



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

**October 20, 2022**

### **FINANCIAL SERVICES SECY SANJAY MALHOTRA TO SUCCEED TARUN BAJAJ**

**AS REVENUE SECY :** The government on October 19 named Financial Services Secretary Sanjay Malhotra as Revenue Secretary Tarun Bajaj's successor. He will take charge as the revenue secretary after Bajaj retires on November 30. Meanwhile, the vacancy created by Malhotra's move to the Department of Revenue will be filled by Vivek Joshi, according to a government statement.

**(Moneycontrol)**

**INDUSIND BANK'S NET PROFIT SHOOTS UP 57% YoY:** Indusind Bank posted a 57 percent year-on-year rise in net profit this September quarter. Its net profit was Rs 1,805.3 crore in Q2FY23 against Rs 1,146.7 crore in Q2FY22. Its gross NPA as a percentage of its total loan book fell to 2.11 percent in Q2FY23 from 2.77 percent in Q2FY22, and from 2.35 percent in Q1FY23. Its net NPA was 0.61 percent, which was a YoY fall of 19 bps and a QoQ fall of 6 bps. IndusInd Bank's net interest margin was at 4.24 percent.

**(Moneycontrol)**

**EPFO ISSUES CLARIFICATION ON EDLI INSURANCE CLAIMS:** The Employees' Provident Fund Organisation (EPFO) has said that it has received complaints under Employees' Deposit Linked Insurance Scheme (EDLI) where an employee has passed away while on the job, after which some offices are rejecting the claims on the grounds that the contribution was not received in the prior few days. Due to this the EDLI benefits are being paid due to such Non-Contributory Period of Service (NCP) days. As per the EPFO circular issued on October 18, "Due verification shall be done but it should be done within 7 days and the family members should not be harassed. In cases where employer states that the member is on the muster rolls and the EO says otherwise, the reason why the employer version is not acceptable to us should be clearly listed out and examined at Office."

**(Economic Times)**

### **FITCH SEES LIMITED RISKS TO INDIA'S SOVEREIGN RATING FROM EXTERNAL**

**PRESSURES:** Ratings agency Fitch on Wednesday said India's external buffers appear sufficient to cushion risks associated with rapid monetary policy tightening in the United States and high global commodity prices. In a statement, Fitch said the country's foreign exchange reserves will remain robust and its current account deficit is expected to remain at sustainable levels, limiting any risk to India's sovereign rating from external pressures.

**(Live Mint)**



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## **RBI RATE HIKES TO CONTAIN PRICE RISE; INFLATION TO FALL BELOW 6%**

**NEXT YEAR:** RBI Monetary Policy Committee member Ashima Goyal said that the efforts of the central bank to contain price rise by repeatedly increasing interest rates will help in containing inflation, which is likely to fall below 6 per cent next year. "With a lag of two-three quarters, higher real rates will reduce demand in the economy. International commodity prices are softening with the global slowdown and supply chain bottlenecks have reduced," she told news agency PTI. RBI raised the short-term lending rate for the third consecutive time by 50 bps to take the repo rate to 5.9 %, on September 30. Since May it has cumulatively increased the key interest rate by 190 basis points.

*(Live Mint)*

## **PM MODI LAUNCHES MISSION SCHOOLS AND PROJECTS WORTH ₹4,260**

**CRORE:** Prime Minister on Wednesday launched Mission Schools of Excellence at Trimandir, Gujarat. He also inaugurated projects worth ₹4,260 crore. The Mission is conceived with a total outlay of ₹10,000 crore and will help strengthen education infrastructure in Gujarat

*(Live Mint)*

## **FCI TO CONSTRUCT 111.125 LMT MODERN STEEL SILOS AT 249 LOCATIONS IN 12 STATES:**

Food Corporation of India (FCI) has planned to construct 111.125 Lakh Metric Tonnes (LMT) modern steel silos at 249 locations spread across 12 states under Hub & Spoke model under Public Private Partnership with total investment of approx. 9236 crores. These silos would be constructed in three phases over next 3-4 years. The proposed model of development is DBFOT (Design, Build, Finance, Operate and Transfer) and DBFOO (Design, Build, Finance, Own and Operate) wherein the private entities shall be responsible for construction and operation of these modern Silos for a pre-defined period. Through this Public Private Partnership (PPP) mode of DBFOT, the land is to be provided by FCI while under the DBFOO mode, the land is to be acquired by the private entities.

*(Press Information Bureau, GoI)*

## **GRANT OF RS. 1,764 CRORE RELEASED TO STATES FOR MILLION PLUS CITIES/URBAN AGGLOMERATIONS:**

The Department of Expenditure, Ministry of Finance today released an amount of Rs. 1,764 crore to 4 States for providing grants to Million Plus Cities/Urban Agglomerations. The 15<sup>th</sup> Finance Commission (15<sup>th</sup> F.C.) in its report for the period from 2021-22 to 2025-26 has divided the Urban Local Bodies into two categories: (a) Million-Plus urban agglomerations/cities (excluding Delhi and Srinagar), and (b) all other cities and towns with less than one million population (Non-Million Plus cities). The 15<sup>th</sup> F.C. has recommended separate grants for them. Out of the total grants recommended by the Commission for Million Plus Cities/ Urban Agglomerations (MPC/UAs), more than 2/3<sup>rd</sup> is recommended for Solid Waste Management component and the remaining 1/3<sup>rd</sup> is allocated for Ambient Air quality.

*(Press Information Bureau, GoI)*



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**MSMEs TO CONTINUE TO AVAIL OF ALL NON-TAX BENEFITS OF THE CATEGORY IT WAS IN BEFORE THE RE-CLASSIFICATION, FOR A PERIOD OF 3 YEARS FROM THE DATE OF SUCH UPWARD CHANGE:**

The Ministry of MSME has notified that in case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category it was in before the re-classification, for a period of three years from the date of such upward change instead on one year. Non-tax benefits include benefits of various schemes of the Government, including Public Procurement Policy, Delayed Payments, etc.

*(Press Information Bureau, GoI)*

**BHARAT BOND ETFs CROSS RS 50,000 CRORE AUM MARK:** The Bharat Bond Exchange Traded Funds (ETFs) have crossed Rs 50,000 crore assets under management (AUM) in just three years since launch, Edelweiss Mutual Fund said on Wednesday. The first tranche of Bharat Bond ETFs was launched in December 2019. Since then, the fund house has launched four more tranches. The Bharat Bond ETF is a government initiative and is managed by Edelweiss MF. “The success of Bharat Bond ETFs is a testament to the financial strength of PSUs and the trust that they inspire in investors.

*(Business Standard)*

**CEOs OF INDIAN COMPANIES GET NEARLY 4% COMPENSATION HIKE IN**

**FY22:** The Chief Executive Officers (CEOs) of Indian companies got an average hike of 4 per cent on their compensation in FY22, reported *The Economic Times*. This is a moderate increase from the pre-pandemic period.

*(Business Standard)*

**E-GAMING FEDERATION TO CHALLENGE TAMIL NADU ORDINANCE BANNING**

**ONLINE GAMING:** The E-gaming Federation (EGF) is set to challenge the recent ordinance issued by the Tamil Nadu government to ban online gaming by categorising rummy and poker as games of chance. Rummy has been regarded predominantly as a game of skill by the Supreme Court and held to be protected under Article 19(1)(g) of the Indian Constitution. Bringing rummy under the ambit of games of chance directly violates the Supreme Court judgments and the Madras High Court judgment which overturned the law banning online games, EGF said in a statement.

*(Business Standard)*

**HOME LOAN INTEREST RATE CUT! TWO BANKS OFFERING CHEAPER LOANS THAN SBI AND HDFC THIS FESTIVE SEASON:**

Amid rising interest rates, two lenders – Bank of India and Bank of Maharashtra – have slashed their home loan rates during the festival season. They are offering cheaper starting home loan interest rates than market leaders like



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the State Bank of India and HDFC Ltd. Bank of India (BOI) has slashed its home loan interest rates to 8.30%. The bank said in a statement today (October 19) that it is offering a “competitive” interest rate starting at 8.30% per annum with the “most affordable” EMI beginning at Rs.755 per lakh. Earlier this month, the Bank of Maharashtra slashed home loan interest rate to 8% as a part of its festive offer. This bank is now offering home loans starting at 8.3%. The rate varies depending on the borrower’s credit score.

***(Financial Express)***



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## ***FINANCIAL TERMINOLOGY/CONCEPTS***

### **PROMISSORY NOTE**

- ❖ Promissory Note is defined in Section 4 of Negotiable Instruments Act 1881.
- ❖ Promissory note is a financial instrument that contains a written promise by one party (the note's issuer or maker / Promisor ) in writing (not being a Currency Note) to pay another party (the note's payee / Promisee ) or his order a definite sum of money, either on demand or at a specified future date.
- ❖ A promissory note typically contains all the terms pertaining to the indebtedness, such as the principal amount, interest rate, maturity date, date and place of issuance, and issuer's signature.
- ❖ Promissory notes require stamping as per Indian Stamp Act.

**Parties of a Promissory Note:** There are basically two parties

1. **Maker / Promisor:** Who promises to pay. (Example- a borrower in case of a Bank loan)
2. **Payee / Promisee :** To whom it is payable (Example-The Bank in case of a Bank Loan)

**Types of Promissory Note:** There are two types of Promissory Notes

1. **Demand Promissory Note** which is payable immediately on demand.
2. **Usance Promissory Note** which is payable after a certain pre-decided period.

**Promissory Notes payable to bearer:** As per Section 31 of RBI Act, Demand Promissory Notes / Demand Bill of Exchange/ Hundis payable to bearer can't be issued by anybody except RBI and Govt. Of India since that is as good as Currency Notes and governed by Indian Currency Act.



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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 : 82.3735  
INR / 1 GBP : 93.0974  
INR / 1 EUR : 81.0121  
INR /100 JPY: 55.1600

### **EQUITY MARKET**

Sensex: 59107.19 (+ 146.59)  
NIFTY : 17512.30 (+ 25.30)  
Bank NIFTY: 40373.20 (+ 54.45)

**(CMA Chittaranjan Chattopadhyay)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

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