



**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 24, 2022

CABINET APPROVES FREE FOODGRAIN UNDER NATIONAL FOOD SECURITY ACT FOR ONE YEAR:

The Union Cabinet has approved the provision of free foodgrain under National Food Security Act (NFSA) for a period of one year. Commerce Minister Piyush Goyal said the Centre would bear the entire cost, amounting to around Rs 2 lakh crore, of the food subsidy, which would benefit the 81.35 crore people who pay for subsidised foodgrain under the NFSA. The Cabinet's decision comes days before the expiry of the PM Garib Kalyan Anna Yojana (PM-GKAY) free foodgrain scheme - which is set to end on December 31. The free provision of foodgrain under the NFSA until the end of December 2023 comes weeks before Finance Minister presents the Budget for 2023-24, which was expected to see a reduction in subsidies, particularly those of food, following the expiry of the PM-GKAY. As per the budget estimate for 2022-23, the Centre's food subsidy bill was to be Rs 2.07 lakh crore. In the first seven months of the year, the government had already spent Rs 1.35 lakh crore on the same or 65 percent of the full-year allocation.

(Moneycontrol)

IMF CALLS ON INDIA TO BE MORE AMBITIOUS IN FISCAL CONSOLIDATION:

The Indian government should be more ambitious when it comes to improving its finances, according to the IMF. "We think that fiscal deficit of 4.5 % by 2025-26 is achievable. We think it could go further," said Nada Choueiri, the IMF's mission chief for India, on December 23. "Our scenario, that we have proposed to the authorities, is built on both spending efficiencies in terms of reforming subsidies and additional tax reforms of the GST, excise taxes, and income taxes. We foresee that the government could consolidate by 4 percentage points of GDP between today and our medium term, which is 2027-28," Choueiri added. Choueiri was briefing the media on the Fund's Article IV Consultation Staff Report. The Article IV consultations, as required by Article IV of the IMF's Articles of Agreement, is part of the Fund's country surveillance process.

(Moneycontrol)

GOVT HIKES COPRA MSP: The government has increased the minimum support price (MSP) of milling copra by Rs 270 per quintal and ball copra by Rs 750 per quintal. The approval is based on recommendations of the Commission for Agricultural Costs and Prices (CACP) and views of major coconut growing states. "The MSP for Fair Average Quality of milling copra has been fixed at Rs 10,860 per quintal and for ball copra at Rs 11,750 per quintal for 2023 season. This is an increase of Rs 270 per quintal for milling copra and Rs 750 per quintal for ball copra over the previous season," the statement said. This would ensure a



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margin of 51.82 per cent for milling copra and 64.26 per cent for ball copra over the all India weighted average cost of production.

(Moneycontrol)

GOOGLE APPROACHES NCLAT AGAINST CCI'S ORDER ON ANDROID

DEVICES: Tech giant Google on Friday said it has approached the National Company Law Appellate Tribunal (NCLAT), challenging the Competition Commission of India (CCI) order on unfair business practices in Android mobile device. The CCI in October slapped a penalty of ₹1,337.76 crore on Google for abusing its dominant position in multiple markets in relation to Android mobile devices and ordered the internet major to cease and desist from various unfair business practices.

(Business Line)

CBI ARRESTS FORMER ICICI BANK CEO-MD CHANDA KOCHHAR, HUSBAND

DEEPAK KOCHHAR: The CBI has arrested former ICICI Bank CEO and MD Chanda Kochhar and her husband Deepak Kochhar in connection with alleged cheating and irregularities in loans sanctioned by the bank to the group in 2012, officials said Friday.

(Business Line)

IMF PROJECTS 6.8 % GROWTH IN CURRENT FISCAL FOR INDIA: Projecting a growth rate of 6.8 per cent and 6.1 per cent in the current and the next fiscal respectively, the International Monetary Fund on Friday said that India is navigating a “very difficult” external environment. Choueiri Nada, the IMF’s India Mission Chief, in her virtual interaction with reporters said.

(Financial Express)

ATAL INCUBATION CENTRE (AIC) SIGNS AGREEMENTS WITH MSMEs TO HASTEN COMMERCIALISATION OF NEW PRODUCTS:

Atal Incubation Centre (AIC) at the Bhabha Atomic Research Centre (BARC) signed agreements with MSMEs for incubation of newer technologies into commercial products. The agreements were signed to commemorate the launch of the AIC at the BARC to hasten conversion of products from research labs to the market.

(Financial Express)

FINANCE MINISTRY ASKS BANKS NOT TO USE UNETHICAL PRACTICES TO SELL INSURANCE POLICIES:

Concerned over rising incidence of mis-selling, the finance ministry has directed heads of public sector banks to put in place strong mechanisms to avoid unethical practices for selling insurance policies to customers. The Department of Financial



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Services has received complaints that fraudulent and unethical practices are adopted by banks and life insurance companies for procuring policies from the bank customers, a letter addressed to chairpersons and managing directors of public sector banks said.

(Financial Express)

PhonePe SEPARATES FROM Flipkart AHEAD OF IPO: Flipkart and PhonePe have completed their separation and both entities will continue to operate under US-based retail giant Walmart, a joint statement said on Friday. PhonePe was acquired by Flipkart Group in 2016. "As part of this transaction, existing Flipkart Singapore and PhonePe Singapore shareholders, led by Walmart, have purchased shares directly in PhonePe India. This completes the move to make PhonePe a fully India domiciled company, a process that started earlier this year," the statement said. Walmart will remain the majority shareholder of both business groups.

(Financial Express)

BIS HAS PUBLISHED 21,890 STANDARDS SO FAR: The Bureau of Indian Standards (BIS) published 21,890 Standards for products, process specification, service sectors, code of practice and methods of test terminology, Ashwini Kumar Choubey, Union Minister of State for Consumer Affairs, Food & Public Distribution told Rajya Sabha on Friday.

(Business Standard)

INDIA, AUSTRALIA INTERIM TRADE AGREEMENT COMES INTO EFFECT NEXT WEEK: An interim trade deal between India and Australia will come into force from December 29, said the Central Board of Indirect Taxes and Customs (CBIC) in a notification. The notification comes a month after Australia's Parliament ratified the Economic Cooperation and Trade Agreement (ECTA). Under the deal, Canberra will provide India duty-free access to more than 6,300 sectors on the day the agreement comes into force. India, for its part, will do away with customs duties on 40 per cent of products immediately and on 70.3 per cent of tariff lines over 10 years. Major labour-intensive sectors in India that will benefit from the elimination of 5 per cent customs duty include textiles and apparel, agricultural products, leather, furniture, jewellery, and pharmaceuticals.

(Business Standard)

CANARA BANK CROSSES BUSINESS MILESTONE OF RS 20 TRN: Canara Bank on Friday said it has crossed the business milestone of Rs 20 lakh crore. "Canara Bank has achieved a milestone of crossing the total global business of Rs 20,00,000 crore as on 22nd December, 2022," the bank said in a regulatory filing.

(Business Standard)



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HIGHER CLAIMS PUSHED UP NON-LIFE INSURERS' UNDERWRITING

LOSSES: General and health insurers' underwriting losses widened in FY22 when their incurred claims ratio worsened on account of higher claims paid because of Covid-19. Insurers reported underwriting losses of Rs 31,810 crore, an increase of 59 per cent from the year-ago period. The incurred claims ratio (net incurred claims to net earned premium) of the general insurance industry was 89.08 per cent in FY22 as against 81.06 per cent in the year-ago period, according to data in the industry's regulator annual report for 2021-22. The net incurred claims of general insurers stood at Rs 1.41 trillion in FY22 as against Rs 1.12 trillion in the year-ago period. The net incurred claims under the health insurance business of general and health insurers stood at Rs 63,361 crore in FY22. Incurred claim is the difference between the amount of claims settled by the insurers and the reinsurance support they had.

(Business Standard)

RBI's FOREX RESERVES FALL FOR FIRST TIME IN FIVE WEEKS TO \$563.50

BN: RBI's foreign exchange reserves declined for the first time in five weeks to \$563.50 billion in the week ended December 16. The \$571-million fall in the RBI's reserves was primarily due to a decline in the central bank's foreign currency assets, which dropped by \$500 million to \$499.62 billion in the previous week, latest data showed.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

SOFT CURRENCY

- ❖ Soft currency is a currency which is hyper sensitive and fluctuates frequently. Such currencies react very sharply to the political or the economic situation of a country.
- ❖ It is also known as weak currency due to its unstable nature. Such currencies mostly exist in developing countries with relatively unstable governments. Soft currencies cause high volatility in exchange rates as well, making them undesirable by foreign exchange dealers. These currencies are the least preferred for international trade or holding reserves.
- ❖ A soft currency is one that struggles to maintain its value in relation to other currencies. This happens because traders and investors seek to hold other currencies more than the soft currency. This weak demand is most often a result of the country's political or economic instability, which in turn makes the price of the currency more volatile.
- ❖ The Zimbabwe dollar and the Venezuelan bolivar are two examples of soft currencies. Both of these countries have experienced political instability. Their governments have instituted monetary policies which have led to hyperinflation. This in turn has led to a sharp devaluation in the currency and the printing of high denominating notes.



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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 : 82.8685
INR / 1 GBP : 99.7654
INR / 1 EUR : 87.9025
INR /100 JPY : 62.4600

EQUITY MARKET

Sensex: 59845.29 (-980.93)
NIFTY : 17806.80 (-320.50)
Bnk NIFTY: 42408.80 (-209.15)

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.**

For details please visit BFSIB portal of the ICAI website

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,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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