



**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 26, 2022

ROAD TRANSPORT AND HIGHWAYS SECTOR HAS MAXIMUM NUMBER OF DELAYED PROJECTS: GOVT REPORT:

The road transport and highways sector has the maximum number of delayed projects at 358, followed by railways at 111 and the petroleum sector at 87, showed a government report. In the road transport and highways sector, 358 out of 769 projects are delayed. In railways, out of 173 projects, 111 are delayed, while in the petroleum sector, 87 out of 154 projects are running behind schedule, as per the latest flash report on infrastructure projects for November 2022. The Infrastructure and Project Monitoring Division (IPMD) is mandated to monitor central sector infrastructure projects costing Rs 150 crore and above based on the information provided on the Online Computerised Monitoring System (OCMS) by the project implementing agencies. The report showed that the Muneerabad-Mahaboobnagar rail project is the most-delayed project. It is delayed by 276 months. As many as 756 projects are delayed with respect to their original schedules.

(Economic Times)

FPIs END 2022 AS NET SELLERS; EXPERTS PREDICT A COMEBACK IN 2023:

If 2020 was the year of record foreign fund inflows into the Indian equity market, 2022 turned out to be the year of worst outflows. After a three-year buying streak, foreign portfolio investors (FPIs) will close 2022 as net sellers of Indian equities. According to depositories data, FPI net outflows from the Indian equities, on a year-to-date basis, stands at ₹1.21-lakh crore as on Friday.

(Business Line)

UNCERTAINTY OVER IMPLEMENTING E-INVOICING FOR BUSINESSES WITH TURNOVER OF MORE THAN ₹5 CR:

Uncertainty prevails over implementing e-invoicing for businesses with turnover of more than ₹5 crore. The Goods and Service Tax Council had made it mandatory for businesses with an annual turnover of over ₹5 crore to move to e-invoicing from January 1. The Central Board of Indirect Taxes and Customs (CBIC) is yet to come out with a notification in this regard. Though experts feel the system is good, the time is too short to bring down the threshold for implementation.

(Business Line)

FUND RAISING VIA IPOs HALVE EVEN AS EQUITY MARKETS HIT A NEW HIGH:

Funds mobilised by corporates through primary issuances have more than halved to ₹55,492 crore this calendar year up to December 15, against ₹1.22 lakh crore last year, despite the bullish market sentiment pushing bellwether Sensex to a new high. In all, 84 companies tapped the primary market this year against 99 last year. The valuation of these



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companies after listing has increased to ₹65,325 crore from ₹55,492 crore at the time of the issue, a gain of 13 per cent. Investors have made a gain of ₹8,000 to ₹10,000 crore over the year by investing via initial public offerings (IPOs), according to a study by Bank of Baroda.

(Business Line)

INDIA SEEKS COMMENTS OF WTO MEMBERS ON CONSUMER PROTECTION

IN E-COMMERCE: India has sought comments from other WTO member countries on their experiences related to consumer protection in e-commerce, such as countering fakes and counterfeits, data protection, management of returns and dispute resolution, and the role the WTO can play in the area. In a recent representation to the General Council, India made case for a focussed discussion on consumer protection in e-commerce at the WTO to reinvigorate the ongoing work programme on electronic commerce.

(Business Line)

RISING INTEREST RATES EFFECT: PFRDA RESETS AUM GROWTH AIM, EYES

₹9- LAKH CRORE BY MARCH 2023: Rising interest rates due to global central banks' monetary tightening and its impact on debt and equity markets has weighed down pension assets growth, prompting the pension regulator PFRDA to lower its AUM growth aim this fiscal to 22.5 per cent. PFRDA now expects pension Assets Under Management (AUM) to by end March 2023 touch ₹9-lakh crore, up 22.5 per cent over the level of ₹7.37-lakh crore as of end March 2021.

(Business Line)

RBI EASES PAYMENT CONCERNS INVOLVING LARGE PULSES SUPPLIERS:

RBI has stepped in to address concerns of banks in clearing payments to India's major pulses suppliers, such as Myanmar, Mozambique and Tanzania, which have been flagged as risky destinations by the Financial Action Task Force (FATF). In a communication to the Indian Banks' Association (IBA), the banking regulator has clarified that the FATF move doesn't prevent domestic financial entities from undertaking legitimate trade and business transactions with these jurisdictions, especially when it involves supplies of essential commodities like pulses, sources close to the development told FE.

(Financial Express)

OVER 80% OF STAND-UP INDIA LOANS SANCTIONED TO WOMEN

ENTREPRENEURS: Women entrepreneurs have emerged as the biggest beneficiaries of the government's Stand-Up India scheme with 80.2 per cent of bank loans sanctioned till early December belonging to women-led business units since its launch in April 2016. According to the data shared by the minister of state in the finance ministry Bhagwat Karad in the Rajya Sabha recently, 1,59,961 loans were sanctioned to entrepreneurs as of December 2, 2022, of



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which 1,28,361 loans were sanctioned to women entrepreneurs while 23,797 loans were sanctioned to scheduled caste entrepreneurs and 7,803 to scheduled tribe entrepreneurs.

(Financial Express)

HDFC RECEIVES \$400-MILLION LOAN FOR GREEN FINANCE: HDFC on Friday said it is raising \$400 million through a loan from the International Finance Corporation for financing green housing affordable segment. HDFC will use 75% of the loan proceeds for financing affordable green projects. The company will set a lending framework for such loans with strict standards for green buildings, a statement said. On an assets under management (AUM) basis, the company's individual loan book, which constitutes 81% of total AUM, grew 20% YoY. HDFC's total AUM stood at Rs 6.9 trillion as of September 30.

(Financial Express)

VENUGOPAL DHOOT HELPED DEEPAK KOCHHAR GET 95% SHARE OF NRL, ALLEGES CBI: The Central Bureau of Investigation (CBI) has alleged that Deepak Kochhar, husband of former ICICI Bank CEO-MD Chanda Kochhar, was helped by a co-accused to get the ownership of Nupower Renewables Ltd (NRL) and in receiving ill-gotten money. This was revealed after a special CBI court on Saturday remanded Chanda Kochhar and Deepak Kochhar to CBI custody till December 26. The CBI had arrested the couple on Friday in connection with their alleged role in the ICICI Bank-Videocon money laundering case. Venugopal Dhoot of Videocon Group is a co-accused in the case. NRL was incorporated on December 24, 2008 with Deepak Kochhar, Venugopal Dhoot, and Saurabh Dhoot as the first directors of the company.

(Business Standard)

INDIA WILL TAKE 20 YRS, 8-9% GROWTH TO BECOME DEVELOPED NATION:

RANGARAJAN: Noting that the achievement of \$5 trillion economy is a short term aspirational goal, former RBI Governor C Rangarajan on Saturday said even after that India will still be known as middle income country with per capita income \$3472. Rangarajan further said in order to reach the level of an upper middle-income country, it will take another two years and to be classified as a developed country, the per capita income will have to be at a minimum of \$13,205 and that will take more than two decades of strong growth of between 8 to 9 per cent to achieve it.

(Business Standard)

LIC MAY LOOK AT COMPOSITE LICENCE POST AMENDMENT IN INSURANCE

LAW: The country's largest insurer LIC may take a call on composite licence clause after the passage of Insurance Laws (Amendment) Bill in Parliament, sources said. As per the proposed Bill, an applicant may apply for registration of one or more classes/sub-classes of insurance



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business of any category or type of insurer. However, reinsurers are prohibited from seeking registration of any other class of insurance business. A composite licence will allow insurers to undertake general and health insurance via a single entity. Sources said LIC would take a call on composite licence and other issues emanating out of passage of the Bill in a comprehensive manner taking into consideration Life Insurance Corporation Act, 1956. The Bill, with proposed amendments to the Insurance Act 1938 and Insurance Regulatory and Development Authority Act, 1999, is expected to be tabled in Parliament in the upcoming Budget session starting next month, sources said. If the proposal for composite insurance registration is passed, there would be change in solvency margin and capital requirement for these companies.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

COUNTERPARTY CREDIT RISK

- ❖ Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default. Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss: the market value of the transaction can be positive or negative to either counterparty to the transaction.
- ❖ A central counterparty (CCP) is a clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the future performance of open contracts. A CCP becomes counterparty to trades with market participants through novation, an open offer system, or another legally binding arrangement. For the purposes of the capital framework, a CCP is a financial institution.
- ❖ A qualifying central counterparty (QCCP) is an entity that is licensed to operate as a CCP (including a license granted by way of confirming an exemption), and is permitted by the appropriate regulator / overseer to operate as such with respect to the products offered.
- ❖ The exposure amount for the purpose of computing for default risk capital charge for counterparty credit risk will be calculated using the Current Exposure Method (CEM). The credit equivalent amount of a market related off-balance sheet transaction calculated using the current exposure method is the sum of current credit exposure and potential future credit exposure of these contracts.



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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.**

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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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