



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

**September 27, 2022**

**CENTRE EXTENDS FOREIGN TRADE POLICY BY ANOTHER 6 MONTHS:** GoI has decided to postpone the release of the new Foreign Trade Policy (FTP) and extend the existing one by six months on account of global uncertainties and currency fluctuations. The government was scheduled to announce the new FTP by the end of September. The current policy was to end on September 30.

**(Moneycontrol)**

**SEBI PENALISES 19 PERSONS FOR FRAUDULENT TRADING IN GLOBAL INFRATECH AND FINANCE SHARES:** Capital markets regulator SEBI has imposed a penalty of Rs 95 lakh on 19 individuals for indulging in manipulative trading in the shares of Global Infratech and Finance Limited for violations of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms. They have been directed to pay the penalty within 45 days.

**(Moneycontrol)**

**BUILDING INSTITUTIONS SUCH AS GST COUNCIL TAKES TIME AND PATIENCE: NIRMALA SITHARAMAN:** Finance Minister Nirmala Sitharaman on September 26 called out the opposition parties that have been opposed to and criticizing the goods and services tax (GST) regime. India adopted the GST in July 2017. The indirect tax system pools the sovereign rights of the Centre and states to tax. At the time of introduction of GST in 2017, the constitutional amendment provided for compensation to states for five years for revenue lost. The GST Compensation to States Act provided for release of compensation based on 14 percent year-on-year growth. Several states have been demanding the continuation of GST compensation that ended on June 30. The Centre has been noncommittal.

**(Moneycontrol)**

**CEMENT FIRMS' PROFITABILITY SEEN DIPPING 15% ON INPUT COSTS:** Despite a high double-digit demand growth, the profitability of cement companies is set to fall by 15 per cent because price hikes lag increase in production cost, according to a report. The report by rating agency CRISIL, however, said that higher demand will cushion the credit outlook for the sector. Operating profitability of cement makers will decline 15 per cent year-on-year to Rs 900-925 per tonne this fiscal, adding to the pain of a 9 per cent decline last fiscal.

**(Business Standard)**

**SAMSUNG LAUNCHES CREDIT CARD IN INDIA WITH 10% CASHBACK ON ITS PRODUCTS:** Samsung India on Monday announced its first-ever credit card in India in partnership with Axis Bank and Visa, that will give customers 10 per cent cash back across



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all Samsung products and services round the year. The 10 per cent cashback offer will be over and above the company's offers, on both EMI and non-EMI transactions.

***(Business Standard)***

### **OECD, S&P KEEP INDIA'S ECONOMIC GROWTH FORECASTS UNCHANGED FOR FY23:**

The Organisation for Economic Cooperation and Development (OECD) and S&P on Monday kept their growth forecasts for India unchanged at 6.9 per cent and 7.3 per cent, respectively, for FY23 while highlighting growing downside risks. Although S&P noted the decline in core inflation in India, it also warned of the CPI "to remain outside RBI's upper tolerance limit of 6 % until the end of 2022.

***(Business Standard)***

### **FIXED INVESTMENT TENOR OF 10 YEARS UNDER GUARANTEED RETURN SCHEME MARS UNDER NPS:**

Subscribers to the much-awaited Minimum Assured Return Scheme (MARS) under the new pension system (NPS) will have to stay invested for 10 years to claim the guaranteed return. "Also, a scheme would run for 10 years only. This means that 10 years shall be minimum, as well as maximum, tenor of investments under the scheme," Supratim Bandyopadhyay, chairman, Pension Fund Regulatory and Development Authority (PFRDA), told. This will be the only product that shall be launched under MARS, for now.

***(Business Standard)***

### **SOUTH KOREAN ASSETS TURN ASIA'S BIGGEST LOSERS ON GLOBAL RECESSION ANGST:**

Fears of a global recession are hitting South Korean assets hard from stocks to its currency as investors flee the export-reliant nation. The Kospi index tumbled 3% on Monday to its lowest close in more than two years, leading declines in Asia. The won, by far the region's worst performer this quarter, slid to the weakest level since March 2009 versus the dollar.

***(Business Standard)***

### **UCO BANK, USED BY INDIA FOR IRAN PAYMENTS, PLANS RUPEE TRADE WITH RUSSIA:**

UCO Bank will soon open a special rupee account with Russia's Gazprombank to facilitate growing trade between the two countries, a top official said. The bank has received the necessary approval from the regulator-- the Reserve Bank of India -- to open a special rupee vostro account, Soma Sankara Prasad, managing director and chief executive officer at UCO Bank, told Bloomberg News in a phone interview. UCO Bank has in the past functioned as the payment bank for oil imports from sanction-hit Iran.

***(Business Standard)***

### **GOVT LOOKING TO REDUCE TURNOVER THRESHOLD FOR CORPORATES TO GET ONBOARD TReDS:**

The MSME Ministry is looking to reduce the minimum turnover threshold from the current Rs 500 crore to Rs 250 crore for central public sector enterprises (CPSEs) and corporate entities to get onboard invoice discounting platform TReDS in order to



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expand the latter's scope. "The registration cut-off is Rs 500 crore right now but we have requested the Finance Ministry if it could be brought down to Rs 250 crore turnover because that is the upper limit for MSME,"

*(Financial Express)*

### **INDIA'S LENDING POTENTIAL FOR MSMEs LIKELY TO REACH RS 3 TRILLION BY FY23:**

The next wave in fintech will be the rise of cash flow-based lending to MSMEs, said V. Anantha Nageswaran, the Chief Economic Advisor to the Government of India. "The lending potential of about Rs 3 trillion next year itself for MSMEs will be based on GST Invoices and bank statements made available on account aggregator and banks adopting OCEN (Open Credit Enablement Network)."

*(Financial Express)*

### **BRITISH POUND PLUNGES TO NEW LOW AS TAX CUTS SPARK**

**CONCERN:** The British pound fell to all-time low against the U.S. dollar early Monday after Treasury chief Kwasi Kwarteng pledged a sweeping package of tax cuts, fueling concerns about the government's economic policy as the United Kingdom teeters toward recession. The pound fell as low as \$1.0373, its lowest level since the decimalization of the currency in 1971, before rallying to above \$1.06 in London late afternoon trading.

*(Economic Times)*

**ANIL AMBANI GETS INTERIM RELIEF IN TAX EVASION CASE:** The Bombay High Court on Monday stopped the Income Tax Department from taking any coercive action against Reliance Group chairman Anil Ambani until November 17 in a case over alleged evasion of tax on funds parked abroad.

*(Economic Times)*

### **INDIA'S CAMPAIGN FOR RUPEE TRADE FINDS FANS FROM RUSSIA TO UAE:**

Indian tea exporters are getting interest from the United Arab Emirates and sanctions-hit Russia and Iran to pay in rupees, a nod toward the government's plan to settle international trade in the local currency. Buyers from those countries are keen to pay rupees for Indian shipments, said P.K. Bhattacharya, secretary general of the Tea Association of India.

*(Live Mint)*

### **CENTRE COMMITS ₹7,385 CR TO 88 AIFS UNDER STARTUP INDIA**

**INVESTMENT:** The Funds of Funds launched under the Startup India Initiative in 2016 has committed ₹7,385 crore to 88 Alternative Investment Funds (AIFs) as of September 24 this year, according to the Ministry of Commerce and Industry.

*(Live Mint)*



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## ***FINANCIAL TERMINOLOGY/CONCEPTS***

### **FALLOUT RISK**

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- ❖ Fallout risk or borrower fallout is one of the two components of pipeline risk, the other being price risk. The risk can simply be defined as the probability of a prospective borrower failing to complete his/her mortgage loan transaction. Usually, a high fallout risk occurs when the finalisation of a mortgage deal is contingent upon another deal, such as the sale of a real estate asset.
- ❖ It is because if the deal fails to go through, it is said to have fallen out of the lender's pipeline. Here, pipeline refers to the loan commitment made by the mortgage originator or lender and also the loan application processed. The risk arises when the mortgage originators give potential borrowers the right, but not the obligation, to cancel the agreement.
- ❖ A change in interest rate not only influences the value of the lender's pipeline risk, it also has a direct bearing on the percentage of loans that will close.
- ❖ The impact of such a fallout on mortgage originators can vary in case the interest rate rises or falls. If interest rates increase, borrowers are likely to accept the terms and there are more chances that a higher percentage of loans in the pipeline will close. However, if interest rates fall during the lock-in period, borrowers are more likely to tap cheaper sources of funding, resulting in a lower percentage of loans being closed.



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### **RBI KEY RATES**

Repo Rate: 5.40%  
SDF: 5.15%  
MSF & Bank Rate: 5.65%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 81.5750  
INR / 1 GBP : 86.6153  
INR / 1 EUR : 78.7095  
INR /100 JPY: 56.7100

### **EQUITY MARKET**

Sensex: 57145.22 (-953.70)  
NIFTY : 17016.30 (-311.00)  
Bank NIFTY: 38616.30 (-930.00)

**(CMA Chittaranjan Chattopadhyay)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

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