



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

December 22, 2022

MPC MINUTES: PREMATURE PAUSE IN RATE HIKES A COSTLY ERROR AT THIS JUNCTURE; RBI GOVERNOR:

The Reserve Bank of India (RBI) Governor Shaktikanta Das is of the opinion that a premature pause in the monetary policy rate hike course would prove to be a costly policy error at this juncture, showed the minutes of the Monetary policy committee (MPC) meeting held between December 5 to December 7. Given the uncertain outlook, Das added that we might find ourselves striving to do a catch-up through more vital policy actions in the subsequent meetings to ward off accentuated inflationary pressures. The MPC hiked the repo rate by 35 bps in the meeting taking the policy repo rate to 6.25 percent to fight persistently high inflation. The central bank publishes the minutes of the monetary policy on the fourteenth day after every monetary policy meeting. He said further calibrated monetary policy action is warranted to contain build-up in underlying inflationary pressures, keep inflation expectations anchored, and bring inflation closer to the target rate of 4 percent over the medium term.

(Moneycontrol)

SEBI EXTENDS DERIVATIVES TRADE BAN IN 7 AGRI COMMODITIES BY A

YEAR: Market regulator SEBI has extended the ban on derivatives trading in seven agriculture commodities over concerns on triggering inflation. Last December, SEBI had banned derivative trading in these commodities for one year expiring this month. In a circular, the SEBI had directed stock exchanges having commodity derivatives segment to suspend derivative contracts trading in paddy (non-basmati), wheat, chana, mustard seeds, soya bean, crude palm oil and moong. In continuation of the said directions, the suspension of trading in the above contracts has been extended for one more year till December 20, 2023.

(Business Line)

SUBSIDIES NEED TO BE PROVISIONED PROPERLY: FM SITHARAMAN:

Finance Minister Nirmala Sitharaman on Wednesday said subsidies and freebies are to be contextualised. She also said the government is keeping an eye on inflation. These remarks were made during her reply to the debate on Supplementary Demands for Grants (SDG) in the Rajya Sabha. During the debate, some MPs criticised the Centre for a high additional expenditure of ₹3.25-lakh crore.

(Business Line)



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57% OF THE MSME OWNERS STRUGGLE TO GET NEW ORDERS FOR THEIR MERCHANDISE: BYST REPORT:

The economic condition of MSMEs is yet to stabilise even though the demand has been consistent post the pandemic. Almost 57 per cent of the entrepreneurs expressed concern over getting new orders for their products or services, finds the survey by Bhartiya Yuva Shakti Trust (BYST), an NGO that mentors youth for entrepreneurship. The survey done in October 2022 covered 5,685 micro-entrepreneurs from states including Haryana, Rajasthan, Uttrakhand, Odisha, Jharkhand, Tamil Nadu, Telangana, Andhra Pradesh, Maharashtra, Assam and New Delhi.

(Financial Express)

MUDRA LOAN NPA ONLY 3.17% OF ADVANCES: The finance ministry on Tuesday said NPAs relating to Mudra loans stood at just 3.17% of the credit disbursed as of March 2022. Lenders, disbursed Mudra loans of Rs 17.35 trillion between April 1, 2017 and November 25 this year, minister of state for finance Bhagwat Karad said in the Rajya Sabha. The gross NPAs in the banking system, which eased to a six-year low in March 2022, stood at 5.9%. Karad said, to contain NPAs in Mudra loans, public-sector banks have been periodically advised to improve underwriting appraisal standards, make granular analysis of the substandard accounts and regularly monitor asset quality for small-ticket loans.

(Financial Express)

WORLDLINE EPAYMENTS INDIA GETS RBI'S IN PRINCIPLE NOD TO ACT AS PAYMENT AGGREGATOR:

Worldline ePayments India (WEIPL), a leader in digital payments, has received in-principle authorisation from the Reserve Bank Of India (RBI) to act as a payment aggregator (PA). A communication to this effect was received by WEIPL from the RBI on December 20.

(Business Line)

PSU BANKS DRAW UP PLANS TO RAISE FUNDS AS CREDIT GROWTH PICKS UP:

Public-sector banks are all set to raise funds by selling additional Tier 1 (AT1) bonds this week as they keep capital ready to participate in the emerging demand for credit. Union Bank of India (UBI) raised ₹663 crore on Wednesday. Punjab National Bank (PNB) and Bank of Maharashtra (BoM) are expected to raise money on Thursday.

(Economic Times)

RESERVE BANK OF INDIA MAY HIKE REPO RATE TO 6.75% IN 2023, SAYS IDBI BANK'S ARUN BANSAL:

The Reserve Bank of India could take the key policy rate to 6.75% next year, as core inflation stays elevated and the U.S. Federal Reserve continues to hike rates, treasury head of IDBI Bank said on Wednesday. "The focus will now be on core inflation that continues to be above 6%. Some other components in inflation have also shown



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an uptick. So, it is too early to say that inflation has come within the RBI's tolerance band," Arun Bansal, executive director, and head of treasury at IDBI said.

(Economic Times)

BANDHAN BANK RECEIVES BIDS FROM ARC FOR WRITTEN-OFF PORTFOLIO OUTSTANDING ₹8,897 CR:

Bandhan Bank on Wednesday announced receiving bids worth ₹801 crore from an asset reconstruction company (ARC) for the written-off portfolio with an outstanding of ₹8,897 crore. The bank will take up the bidding as per the Swiss challenge method. The decision comes after the board of directors approved transfer of Group's loan and SBAL written-off portfolio to an ARC. However, the name of the ARC was not revealed yet.

(Live Mint)

INFOSYS RECOGNISED WITH 'A' SCORE FOR TRANSPARENCY ON CLIMATE

CHANGE: Infosys has been recognised for leadership in corporate transparency and performance on climate change by global environmental non-profit CDP, securing a place on its annual 'A List'. Infosys is one of a small number of companies that achieved an 'A' out of nearly 15,000 companies scored.

(Economic Times)

UK'S TRADE PANEL PROPOSES LIFTING BAR ON INDIAN STAINLESS STEEL:

In its initial findings, the UK's Trade Remedies Authority (TRA) has proposed that a countervailing measure on imports of stainless steel bars and rods from India be revoked. Countervailing measures are put in place to offset imports being sold at unfair prices due to government subsidies in their country of origin. The TRA set out in its Statements of Essential Facts (SEF) on Tuesday that revoking the measure would be unlikely to cause injury to the UK industry.

(Business Standard)

AP GOVT GIVES FREE TABS WITH EDU CONTENT TO OVER 500,000

STUDENTS: Andhra Pradesh Chief Minister Y S Jagan Mohan Reddy on Wednesday formally launched free computer tab loaded with Byju's content to over five lakh Class VIII students at Yadlapalli in Bapatla district. Addressing a public gathering, Jagan said around Rs 686 crore was spent to distribute 5,18,740 tabs loaded with Byju's content free of cost to 4.59 lakh Class VIII students besides teachers, which can be used even in offline mode.

(Business Standard)

COVID FEARS, PROFIT BOOKING PULLS INDICES; SENSEX DOWN 635

POINTS: A combination of Covid-19 fears and profit booking pulled the Indian benchmark



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indices on Wednesday. The Sensex fell 635 points to end the session at 61,067 -- a decline of 1.03 per cent. The Nifty50, on the other hand, ended the day at 18,199, a decline of 186 points or 1.01 per cent. The union health minister Mansukh Mandaviya chaired a meeting on the Covid-19 situation and urged for strengthening surveillance. India reported 131 fresh infections, according to news reports, on Wednesday.

(Business Standard)

SEBI SLAPS RS 10 LAKH FINE ON RELIANCE COMMERCIAL FINANCE FOR

DEFYING NORMS: Capital markets regulator SEBI on Wednesday imposed a penalty of Rs 10 lakh on Reliance Commercial Finance Ltd (RCFL) for flouting disclosure norms. Reliance Commercial Finance, whose debt securities are listed on the stock exchanges, has been directed to pay the fine within 45 days. In its order, SEBI found that RCFL did not give prior intimation to the stock exchange (at least 11 working days before the date) with respect to the due date of payment of interest on certain non-convertible debentures (NCDs) and also made a delay in submission of the record date.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

DOMESTIC INSTITUTIONAL INVESTORS (DIIs)

- ❖ Domestic institutional investors are those institutional investors which undertake investment in securities and other financial assets of the country they are based in.
- ❖ Institutional investment is defined to be the investment done by institutions or organizations such as banks, insurance companies, mutual fund houses, etc in the financial or real assets of a country. Simply stated, domestic institutional investors use pooled funds to trade in securities and assets of their country.
- ❖ These investment decisions are influenced by various domestic economic as well as political trends. In addition to the foreign institutional investors, the domestic institutional investors also affect the net investment flows into the economy.



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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 : 82.7736
INR / 1 GBP : 100.6693
INR / 1 EUR : 87.7443
INR /100 JPY : 62.6500

EQUITY MARKET

Sensex: 61067.24 (-635.05)
NIFTY : 18199.10 (-186.20)
Bnk NIFTY: 42617.90 (-741.60)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

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Publications by BFSI Board

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**

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CMA Chittaranjan Chattopadhyay

Chairman,

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The Institute of Cost Accountants of India

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