



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

October 26, 2022

SEBI FINES 6 ENTITIES IN DEUTSCHE MUTUAL FUND FRONT-RUNNING

CASE: Capital markets regulator SEBI has imposed penalties totalling Rs 15 lakh on six entities in a case pertaining to front-running the trades of Deutsche Mutual Fund, which is now known as DHFL Pramerica Mutual Fund. Sebi found that the Fund Manager (FM) of Deutsche Mutual Fund (DMF) and his parents had employed a scheme to 'front run' the orders of the DMF and also were involved in every step that led to the fruition of the scheme, from the beginning till the withdrawal of the wrongful gain of the front running trades.

(Moneycontrol)

NOMURA SINGAPORE SELLS 1.52% STAKE IN CSB BANK WORTH RS 61

CRORE: Nomura Singapore on Tuesday divested 1.52 % stake in CSB Bank for over Rs 61 crore through an open market transaction. According to bulk deal data available with the National Stock Exchange (NSE), Nomura Singapore offloaded 26,39,673 shares, amounting to 1.52 % stake in the company.

(Moneycontrol)

CCI IMPOSES RS 936.44 CRORE FINE ON GOOGLE FOR ABUSING ITS DOMINANCE ON PLAY STORE POLICIES:

The Competition Commission of India (CCI) fined Google Rs 936.44 crore on October 25 for abusing its dominant position with regard to its Play Store policies, in addition to issuing a cease-and-desist order. It has directed the tech giant not to restrict app developers from using any third-party billing or payment processing services to purchase apps or for in-app billing on Google Play apart from a series of measures to modify the company's app payment policies within three months.

(Moneycontrol)

'UPPER LAYER' NBFCS SEEK RBI COUNSEL ON SIMPLIFYING OWNERSHIP FORM FOR BANK UPGRADE:

Nearly a month after the Reserve Bank of India (RBI) put out the list of non-banking finance companies to be classified in the upper layer under the scale-based regulations, some of the large NBFCS led by conglomerates have reached out to the regulator seeking clarity on what they should do to simplify their ownership structures. Some of the non-banks which had shown interest in the past to secure a bank license are said to have approached the regulator. Currently, the shareholding structures of these companies are quite complex, especially at their respective holding company levels. "Even if they qualify to become banks as more than 40 per cent of the group revenues are generated by financial



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services businesses, the complex shareholding may be an impediment for most of them,” said a highly placed source aware of the matter.

(Business Line)

CENTRE TO USE TECHNOLOGY FOR CROP INSURANCE SCHEME FROM 2023

TO MAKE TIMELY SETTLEMENT: The Agriculture Ministry has set up two committees; one for nationwide implementation of technology-based crop yield estimation and the other for standardisation and improvement of weather data infrastructure. The move will reduce the delay in crop loss/damage estimation and ensure timely settlement of claims by farmers. The Ministry said panels will be headed by the director of Mahalanobis National Crop Forecast Centre (MNCFC). Apart from experts drawn from different departments and agencies of the Centre, the committees will have representation from Maharashtra, Odisha, Andhra Pradesh and Rajasthan governments. The committee, also to be headed by the director of MNCFC, has been tasked to help the Ministry in the creation of the proposed Weather Information Network Data System (WINDS), under which a system of automatic weather stations (AWS) and automatic rain gauges (ARG) will be implemented throughout the country.

(Business Line)

MCA APPOINTS CCI MEMBER SANGEETA VERMA AS ACTING CHAIRPERSON

OF CCI: The Corporate Affairs Ministry (MCA) on Tuesday appointed Sangeeta Verma, Member-CCI, as Acting Chairperson of Competition Commission of India (CCI). She has been appointed as Acting Chairperson for three months or till any further orders.

(Business Line)

LOWER REFINANCE RATES IN THE WORKS FOR REGIONAL RURAL BANKS:

The government is looking at lowering the refinance rates for regional rural banks, or RRBs, as these rates have increased by 200 basis points, or two percentage points, in the last two years, people aware of the development said. A suggestion in this regard was made by banks to finance ministry officials during a course of discussion on measures needed to further strengthen the regional lenders last month, they said. The existing rate of refinance for RRBs is 6.6%.

(Economic Times)

INDIA TO EXPORT GREEN ENERGY TO SINGAPORE FROM 2025, GREENKO-

KEPPEL SIGN HYDROGEN MoU: India will for the first-time export green energy from 2025, with the first shipments going to a Singapore power plant under an MoU signed by an India-based dispatchable renewables company and Singapore's energy business on Tuesday. The MoU to explore opportunities in green hydrogen potential in India will see



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Greenko group and Singapore's Keppel Infrastructure working towards a 250,000 tonne per annum contract to be supplied to Keppel's new 600Mw power plant in Singapore.
(Economic Times)

7th PAY COMMISSION FOR CENTRAL GOVT. PENSIONERS; DOPPW CLARIFIES DR, COMMUTATION OF PENSION RULES: In a relief to Central Government pensioners, the Department of Pension and Pensioners' Welfare (DoPPW) today (October 25, 2022) issued a clarification on payment of Dearness Relief (DR) after the commutation of pension. The DoPPW has also clarified the amount of pension to be considered for commutation. As per Rule 52 of CCS (Pension) Rules, 2021, Dearness Relief on pension and family pension against price rise is granted to pensioners including the persons drawing compassionate allowance under Rule 41 and family pensioners at such rates and subject to such conditions as the Central Government may specify from time to time. Removing doubts over whether the Dearness Relief is available on basic pension or pension as reduced after commutation, the DoPPW said DR is payable on the original basic pension.
(Financial Express)

RELIANCE RETAIL TO EXPAND BUSINESS IN AFFORDABLE TOY SEGMENT THROUGH ROWAN BRAND: Reliance Retail is expanding its business into the fast-growing toy sector through its brand Rowan to operate in the affordable segment with a smaller shop size. The company was running its toy distribution business through Rowan. It has now brought this homegrown brand to the front end by opening its first EBO (exclusive brand outlet) at Gurugram in NCR in the last quarter.
(Financial Express)

BANKERS ASSOCIATION CALLS FOR STRIKE ON NOV 19 IN PROTEST OF VICTIMISATION: Banking services across the nation will get affected on November 19, with members of the All India Bank Employees' Association (AIBEA) going on strike, said an official. The members will strike work in protest against targeted victimisation of bankers for being active in the union. According to AIBEA General Secretary C.H. Venkatachalam, in the recent period, the attacks are not only increasing but there is a common thread in all these attacks.
(Business Standard)

'NOT SUPPLY': AAR RULES OUT GST ON CANTEEN FEES, NOTICE PERIOD PAY: The transactions entered into by a company with its employees will no longer attract the goods and services tax (GST). According to a report in the *Times of India (TOI)*, the Haryana bench of the GST Authority of Advance Rulings (AAR) passed the order that such orders would not be considered as "supply" at thus not attract any GST. These will include transactions like recovery of notice pay, recovery of the bond amount, deduction of salary for



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canteen facilities or issue of duplicate ID card. The announcement by the AAR bench came after the clarifications issued by the Central Board of Indirect Taxes and Customs (CBIC) in August.

(Business Standard)

CENTRE UNLIKELY TO INFUSE ANY CAPITAL INTO THE PSBS IN FY23:

The central government will not infuse any capital into public sector banks (PSBs) this financial year (FY23). According to a report in the Financial Express (FE), this will happen for the first time since FY08. The reason for this, according to the report, is that PSBs have recorded good profitability in FY22 and the bad loan ratio has shown steady improvement. Currently, there are no PSBs under prompt corrective action (PCA).

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

SHADOW BANKS

- ❖ Shadow banking is a name given to all the intermediaries that provide services similar to a traditional bank.
- ❖ They typically carry out banking function but do not come into the ambit of the banking regulation of a country.
- ❖ Shadow banking got popular in the financial crisis of 2008 and was deemed to be one of the main factors the said crisis. It was coined by Paul Mcculley in 2007 to mainly define the American non-banking intermediaries who used short term deposits to finance long term loans.
- ❖ These banks are defined as 'credit intermediation involving entities and activities remains outside the regular banking system'.
- ❖ NBFCs in the country come under the purview of the shadow banking sector. However, they are highly regulated by our central bank. Shadow banking has been the talk of the town after the recent crisis regarding the IL&FS default.



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RBI KEY RATES

Repo Rate: 5.90%
SDF: 5.65%
MSF & Bank Rate: 6.15%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.7626
INR / 1 GBP : 93.4075
INR / 1 EUR : 81.6988
INR /100 JPY: 55.5800

EQUITY MARKET

Sensex: 59543.96 (-287.70)
NIFTY : 17656.30 (-74.50)
Bank NIFTY: 41122.75 (-182.15)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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