



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

August 26, 2022

- **POLICYHOLDERS SET TO BENEFIT AS IRDAI PROPOSES 20% CAP ON FIRST-YEAR COMMISSIONS:** The insurance regulator has proposed to cap commissions, remuneration and rewards for agents at 20 percent, besides disincentivising policy surrenders in the initial years. Policyholders could benefit in the long run, but some insurers are sceptical. If the Insurance Regulatory and Development Authority of India's draft paper on limiting commission payouts to intermediaries is finalised in its current form, several malpractices could be curbed. First-year commission cap on retail regular premium policies could be lowered from 35 percent to 20 percent. As per the IRDAI draft, commission on renewal premiums for regular premium life insurance policies other than pure risk products could go up from 7.5 percent to 10 percent, besides additional commission flow beyond the fifth year
[Policyholders set to benefit as IRDAI proposes 20% cap on first-year commissions, incentives to boost persistency \(moneycontrol.com\)](#)
- **GOOGLE BLOCKED 2,000 PERSONAL LOAN APPS FROM INDIA PLAY STORE FROM JANUARY-JULY:** Technology giant Google blocked 2,000 personal loan providers from its app marketplace in India from January to July, after they were found to be in violation of its policies. "A big bulk of the loan apps in the Play Store were taken down... I would say more than 50 percent of them (were in violation of Google's policies)," said Saikat Mitra, Senior Director and Head of Trust and Safety at Google Asia-Pacific.
[Google blocked 2,000 personal loan apps from India Play Store from January-July \(moneycontrol.com\)](#)
- **HDFC BANK TO BUY NEARLY 10% STAKE IN GO DIGIT LIFE INSURANCE:** HDFC Bank on August 25 announced it will invest Rs 49.9 crore to Rs 69.9 crore in Go Digit Life Insurance in two tranches to acquire up to a 9.94 percent equity stake in the company. The private lender stated that it has entered into "an indicative and non-binding term sheet with Go Digit Life Insurance." The insurance company proposes to carry out life insurance business in India, subject to the grant of a certificate of registration by the Insurance Regulatory and Development Authority of India (IRDAI), HDFC Bank said in a statement.
[HDFC Bank to buy nearly 10% stake in Go Digit Life Insurance \(moneycontrol.com\)](#)



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- **SEBI COMES OUT WITH DISCLOSURE REQUIREMENT FOR AMCs:** Capital markets regulator Sebi on Thursday came out with the disclosure framework for asset management companies, mandating a scheme-wise disclosure of investments in securities of entities that are excluded from the definition of "associate". This came after Sebi, earlier this month, amended mutual fund rules to remove the applicability of the definition of "associate" to sponsors that invest in various companies on behalf of the beneficiaries of insurance policies or such other schemes. Under the rules, associate includes a person who directly or indirectly, by himself, or in combination with relatives, exercises control over the AMC or the trustee, among others. Further, disclosure of investment will include ISIN wise value of investment and value as percentage of assets under management (AUM) of scheme. At present, there are 43 mutual fund houses, which together manage assets worth nearly Rs 38 lakh crore.
[Sebi comes out with disclosure requirement for AMCs \(moneycontrol.com\)](http://moneycontrol.com)
- **INDIA POST TO OPEN 10000 MORE POST OFFICES:** India Post is working on projects and technologies to provide government services at the doorstep and add 10,000 post offices this year to enhance its reach, a top official of the department said. Government has provided the department with Rs 5,200 crore for the modernisation of the post offices using technology.
[India Post gearing up to provide services at doorstep, open 10k more post offices: Secretary \(moneycontrol.com\)](http://moneycontrol.com)
- **GOVT. APPOINTS KRISHNAMURTHY SUBRAMANIAN AS INDIA ED AT IMF:** Former Chief Economic Adviser Krishnamurthy Subramanian was on Thursday appointed as Executive Director (India) at the International Monetary Fund, a Personnel Ministry order said. Subramanian is currently Professor (Finance), Indian School of Business.
[Govt appoints ex-CEA Krishnamurthy Subramanian as India ED at IMF | Business Standard News \(business-standard.com\)](http://business-standard.com)
- **GOVT DECIDES TO PUT RESTRICTIONS ON EXPORT OF WHEAT FLOUR TO CURB PRICES:** The government on Thursday decided to put restrictions on the export of wheat or meslin flour to curb rising prices of the commodity. The decision of the Cabinet "will now allow to put a restriction on the export of Wheat Flour which will ensure a curb on rising prices of wheat flour and ensure food security of the most vulnerable sections of the society," an official statement said
[Govt decides to put restrictions on export of wheat flour to curb prices | Business Standard News \(business-standard.com\)](http://business-standard.com)



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- **INDIA HAS AMPLE FOREX TO WITHSTAND PRESSURE ON CREDITWORTHINESS: S&P:** India has built up buffers against cyclical difficulties and has ample foreign exchange reserves to withstand pressure on credit worthiness, S&P Global Ratings said on Thursday. Speaking at the India Credit Spotlight 2022 webinar, S&P Sovereign & International Public Finance Ratings Director Andrew Wood said the country has a strong external balance sheet and limited external debt, making debt servicing not so expensive."We are expecting a strong level of GDP growth of 7.3 per cent this fiscal," he said, adding the rupee exchange rate movement against the US dollar has been moderate.
[India has ample forex buffers to withstand pressure on credit worthiness: S&P | Business Standard News \(business-standard.com\)](#)
- **BANKS TOOK A HAIRCUT OF 69 PER CENT WHILE RESOLVING IBC CASES: REPORT:** For every Rs 100 admitted for the claims under the Insolvency and Bankruptcy Code (IBC), the banks could realize only 30 per cent of the value. According to a report by Business Line, the latest IBBI data till June 30 showed that the banks took a haircut of Rs 69 for every Rs 100 of admitted claims. However, this comes down to Rs 17 when it is considered relative to the fair value of the assets, the report added. Haircuts are defined as the losses incurred by creditors (banks in this case) on resolving bad debts or stressed assets. According to data, creditors realised Rs 2.35 trillion in 517 cases. The total value of the claims stood at Rs 7.67 trillion. When compared to the liquidation value of Rs 1.31 trillion, the realisation stands at 179 per cent.
[Banks took a haircut of 69 per cent while resolving IBC cases: Report | Business Standard News \(business-standard.com\)](#)
- **BANK CREDIT GROWTH ACCELERATES TO 14.2 PC IN JUNE QUARTER: RBI DATA:** Bank credit growth accelerated to 14.2 per cent in the quarter ended June 2022 from 6 per cent in the same period of the previous year, as per RBI on the „Quarterly Statistics on Deposits and Credit of SCBs for June 2022“. In the quarter ended March 2022, bank credit had expanded by 10.8 per cent. Aggregate deposit growth (year-on-year) has remained in the range 9.5 – 10.2 per cent during the last five quarters. In June 2022, C-D ratio stood at 73.5 per cent at all-India level (70.5 per cent a year ago) and 86.2 per cent for metropolitan branches of banks (84.3 per cent a year ago).
[Bank credit growth accelerates to 14.2 pc in June quarter: RBI data | The Financial Express](#)
- **SC DISMISSES FINMIN PLEA AGAINST CITI, STANDARD CHARTERED BANK:** The Supreme Court on Wednesday dismissed the finance ministry"s appeals alleging that Citibank and Standard Chartered Bank were guilty of violating foreign exchange regulations and the RBI guidelines while dealing as authorised dealers to handle non-resident external (NRE) accounts in India during 1992-93.
[SC dismisses finmin plea against Citi, Standard Chartered Bank | The Financial Express](#)



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- **US ECONOMY SHRANK 0.6% LAST QUARTER:** The U.S. economy shrank at a 0.6% annual rate from April through June, the government said Thursday in a slight upgrade from its initial estimate. It marked a second straight quarter of economic contraction, which meets one informal sign of a recession. In its revised estimate Thursday, the Commerce Department calculated that the nation's gross domestic product - the broadest measure of economic output - contracted last quarter, though less than the 1.6% annual decline in the January-March period. In its previous estimate for the April-June quarter, the government had estimated that the economy had shrunk at a 0.9% rate.
[US economy shrank 0.6% last quarter: US Government - The Economic Times \(indiatimes.com\)](https://www.indiatimes.com)
- **INDIAN OIL PLANS ₹2 TRN INVESTMENT TO ACHIEVE NET ZERO CARBON EMISSION BY 2046:** State-run Indian Oil Corporation (IOC) aims to achieve net zero carbon emission target by 2046 and will invest ₹2 trillion in phases towards meeting the target. Speaking to reporters here after the 63rd annual general meeting of the company, the Chairman and Managing Director Shrikant Madhav Vaidya also indicated that with crude oil prices easing, the retail fuel prices may also ease going ahead.
[Indian Oil plans ₹2 trn investment to achieve net zero carbon emission by 2046 | Mint \(livemint.com\)](https://www.livemint.com)



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FINANCIAL TERMINOLOGY/CONCEPTS TOKENISATION

⌘ Tokenization is the process of replacing a card's 16-digit number on the plastic card with a unique alternate card number, or „Token“ which shall be unique for a combination of card, token requestor and device. Tokens can be used for online transactions, mobile point-of-sale transactions or in-app transactions. This token contains no personal information that can be directly accessed and keeps changing making it the most secure method to complete payments. This token will be used instead of card details for all the online payments on the merchants.

⌘ RBI has directed the payment aggregators, wallets and online merchants (entities in card transaction/payment chain other than card issuers/card networks) not to store any sensitive card related customer information including full card details. Hence, the card numbers can be replaced with „token“ as mentioned above. This RBI mandate would come into effect from 1st July 2022. However, RBI has extended the deadline for tokenization of debit and credit cards up to to September 30, 2022. The RBI had earlier set a deadline of June 30, whereby merchants and payment aggregators had to delete all card details and replace it with tokens.



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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 :79.8705
INR / 1 GBP :94.6135
INR / 1 EUR :79.9962
INR /100 JPY :58.4400

EQUITY MARKET

Sensex: 58774.72 (-310.71)
NIFTY : 17522.50 (-82.50)
Bank NIFTY: 38950.80 (-87.70)

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