



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD, ICAI

August 24, 2022

- **INDIA-UK TO EXCHANGE EXPERIENCES AND BEST PRACTICES IN AREAS OF WORKING OF COMMERCIAL COURTS, AND ADR:** During the recent meeting of India-UK Joint Consultative Committee (JCC), a broad agreement was reached to facilitate exchange of experiences and best practices in the area of working of commercial courts, Alternate Dispute Resolution (ADR) mechanisms like arbitration and mediation, use of technology in case management, justice dispensation and enforcement of contracts and in area of simple legislative drafting. The Government of India and United Kingdom had on 10th July 2018 entered into a MoU for promoting cooperation between both countries, in the sphere of Law and Justice. A Joint Consultative Committee (JCC) has been constituted in terms of the MoU to carry out its objectives by firming up the way forward in areas of cooperation.
<https://pib.gov.in/PressReleasePage.aspx?PRID=1853807>
- **ADANI MEDIA ARM TO PURCHASE 29.18% STAKE IN NDTV:** Adani Group's media arm on August 23 announced that it would purchase a 29.18 percent stake in New Delhi Television Ltd (NDTV), and make an open offer to acquire another 26 percent of the shares in the company. The acquisition of 29.18 percent stake will be indirect, as it will be made through Vishvapradhan Commercial Pvt Ltd (VCPL), a wholly owned subsidiary of AMG Media Network Ltd (AMNL), which is owned by Adani Enterprises Ltd (AEL). VCPL has exercised the right to acquire "99.5 percent of the equity shares of RRPR Holding Private Limited", a promoter entity of NDTV which holds 29.18 percent stake in the media group, a press release said.
[Adani media arm to purchase 29.18% stake in NDTV, launch open offer \(moneycontrol.com\)](#)
- **GOVERNMENT TO APPROACH CAPITAL MARKET NEXT MONTH TO RAISE FUNDS FOR FOUR ROAD PROJECTS:** Road Transport Minister Nitin Gadkari on Tuesday said the government will approach the capital market next month to raise funds for four road projects. The money will be raised through Infrastructure Investment Trusts (InvITs), and there will be an investment limit of Rs 10 lakh for retail investors, he added. "We will be approaching the capital market to raise funds for the four road projects... there will be an assured return of 7-8 per cent," Gadkari said while addressing a Ficci event. Infrastructure Investment Trusts (InvITs) are instruments on the pattern of mutual funds, designed to pool money from investors and invest in assets that will provide cash flows over a period of time. Gadkari said the road ministry will also be opening up projects under the build operate transfer (BOT) model once again.
[Government to approach capital market next month to raise funds for four road projects \(moneycontrol.com\)](#)



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- **BANKS' LOW-COST CASA DEPOSITS UP IN SYNC WITH RISE IN UPI TRANSACTIONS:** The spectacular jump in UPI (unified payments interface) transactions over the last few years may be one of the reasons for the growth in banking system's low-cost current account, savings account (CASA) deposits, going by Reserve Bank of India (RBI) data. CASA deposits of scheduled commercial banks up to 45.15 per cent; value of UPI transactions surged almost 10 times, the RBI data shows.
[Banks' low-cost CASA deposits up in sync with rise in UPI transactions - The Hindu BusinessLine](#)
- **RBI SEEKING TO BRING DOWN INFLATION TO 4% WITHIN 2 YEARS: SHAKTIKANTA DAS:** The Reserve Bank of India (RBI) aims to bring down retail inflation to its medium-term target of 4 per cent within two years, according to Governor Shaktikanta Das. 'Central bank will approach the target without much of a growth sacrifice', the governor said.
[RBI seeking to bring down inflation to 4% within 2 years: Shaktikanta Das - The Hindu BusinessLine](#)
- **SBI AND ICRA SEE ECONOMY GROWING IN DOUBLE-DIGITS IN JUNE QUARTER:** Rating agency ICRA has predicted that India's gross domestic product (GDP) will grow 13 per cent year-on-year (YoY) in the first quarter of financial year 2022-23 (Q1FY23), while the State Bank of India has pegged it at 15.7 per cent YoY. This marks a sharp uptrend from the 4.1 per cent growth recorded in Q4FY22, but the projections are lower than the Reserve Bank of India's projection of 16.2 per cent GDP growth in Q1.
[SBI and ICRA see economy growing in double-digits in June quarter | Business Standard News \(business-standard.com\)](#)
- **CANARA BANK TO RAISE UP TO RS 2,000 CR VIA BASEL-III TIER-II BONDS:** Canara Bank plans to raise Rs 2,000 crore, which includes Rs 1,000 crore through Basel-III Tier-II bonds maturing in 10- years, market participants said. The bidding for the bonds will take place on August 25 between 11 a.m. and 12 p.m. on the BSE's bidding platform. Most banks were raising funds in the past few weeks either through certificates of deposit, fixed deposits and bonds amid rising credit demand.
[Canara Bank to raise up to Rs 2,000 cr via Basel-III Tier-II bonds | Business Standard News \(business-standard.com\)](#)



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- **MERCHANDISE EXPORTS LIKELY TO BE APPX. \$470-480 BN IN FY23: COMMERCE SECY:** India's merchandise exports are likely to be around USD 470-480 billion in the current fiscal against USD 420 billion in 2021-22, Commerce Secretary BVR Subrahmanyam said on Tuesday. The secretary also said the trade deficit, which crossed USD 100 billion in the first four months of the current fiscal, will not cross the "discomfort level". Talking to reporters, Subrahmanyam said the merchandise trade during 2022-23 will be USD 470-480 billion and the services sector is likely to contribute another 280 billion. India's overall exports (merchandise and services) touched an all-time high of USD 669.65 billion in April-March 2021-22, jumping by 34.50 per cent over the same period last year. The merchandise trade deficit in July 2022 was USD 31.02 billion, taking the gap between imports and exports to USD 100.01 billion in April-July 2022-23.
[Merchandise exports likely to be around \\$470-480 bn in FY23: Commerce Secy | Business Standard News \(business-standard.com\)](#)
- **EURO STRIKES FRESH 20-YEAR LOW AS EUROZONE ECONOMY SHRINKS AGAIN:** The euro dived to a new two-decade low against the dollar and European stock markets fell Tuesday as weak economic data raised fears of recession amid an energy crunch. The single currency tumbled to \$0.9901 but later clawed back losses to return close to parity with the dollar in afternoon trading.
[euro: Euro strikes fresh 20-year low as eurozone economy shrinks again - The Economic Times \(indiatimes.com\)](#)
- **STATES MAY BE ROPED IN TO WIDEN SOCIAL SECURITY COVERAGE FOR UNROGANISED WORKERS ON E-SHRAM:** The government plans to rope in states to widen the social security coverage for the unorganised workers on the e-Shram portal while discussing the modalities for implementation of the four labour codes. India has nearly 28 crore unorganised workers, out of the estimated 38 crore, registered on the e-Shram portal. Sources in the labour ministry said deliberations will also be held on the Vision 2047 for India's estimated workforce of 450 million at the upcoming National Labour Conference to be held in Tirupati on August 25-26.
[unorganised workers: States to be roped in to widen e-Shram cover - The Economic Times \(indiatimes.com\)](#)



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- **NARCL REVISES CEO NATARAJAN SUNDAR'S SALARY TO MARKET RATES: REPORT:** In a bid to attract experienced talent, the National Asset Reconstruction Co Ltd (NARCL) has increased the total remuneration of its chief executive, Natarajan Sundar to Rs 1.7 crore, which is significantly higher than the salaries of CEOs of top state-owned banks, Livemint said in a report on Tuesday. The remuneration, which includes a variable of Rs 44 lakh, is being seen as an attempt to be more market-driven even as the bad bank will be managing stressed loans of public sector banks, the report stated.
[NARCL revises CEO Natarajan Sundar's salary to market rates: Report | Business Standard News \(business-standard.com\)](#)
- **LOAN DEFAULTERS AND THOSE FACING PROBE NEED NOC TO INVEST ABROAD:** The finance ministry on Tuesday made it tougher for loan defaulters and those facing probe by investigative agencies to invest in overseas entities. They will now have to secure a no-objection certificate (NOC) from their lenders, or the regulators or probe agencies concerned before making overseas investments, according to the new norms notified by the department of economic affairs (DEA).
[Loan defaulters and those facing probe need NOC to invest abroad | The Financial Express](#)
- **DEFENCE MINISTRY TO REVIEW NO COST NO COMMITMENT TRIALS TO INCREASE MSME PARTICIPATION:** The Ministry of Defence is contemplating to review the 'No Cost, No Commitment' trial, where the government neither bears the cost of trials nor is obliged to purchase the equipment post-trial, to offer a level playing field for small businesses and start-ups in the defence sector. The move will encourage micro, small and medium enterprises and start-ups in the business sector to apply for the bids by the ministry.
[Defence ministry to review No Cost No Commitment trials to increase MSME participation | The Financial Express](#)



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FINANCIAL TERMINOLOGY/CONCEPTS
RISK-ADJUSTED RETURN ON CAPITAL (RAROC)

⊞ Risk-adjusted return on capital (**RAROC**) is a risk-adjusted measure of the return on investment. As it became clearer that banks needed to add an appropriate capital charge in the pricing process, the concept of risk adjusting the return or risk adjusting the capital arose. The value-producing capacity of an asset (or a business) is expressed as a ratio that allows comparisons to be made between assets (or businesses) of varying sizes and risk characteristics.

⊞ The ratio is based either on the size of the asset or the size of the capital allocated to it. When an institution can observe asset prices directly (and/ or infer risk from observable asset prices) then it can determine how much capital to hold based on the volatility of the asset. This is the essence of the mark-to-market concept. If the capital to be held is excessive relative to the total return that would be earned from the asset, then the bank will not acquire it. If the asset is already in the bank's portfolio, it will be sold.

$$\text{AROC} = (r - e - el + ifc) / c$$

Where, r=Revenue, e=Expenses

el=Expected loss which equals average loss expected over a specified period of time.

ifc=Income from capital which equals (capital charges)×(the risk-free rate)

c=Capital



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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 :79.8903
INR / 1 GBP :93.8280
INR / 1 EUR :79.2517
INR /100 JPY :58.1600

EQUITY MARKET

Sensex: 59031.30 (+257.43)
NIFTY : 17577.50 (+86.80)
Bank NIFTY: 38697.70 (+399.90)

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