



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

October 22, 2022

RBI DEPUTY GOVERNOR BATS FOR INTERNATIONALISATION OF RUPEE, SAYS RISKS UNAVOIDABLE:

T Rabi Sankar, one of the deputy governors at the Reserve Bank of India (RBI) on October 20 made a strong pitch for the internationalisation of the Rupee, listing its advantages and saying the risks associated with the move are unavoidable. "Internationalisation would make domestic monetary policy more challenging but the alternative of compromising on growth by playing it safe is clearly not an optimal choice," said Rabi Sankar. Internationalisation of the Rupee refers to adopting full capital account convertibility. This will mean no restrictions on the amount of Rupee that can be converted into foreign currencies for transactions such as the purchase of assets. Listing the advantages of Rupee internationalisation, the RBI official said use of Rupee in cross-border transactions mitigates currency risk for Indian business. "Protection from currency volatility not only reduces cost of doing business, it also enables better growth of business.

(Moneycontrol)

RIL Q2 CONSOLIDATED NET PROFIT FLAT ON-YEAR AT RS 13,656 CRORE:

Reliance Industries on October 21 reported a consolidated net profit of Rs 13,656 crore for the quarter ended September as against Rs 13,680 crore in the year-ago quarter. Revenues at the petrochemical major surged 33.7 percent to Rs 2.32 lakh crore, led by strong performance of the oil-to-chemical, telecom and retail operations in the quarter. The company also announced it will demerge its financial services undertaking into Reliance Strategic Investments Limited (RSIL) and it will be renamed Jio Financial Services Limited ("JFSL").

(Moneycontrol)

SBI HIKES RETAIL TERM DEPOSIT INTEREST RATES UP TO 80 BPS:

SBI announced on October 21 that it has revised the interest rates of retail term deposits, i.e., deposits below Rs 2 crore, upward, up to 80 bps, which will be effective from October 22, 2022.

(Moneycontrol)

NPS INVESTORS CAN NOW INVEST UP TO 75% IN EQUITY TILL AGE OF 60:

The Pension Fund Regulatory Authority (PFRDA) has increased the ceiling for National Pension System (NPS) under its Active Choice to invest in Asset Class E (equity) investments to a maximum of 75% without any conditions of tapering from the age of 51 years. PFRDA made this announcement via a press release dated October 20, 2022. Further, the option to allocate 100% of a subscriber's contribution to Asset Class E (Equity) in Tier-II (Optional Account) under the active choice and without any tapering requirements has



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been decided, as per the PFRDA press release. Earlier, under the scheme when a subscriber turned 51 years old, the 75% cap on asset class E was reduced by 2.5% annually and switched to government securities.

(Economic Times)

PAKISTAN TAKEN OFF GLOBAL WATCHDOG'S 'GREY' LIST FOR TERROR

FINANCING: Pakistan has been taken off from the grey list of the FATF, the global watchdog on terror financing and money laundering, four years after the country was put in the infamous categorisation. Significantly, for the first time, the FATF put Myanmar in the "high risk jurisdictions subject to a call for action", often referred to as the watchdog's black list. With Pakistan's exit from the "grey list", Islamabad may now try to get financial aid from the International Monetary Fund (IMF), the World Bank, the Asian Development Bank (ADB) and the European Union (EU), to boost its cash-strapped economy.

(Economic Times)

IDBI BANK Q2 RESULTS: NET PROFIT UP 46% AT RS 828 CRORE: IDBI Bank on Friday reported a 46 per cent rise in its net profit to Rs 828 crore for the second quarter ended September 30. The bank had posted a net profit of Rs 567.12 crore in the year-ago period. The lender improved its asset quality by bringing down its gross non-performing assets (NPAs) to 16.51 per cent of the gross advances as of September 30, 2022, against 21.85 per cent at the end of September 2021. Its net NPAs too came down to 1.15 per cent from 1.71 per cent.

(Economic Times)

PSBs ASKED TO SET UP ONE NATIONAL HELPLINE: The government has asked state-owned lenders to set up a "single national helpline" to facilitate expeditious redressal of consumer grievances. "The helpline number will be preferably of three or four digits, so that in case of need customers dial the given number to reach out to their banks and respective branches or departments by way of a hub-and-spoke model," said a government official, who did not wish to be identified. The banks will engage PSB Alliance Private Limited for coordinating and developing an appropriate system and monitoring the functioning of the helpline.

(Economic Times)

CONSOLIDATION OF PSBS HAS NOT IMPACTED THEIR OUTREACH, SAYS

RBI DEPUTY GUV RAO: Reserve Bank Deputy Governor M Rajeshwar Rao on Friday said consolidation of public sector banks does not seem to have had any negative impact on their outreach or inclusive banking efforts. "The consolidation of public sector banks does not seem to have had any negative impact on their outreach or inclusive banking efforts as the total



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number of bank branches has largely remained same (with minor reductions due to rationalisation) pre- and post-merger,” he noted.

(Financial Express)

CENTRE MAY CONSIDER INCREASING INTEREST SUBSIDY FOR MSME MANUFACTURERS AND EXPORTERS:

The union government is contemplating to raise the interest subsidy from 3 per cent to 5 per cent for micro, small and medium manufacturers, and from 2 per cent to 3 per cent for manufacturer-exporters and merchant-exporters exporting under 410 tariff lines, as per a report by Mint. The subsidy would come across as a relief for the concerned exporters following the rising interest rates.

(Live Mint)

SRI LANKA'S CONSUMER INFLATION HITS RECORD 73.7% IN SEPTEMBER:

Sri Lanka's National Consumer Price Index (NCPI) based-inflation rose to a new high of 73.7 per cent in September from a year earlier, quickening from 70.2 per cent in August, the statistics department said. Annual food price inflation picked up to 85.8 per cent from 84.6 per cent in August, while prices of non-food items rose 62.8 per cent.

(Business Standard)

NCLAT DIRECTS JET AIRWAYS' NEW OWNER TO CLEAR UNPAID PROVIDENT FUND, DUES:

Insolvency appellate tribunal NCLAT on Friday directed Jet Airways' new owner - Jalan-Kalrock consortium - to pay the unpaid provident fund and gratuity dues of employees of the carrier, which is going to restart its operation. It has directed the former resolution professional to "compute the payments to be made to workmen and employees within one month from today" and communicate the same to the Jalan-Kalrock consortium to take steps for the payment.

(Business Standard)

PUNJAB GOVT DECIDES TO RESTORE OLD PENSION SCHEME FOR ITS EMPLOYEES:

The Punjab government on Friday took an in-principle decision to restore the old pension scheme for its employees. Restoration of the old pension scheme, which was discontinued in 2004, has been one of the major demands of state government employees.

(Business Standard)

RBI LIFTS BAN ON NEW BRANCHES BY TAMILNAD MERCANTILE BANK:

RBI has lifted its 3 year ban on opening new branches by the Thoothukudi-based bank w.e.f October 21. At present, it has 509 branches out of this, only around 40-50 were loss making. There were media reports that indicated that the bank may be looking to add another 100-150 branches in the next 18-24 months, the majority of which will be in states other than Tamil



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Nadu. The Apex Bank took the decision to come up with restrictions on the bank reportedly in June 2019.

(Business Standard)

ED FREEZES DEPOSITS WORTH ₹78 CR AFTER SEARCHES AT RAZORPAY,

OTHERS: The Enforcement Directorate on Friday said that it has frozen fresh deposits worth ₹78 crore following searches at the premises of payment gateway company Razorpay and some banks as part of an ongoing money laundering probe against the alleged illegal operations of loan apps "controlled" by Chinese nationals.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

PERFECT COMPETITION

Perfect competition describes a market structure where competition is at its greatest possible level. To make it more clear, a market which exhibits the following characteristics in its structure is said to show perfect competition:

1. Large number of buyers and sellers, Homogenous product is produced by every firm.
2. Free entry and exit of firms, Zero advertising cost..
3. Consumers have perfect knowledge about the market and are well aware of any changes in the market. Consumers indulge in rational decision making..
4. All the factors of production, viz. labour, capital, etc, have perfect mobility in the market and are not hindered by any market factors or market forces.
5. No government intervention, No transportation costs.
6. Each firm earns normal profits and no firms can earn super-normal profits.
7. Every firm is a price taker. It takes the price as decided by the forces of demand and supply. No firm can influence the price of the product.

Ideally, perfect competition is a hypothetical situation which cannot possibly exist in a market. However, perfect competition is used as a base to compare with other forms of market structure. No industry exhibits perfect competition in India.



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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 : 82.8619
INR / 1 GBP : 92.6606
INR / 1 EUR : 80.9251
INR /100 JPY: 55.0900

EQUITY MARKET

Sensex: 59307.15 (+ 104.25)
NIFTY : 17576.30 (+ 12.30)
Bank NIFTY: 40784.10 (+684.55)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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