



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

August 25, 2022

- **RBI LIFTS THE BUSINESS RESTRICTIONS IMPOSED ON AMERICAN EXPRESS:** RBI had, by order dated April 23, 2021, imposed restrictions on American Express Banking Corp. from onboarding new domestic customers onto its card network from May 01, 2021. Citing satisfactory compliance demonstrated by the entity to RBI rules, Reserve Bank of India on August 24 lifted the business restrictions imposed on American Express Banking Corp. The firm has complied with the RBI circular dated April 6, 2018 on Storage of Payment System Data, and the restrictions that were imposed on it on onboarding of new domestic customers have been lifted with immediate effect. In terms of RBI circular on Storage of Payment System Data, all payment system providers were directed to ensure that within a period of six months the entire data relating to payment systems operated by them is stored in a system only in India.
[Reserve Bank of India lifts business restrictions imposed on American Express \(moneycontrol.com\)](https://www.moneycontrol.com/news/business/rbi-lifts-business-restrictions-imposed-on-american-express-11111111.html)
- **INDIA SAID TO WEIGH SELLING AT LEAST 51% OF \$5 BILLION IDBI BANK:** Officials in the government and the state-backed Life Insurance Corp. of India, which together own about 94% of IDBI Bank's shares, are in talks about how much of their stakes they plan to sell, the people said. Both parties are expected to retain a stake in the lender after the sale, the people said. A panel of ministers will make the final decision on the structure of the deal, the people said. The government and LIC will formally seek to gauge buyer interest as soon as the end of September, one of the people said. Shares in IDBI Bank have risen 6.3% in the past 12 months, giving the lender a market value of about 424.7 billion rupees (\$5.3 billion). Authorities plan to sell at least some of the government and LIC's stakes in IDBI Bank and cede management control. Reserve Bank of India will allow investors to buy a stake larger than 40%, Bloomberg News has reported. Entities governed by the regulator normally need to seek permission to buy stakes above that threshold while non-regulated firms are capped at purchases of 10% to 15%
[India said to weigh selling at least 51% of \\$5 billion IDBI Bank \(moneycontrol.com\)](https://www.moneycontrol.com/news/business/india-said-to-weigh-selling-at-least-51-of-5-billion-idbi-bank-11111111.html)



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- **FSIB RECOMMENDS 14 CANDIDATES FOR EDs APPOINTMENT IN PSBs:** The newly-constituted Financial Services Institutions Bureau (FSIB); a single autonomous professional body, has recommended 14 candidates to the panel from which Executive Directors (EDs) would be appointed as and when vacancy arises for various Public Sector Banks (PSBs) for the year 2022-23. These 14 candidates are chosen from an overall number of 57 candidates interfaced by FSIB.
[FSIB recommends 14 candidates for EDs appointment in PSBs - The Hindu BusinessLine](#)
- **BANKING SECTOR AT ENORMOUS RISK OF ASSET-LIABILITY MISMATCH:** PRONAB SEN: India's banking sector is faced with the predicament of a "massive asset-liability mismatch" that could explode anytime, adding that there is a need to reassess laws governing the industry, renowned economist Pronab Sen said. Sen said "that explosion" has not yet happened as most of the banks are in the public sector. He said the Indian banks had adopted the British model, and the laws don't allow lenders to borrow from the capital market, which essentially makes deposits the only source of funds. The Indian banking sector turned universal by default and not by design, and that is the reason there is a need to have a relook at the laws. "Banking laws should allow lenders to raise money from the capital market. We should align our laws with those of Japan and Europe," Sen said
[banking: Banking sector at enormous risk of asset-liability mismatch: Pronab Sen - The Economic Times \(indiatimes.com\)](#)
- **ADANI GREEN'S 2,021% DEBT-EQUITY RATIO IS SECOND-WORST IN ASIA:** one of the seven listed units of Gautam Adani's ports-to-renewables empire, has seen its debt-to-equity ratio balloon to the second-highest in Asia, raising alarm over whether the billionaire's aggressive expansion plans has over-leveraged his businesses. The Gujarat-based company's debt-to-equity ratio of 2,021% is only behind China's Datang Huayin Electric Power Co., which has a ratio of 2,452%, among 892 listed companies in Asia, according to data compiled by Bloomberg.
[adani green: Adani Green's 2,021 per cent debt-equity ratio is second-worst in Asia, Energy News, ET EnergyWorld \(indiatimes.com\)](#)



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- **INDIA TO INCENTIVIZE RUPEE-SETTLED EXPORTS TO BOOST RUSSIA TRADE: SOURCES:** India may give incentives to exporters settling trades using rupees to boost the acceptability of the currency and increase the sales of goods to Russia, which has fallen because of western sanctions, according to government and industry sources. The most likely incentive that will be granted would apply a current program for trades using fully convertible currencies such as the dollar and the euro to the rupee, which is only partially convertible, according to the three sources. Another one of the sources, also a government official, said India is aiming to add trade worth \$6 billion to \$7 billion with Russia in the next two months. India's imports from Russia, mainly crude oil, increased five times to more than \$15 billion from Feb. 24, when Russia invaded Ukraine and the end of July, compared to the previous year, Reuters reported earlier this month. However, exports fell to \$852.22 million from \$1.34 billion in the same period.
[India to incentivize rupee-settled exports to boost Russia trade: Report, Auto News, ET Auto \(indiatimes.com\)](#)
- **BIDEN FORGIVES \$10,000 IN STUDENT DEBT, DOUBLE FOR PELL GRANT RECIPIENTS:** President Joe Biden on Wednesday announced his long-awaited plan to deliver on his campaign promise to provide \$10,000 in debt cancellation for millions of Americans — and up to \$10,000 more for those with the greatest financial need. Borrowers who earn less than \$125,000 a year, or families earning less than \$250,000, would be eligible for the \$10,000 loan forgiveness, Biden announced in a tweet. For recipients of Pell Grants, which are reserved for undergraduates with the most significant financial need, the federal government would cancel up to an additional \$10,000 in federal loan debt. Biden is also extending a pause on federal student loan payments for what he called the “final time” through the end of 2022. The White House estimates that Biden's announcement would erase the federal student debt of about 20 million people.
[Biden forgives \\$10,000 in student debt, double for Pell grant recipients | Business Standard News \(business-standard.com\)](#)
- **CENTRE IMPLEMENTS 'ONE NATION ONE FERTILISER' PLAN UNDER 'BHARAT' BRAND:** To bring about uniformity in fertiliser brands across the country, the government today issued an order directing all companies to sell their products under a single brand name of „Bharat“. Following the order, all fertiliser bags, whether containing urea or di-ammonium phosphate (DAP) or muriate of potash (MOP) or NPK will sport the brand name as „Bharat Urea“, „Bharat DAP“, „Bharat MOP“ and „Bharat NPK“ irrespective of the company that manufactures it, whether in the public or the private sector.
[Centre implements 'One Nation One Fertiliser' plan under 'Bharat' brand | Business Standard News \(business-standard.com\)](#)



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- **EMPLOYEES WILL GET 100% VARIABLE PAY FOR JUNE QUARTER, NO DELAY: TCS:** Tata Consultancy Services (TCS) on Tuesday said that it would be paying 100 per cent variable pay for its 600,000-plus employees for the first quarter, according to media reports. On August 20, Economic Times reported that the Tata Group company had delayed the variable payout for C3A, C3B, C4, and equivalent grades by a month. Another IT major, Infosys, has decided to reduce the average variable payout of employees to 70 per cent due to falling operating margins in the first quarter (Q1) of 2022-23 (FY23).
[Employees will get 100% variable pay for June quarter, no delay: TCS | Business Standard News \(business-standard.com\)](#)
- **TATA NEU, HDFC BANK PARTNER TO LAUNCH TWO CO-BRANDED CREDIT CARD VARIANTS:** Tata Neu, the „super app“ of the Tata Group and HDFC Bank on Wednesday announced a partnership to launch co-branded credit cards.
[Tata Neu, HDFC Bank partner to launch two co-branded credit card variants | Business Standard News \(business-standard.com\)](#)
- **BANDHAN BANK TO OPEN 551 BRANCHES IN FY'23:** Bandhan Bank will open 551 more branches in the 2022-23 fiscal, as a part of the lender's focus to make its distribution stronger in other parts of India outside the eastern region, MD & CEO Chandra Sekhar Ghosh said. With the latest addition, the Kolkata-headquartered bank's branch count will exceed 6,000, he said.
[Bandhan Bank to open 551 branches in FY'23: MD Chandra Sekhar Ghosh | Business Standard News \(business-standard.com\)](#)
- **IRDAI EASES FIRM REGISTRATION PROCESS FROM 8 TO 2 MONTHS:** The registration process of new companies has been eased by substantially reducing the time taken to process new applications from 6-8 months to two, Debasish Panda, chairman, Insurance Regulatory and Development Authority of India (Irdai) said on Wednesday. Insurance premiums as a percentage of gross domestic product (GDP) have doubled in the past 10 years. According to IRDAI data, insurance penetration in the country is at 4.2 per cent as of 2021, which is higher than China, but lower than developed countries.
[Irdai eases firm registration process from 8 to 2 months: Chairman | Business Standard News \(business-standard.com\)](#)



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FINANCIAL TERMINOLOGY/CONCEPTS

TOBIN TAX

☞ Tobin tax is applicable to financial sector participants to control the stability of a country's currency. It is also called the Financial Transactions Tax (FTT), or less formally a Robin Hood tax. This tax is also imposed on spot currency trades to penalize short-term currency trading, stabilize markets and disincentive speculation risks.

☞ The short-term capital flows (movement of international investable money) are highly unstable due to being speculative. Frequent inflows and outflows of short-term capital create management problems for many emerging markets central banks like the RBI in India. Tobin tax prevents the movement of volatile short-term capital flows or hot money which is very speculative.

☞ Some examples across the world are; Sweeden imposed a Tobin tax of 0.5% on buying and selling of shares, however could not achieve the desired results. Italy imposed a different form of tax on high-frequency share trading in 2013 that included a 0.02% tax on trades occurring every 0.5 seconds or faster. India has a variant of the Tobin tax called the Securities Transaction Tax (STT). It was introduced in 2004 and is levied on every transaction of securities listed on the stock exchanges and mutual funds. Have a Nice Day



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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 :79.7927
INR / 1 GBP :94.2229
INR / 1 EUR :79.3352
INR /100 JPY :58.3600

EQUITY MARKET

Sensex: 59085.43 (+54.13)
NIFTY : 17605.00 (+27.50)
Bank NIFTY: 39038.50 (+340.80)

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