



**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

November 26, 2022

CENTRE RELEASES RS 17,000 CRORE GST COMPENSATION TO STATES FOR APRIL-JUNE: Central govt. has released Rs 17,000 crore to states as GST compensation for April-June, the finance ministry said on November 25. With the latest release of the GST compensation, the total amount given to states and Union Territories so far this financial year is Rs 1.16 lakh crore.

(Moneycontrol)

GOVT. SEEKS TO SHRINK FISCAL DEFICIT BY AT LEAST 50 BPS: India wants to narrow its budget deficit by at least 50 basis points, according to people familiar with the matter, as authorities balance global investor scrutiny with the need for higher spending as the nation enters an election year. Finance Minister will seek to shrink the shortfall to less than 6% of gross domestic product in the year starting April 1. Subsidies on food, fertilizer and fuel will cost at least \$67 billion in the year ending March 2023 or 2.1% of GDP against the budget estimate of 3.2 trillion rupees (\$39.2 billion).

(Moneycontrol)

AMAZON TO SHUT FOOD DELIVERY SERVICE IN INDIA: Amazon has told its restaurant partners in India that it has decided to discontinue its food delivery service, which it had started in May 2020, from December 29. This comes a day after the e-commerce major shut down its fledgling edtech arm in the country, even as the company plans to lay off thousands of employees globally.

(Moneycontrol)

SEBI ISSUES FRAMEWORK TO ADDRESS TECHNICAL GLITCHES AT STOCK BROKERS: The Securities and Exchange Board of India (SEBI) on November 25 issued a new framework to cut down on instances of technical glitches being faced by stock brokers in India. The measures including new reporting requirements, financial disincentives for stock brokers facing technical glitches, capacity planning, and software testing among others will become applicable from April 1, 2023.

(Moneycontrol)

Paytm's 75% SLUMP IS WORLD'S WORST FOR LARGE IPOs IN A DECADE: One 97 Communications Ltd., the operator of India's largest digital-payments provider known as Paytm, has capped the worst first-year share plunge among large IPOs over the past decade and the pain is worsening. The company, whose founder compared its challenges to those faced by Tesla Inc. shortly after the listing, has seen its stock erase 75% of its market value one year after its \$2.4 billion offering, the largest on record at the time in India. The dive is the steepest first-year slide



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globally among IPOs that raised at least the same amount since Spain's Bankia SA's 82% drop in 2012, data compiled by Bloomberg show.

(Financial Express)

PAY DIVIDEND IN 7 DAYS AFTER FIXING RECORD DATE: SEBI TELLS MUTUAL FUNDS: Mutual funds (MFs) have to pay dividend to unit-holders in seven working days after declaration of record date. In a circular issued on Friday, SEBI said the record date will be two working days from the issue of public notice on dividend payment. The transfer of redemption proceeds to the unit-holders should be made in three working days from the date of redemption, it said. On paying redemption proceeds for schemes investing at least 80 per cent of total assets overseas, the transfer of redemption proceeds should be made in five working days from the date of redemption, it said. AMFI, in consultation with SEBI, will publish a list of exceptional circumstances for schemes unable to transfer redemption proceeds to investors within the stipulated time. It will also mention the time frame for payment in such circumstances and the list will be published within 30 days, said SEBI.

(Business Line)

PayNearby ISSUES OVER 1 LAKH PAN CARDS THROUGH KIRANA STORES AND OTHER RETAIL COUNTERS: Digital payment network company PayNearby on Thursday said it has issued more than one lakh PAN (Permanent Account Number) cards in the last five months to provide a valid identity proof to the customers. PayNearby works on a B2B2C (business to business to consumers) model wherein it partners with neighbourhood retail stores (such as kirana stores, mobile recharge stores, medical shops and travel agents) to provide them tools that in turn allows them to offer digital and financial services to local communities.

(Financial Express)

INDIA'S FOREX RESERVE RISE FOR SECOND WEEK TO \$547.25 BN: India's forex reserves increase by \$2.54 billion to \$547.25 billion for the week ended November 18, according to data released by Reserve Bank of India. The rise in the foreign exchange reserves can be attributed to gains in the Foreign Currency Assets (FCA), which is a major component of the overall reserves, according to the Weekly Statistical Supplement released by RBI. Foreign currency assets rose by \$1.76 billion to \$484.29 billion for the week ending November 18 according to the Weekly Statistical Supplement released by the RBI on Friday. Gold reserves rose by \$315 million to \$40.01 billion.

(Live Mint)

IRDAI APPROVES REFORMS TO PUSH INSURANCE PENETRATION, EASE OF DOING BUSINESS: As part of a slew of reforms, the board of Insurance Regulatory and Development Authority of India (IRDAI) has on Friday allowed private equity (PE) funds to directly invest in insurance companies and made forming a special purpose vehicle optional. "The insurers now can also raise subordinate debt or preference shares without prior approval of the



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authority to enable them to respond to market conditions in a speedy manner,” Debasish Panda, IRDAI chairman, said. The board has enhanced the limit for raising such capital to 50 per cent from 25 per cent of the paid up capital and premium subject to net worth of the company. Further, the subsidiary companies are also allowed to be promoters of insurance companies. Investments up to 25 per cent of the paid up capital by a single investor will now be treated as investor and investment over and above will be treated as promoter, Panda said. The solvency factors (as per calculating norms) for crop insurance have been reduced to 0.50 per cent from 0.70 per cent, while in life insurance, factors for unit linked business and Pradhan Mantri Jeevan Jyothi Bima Yojana have been reduced to 0.60 per cent from 0.80 per cent and to 0.05 per cent from 0.10 per cent, respectively.

(Business Line)

DELHI HC GRANTS BAIL TO FORMER YES BANK MD KAPOOR IN MONEY

LAUNDERING CASE: The Delhi High Court on Friday granted bail to former MD and CEO of YES Bank, Rana Kapoor, in a money laundering case being probed by the Enforcement Directorate. The case pertains to Enforcement Directorate's probe against Gautam Thapar, Avantha Realty Ltd (ARL), Oyster Buildwell Pvt Ltd (OBPL), and several others alleging criminal breach of trust, cheating, criminal conspiracy, and forgery for diversion or misappropriation of public money during the 2017 to 2019 period.

(Business Standard)

HSBC ASSET MANAGEMENT COMPANY COMPLETES ACQUISITION OF L&T

MUTUAL FUND: HSBC Asset Management Company (AMC) has completed the acquisition of L&T Investment Management. In a filing with exchanges on Friday, L&T Finance Holdings said it has received Rs 3,485 crore from HSBC AMC as sale proceeds.

(Business Standard)

RBI, UAE CENTRAL BANK DISCUSS MECHANISM TO TRADE IN LOCAL

CURRENCIES: The central banks of India and the United Arab Emirates (UAE) are discussing the creation of a mechanism to engage in bilateral trade in local currencies, in order to reduce transaction costs for exporters and importers, India's ambassador to UAE, said on Friday.

(Business Standard)

RBI'S HOUSING PRICE INDEX UP 4.5% IN Q2, KOCHI TOPS CHART WITH 11.5%

RISE: Reflecting buoyancy in demand for dwellings, the Reserve Bank's All-India House Price Index (HPI) grew by 4.5 per cent year on year during the second quarter ended September 2022. RBI's HPI is based on transaction-level data received from the registration authorities in ten major cities in the country. These cities are: Ahmedabad, Bengaluru, Chennai, Delhi, Jaipur, Kanpur, Kochi, Kolkata, Lucknow and Mumbai. The YoY movements in HPI varied widely across the cities, ranging from a growth of 11.1 % (Kochi) to a contraction of 4.1 % (Jaipur).

(Business Standard)



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RBI PERMITS BANKS TO OPEN 12 SPECIAL VOSTRO ACCOUNTS FOR TRADE IN RUPEES: RBI has permitted banks to open 12 special "vostro accounts", to facilitate import-export trade in the rupee, the apex bank's executive director Deepak Kumar said on Friday. The RBI had earlier allowed two Indian lenders UCO and IndusInd Bank to open nine special vostro accounts for facilitating overseas trade in rupee.
(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

VOSTRO ACCOUNT

- ❖ Russia has become the 5th largest exporter to India. India's import from Russia skyrocketed to \$21.34 billion in the April-September period. Amid rising exports, the Reserve Bank of India has allowed the opening of nine Vostro accounts with Indian lenders. In July, the RBI unveiled a mechanism for the settlement of international trade in Indian rupee. The move aims to promote Indian rupee in the international global community. Now let us know what is a Vostro Account?
- ❖ *Vostro* is a Latin word that translates to "your," as in "your account." Vostro accounts are held by a local bank on behalf of another (often foreign) bank. Such an arrangement forms a key part of correspondent banking, in which the bank holding the funds acts as custodian for or manages the account of a foreign counterpart. For example, if State Bank of India is maintaining the account of a US Bank in rupees for managing the transactions of the US Bank, it is termed as Vostro account of that Bank by SBI. In the above example, the US Bank will treat the account as their Nostro account with SBI.
- ❖ A vostro account is established to enable a foreign correspondent bank to act as an agent or provide services as an intermediary for a domestic bank. These services include executing wire transfers, withdrawals, and deposits for customers in countries where the domestic bank does not have a physical presence.



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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 : 81.5289
INR / 1 GBP : 98.6576
INR / 1 EUR : 84.8732
INR /100 JPY : 58.7900

EQUITY MARKET

Sensex: 62293.64 (+20.96)
NIFTY : 18512.80 (+28.70)
Bnk NIFTY: 42983.90 (-91.50)

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

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