCLAT | Business Standard News \(business-standard.com\)](http://business-standard.com)



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- **CANARA BANK RAISES RS 2,000 CR BY ISSUING BASEL III COMPLIANT BONDS:** Canara Bank on Tuesday said it has raised Rs 2,000 crore by issuing Basel III compliant additional tier I bonds this month. "The bank received total bid amount of Rs 5,719 crore, out of which full issuance of Rs 2,000 crore was accepted at 8.24 per cent," Canara Bank said in a regulatory filing. The state-owned lender said it issued 2,000 bonds to 21 allottees on July 19, 2022. The non-convertible, perpetual, taxable, subordinated, fully paid-up secured Basel III compliant additional tier I bonds carry coupon at 8.24 per cent per annum.  
[Canara Bank raises Rs 2,000 cr by issuing Basel III compliant bonds | Business Standard News \(business-standard.com\)](https://www.business-standard.com/news/economy/canara-bank-raises-rs-2000-cr-by-issuing-basel-iii-compliant-bonds-122071900101_1.html)
- **RBI IMPOSES RESTRICTIONS ON 2 CO-OP BANKS; CUSTOMERS CANNOT WITHDRAW FUNDS:** Customers of Karnataka-based Sri Mallikarjuna Pattana Sahakari Bank Niyamita and Maharashtra-based Nashik Zilla Girna Sahakari Bank will not be able to withdraw funds from their accounts with the RBI imposing restrictions on the lenders for six months. The restrictions have been imposed on the two cooperative banks by the Reserve Bank of India in wake of their deteriorating financial positions.  
[RBI imposes restrictions on 2 co-op banks; customers cannot withdraw funds | Business Standard News \(business-standard.com\)](https://www.business-standard.com/news/economy/rbi-imposes-restrictions-on-2-co-op-banks-customers-cannot-withdraw-funds-122071900101_1.html)
- **RBI IMPOSES RESTRICTIONS ON RAIGAD SAHAKARI BANK, CAPS CUSTOMER WITHDRAWALS:** The RBI on Monday imposed several restrictions on Mumbai-based Raigad Sahakari Bank, including a withdrawal cap of Rs 15,000 per customer, due to deterioration in the financial condition of the lender. The restrictions will remain in force for a period of six months.  
[RBI imposes restrictions on Raigad Sahakari Bank, caps customer withdrawals | Business Standard News \(business-standard.com\)](https://www.business-standard.com/news/economy/rbi-imposes-restrictions-on-raigad-sahakari-bank-caps-customer-withdrawals-122071900101_1.html)
- **KOTAK LAUNCHES AUTOMATION OF VEHICLE INSPECTION FOR INSURANCE RENEWALS:** Kotak Mahindra General Insurance Company has launched automation of vehicle inspection for insurance renewals with Artificial Intelligence (AI)-based technology. Under the AI-based inspection process, during policy renewals, customers can capture photos or videos of their vehicle and upload them on the cloud-based App.  
[Kotak launches automation of vehicle inspection for insurance renewals - The Hindu BusinessLine](https://www.thehindubusinessline.com/news/kotak-launches-automation-of-vehicle-inspection-for-insurance-renewals-122071900101_1.html)



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- **GOVT TO LAUNCH SCHEME FOR PHARMA MSMEs, CLUSTERS TO SUPPORT TECH UPGRADATION, IMPROVE PRODUCTIVITY AND QUALITY:** The department of pharmaceuticals on Tuesday said Chemicals & Fertilizers and Health & Family Welfare Minister Mansukh Mandaviya will unveil multiple initiatives under the scheme Strengthening Pharmaceuticals Industry (SPI) on July 21 (Thursday) that address issues related to technology upgradation among MSMEs at unit level and cluster level. In a statement, the department noted that in order to strengthen the supply chain of the pharmaceuticals industry, of which MSMEs are an integral part, the government will incentivize such businesses for getting Schedule M certification or Good Manufacturing Practice (GMP) certification by the World Health Organization (WHO) through the sub-scheme Pharmaceuticals Industry Technology Upgradation Assistance Scheme (PTUAS). MSMEs will have the option to choose from either capital subsidy or interest subvention to upgrade their production facilities as per WHO-GMP or Schedule-M standards. At the cluster level, the sub-scheme under SPI 'Assistance to Pharmaceuticals Industry for Common Facilities' (APICF) would help set up common facilities like testing labs, common effluent treatment plants, etc., through government grant up to 70 per cent of the project and subject to a ceiling of a maximum of Rs 20 crore. Under the third sub-scheme Pharmaceutical & Medical Devices Promotion and Development Scheme (PMPDS), a series of awareness programs, sectoral studies and similar programs will be organised to generate soft inputs for policy advocacy, the government said. The amount earmarked for three components of the Rs 500-crore five-year (FY22-FY26) SPI scheme is Rs 178 crore (APICF), Rs 300 crore (PTUAS), and Rs 21.5 crore (PMPDS). The guidelines for the scheme were launched in March this year.

[Govt to launch scheme for pharma MSMEs, clusters to support tech upgradation, improve productivity and quality | The Financial Express](#)

- **RBI SAYS PRODUCTS OF 4 ENTITIES VIABLE FOR CROSS BORDER PAYMENTS UNDER REGULATORY SANDBOX:** Products offered by four entities for 'cross border payments' have been found viable by the Reserve Bank of India (RBI) after they completed the test phase under the regulatory sandbox scheme. Regulatory sandbox usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain relaxations for the limited purpose of the testing. The four entities are Cashfree Payments India, FairX Solutions, Nearby Technologies and Open Financial Technologies. The entities have now exited the second cohort of the regulatory sandbox on 'cross-border payments', it said, and added the products found acceptable under the cohort may be considered for adoption by regulated entities subject to compliance with applicable regulatory requirements. The objective of the regulatory sandbox is to foster responsible innovation in financial services, promote efficiency and bring benefit to consumers. As per RBI, first and foremost benefit of regulatory sandbox is that it fosters 'learning by doing' on all sides.

[RBI says products of 4 entities viable for cross border payments under regulatory sandbox | The Financial Express](#)



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- **MUDRA NPAS MODERATE IN FY22, THOUGH STILL ABOVE PRE-COVID LEVELS:** (NPAs) for credit disbursed by banks and other lending institutions under the Pradhan Mantri Mudra Yojana (PMMY) have slightly moderated in the financial year 2021-22, according to the government data. Indicating relief from credit schemes such as ECLGS by the government, NPAs as a cumulative percentage of total Mudra loans disbursed in FY22 decreased to 3.17 per cent from 3.61 per cent in FY21 though still above 2.53 per cent in FY20.  
[Mudra NPAs moderate in FY22, though still above pre-Covid levels | The Financial Express](#)
- **53 YEARS OF BANK NATIONALIZATION, TIME TO BID ADIEU TO PUBLIC-SECTOR BANKS:** On this day (19th July) 53 years ago, 14 private banks were nationalised. Then again in April 1980, six more private banks were nationalised. SBI was brought under the government control earlier in 1955 and its 7 associates in 1960. These 28 public-sector banks (PSBs) had their dominance until 1995 with almost 90 percent market share. The remaining market share was with the private banks. Then came the tech-savvy new generation private banks following liberalisation of the economy in 1991. Much water has flown under the bridge since then. Now the number of the PSBs has come down from 28 to 12 following a series of mergers and amalgamations. The market share of the PSBs has also come down from 90% to below 60% in the last 30 years. It is likely that out of the 12 PSBs, two are going to change hands in near future, since it has been envisaged in the Union Budget for 2021-22. A paper co-authored by two noted economists—former Niti Aayog vice-chairman and the NCAER chief—has recommended that all PSBs barring SBI be privatised. The reasons for the proposed privatisation emanate from the fact that PSBs have underperformed in the areas of asset quality, returns on equity/dividend payments and the valuation aspects. Of course, the PSBs need to pay heed to some of the harsh realities.  
[53 years of bank nationalisation: Time to bid adieu to public-sector Banks? | The Financial Express](#)
- **COST OF STATES BORROWINGS UP AT 7.96 PER CENT:** Reflecting the rising interest rate regime, states are paying higher for market borrowings with the weighted average cost for debt for the first time hitting 7.96 per cent, up 7 bps from last week. Similarly, as much as 71 per cent of the debt issuances at the weekly auction on Tuesday was in longer tenors more than 10 years, thus increasing the weighted average tenor to 15 years, rating agency ICRA said. Nine states raised Rs 12,800 crore from state development loan auctions, which is 17 per cent lower than the indicated amount, wherein the weighted average cut-off rose by 7 bps to 7.96 per cent, but the spread between the 10-year SDL and G-secs narrowed to 39 bps from 42 bps last week, as most of the auction was in longer tenors, the agency said.  
[Cost of states borrowings up at 7.96 per cent - The Economic Times \(indiatimes.com\)](#)



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#### **RBI KEY RATES**

Repo Rate: 4.90%  
SDF: 4.65%  
MSF & Bank Rate: 5.15%  
Fixed Reverse Repo Rate: 3.35%  
CRR: 4.50%  
SLR: 18.00%

#### **FOREX RATES (AS PER FBIL 1.30 PM)**

INR / 1 USD : 79.9478  
INR / 1 GBP : 95.7364  
INR / 1 EUR : 81.1939  
INR /100 JPY: 57.9700

#### **EQUITY MARKET**

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