



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

January 27, 2023

RS 4,760 CRORE BANK FRAUD: CBI REGISTERS CASE AGAINST GTL LTD DIRECTORS, BANKERS:

The Central Bureau of Investigation (CBI) has registered a case against GTL Ltd, some unknown bankers and directors for allegedly defrauding a consortium of banks for an amount to the tune of Rs 4,760 crore by creating an array of shell firms to divert bank money. According to the central probe agency, the company fraudulently obtained loans from a bank consortium of around 24 lenders and subsequently siphoned off majority of the loan amount in conspiracy with vendors and some bank officials. Enquiries revealed that GTL was extending advances to vendors year on year without supply of material and goods. And eventually these advances were provisioned, the agency said. To facilitate the fraud, the perpetrators allegedly created various vendor companies in connivance with GTL Ltd, the CBI said. Among the banks, ICICI Bank has an exposure of Rs 650 crore to GTL Ltd, Bank of India Rs 467 crore and Canara Bank has Rs 412 crore.

(Moneycontrol)

INDIA CELEBRATES 74TH REPUBLIC DAY ON KARTAVYA PATH: India's military prowess infused with a spirit of "aatmanirbharta" and diverse and vibrant cultural heritage were showcased on the Kartavya Path as the nation celebrated its 74th Republic Day on Thursday. "Nari Shakti" was predominantly the theme of the celebrations with President Droupadi Murmu, Prime Minister Narendra Modi and a host of other dignitaries joining people and members of the armed forces in marking the august occasion. Egypt's President Abdel Fattah al-Sisi was the chief guest at the ceremonial event. A combined band and marching contingent of the Egyptian Armed Forces also took part in the parade that started around 10:30 am and ended close to noon after a fly-past.

(Economic Times)

US ECONOMY GREW 2.1% IN 2022, HELPED BY CONSUMPTION: US economic growth slowed to 2.1 percent in 2022, the Commerce Department said Thursday, as activity eased in the final months of the year while recession fears loom. The full-year figure "primarily reflected increases in consumer spending" and other areas like exports, the department said, and the world's biggest economy expanded at an annual rate of 2.9 percent in the October to December period.

(Economic Times)

BANKS OPEN MORE BRANCHES TO CASH IN ON CREDIT GROWTH: Indian banks are on a branch addition spree as they look to capitalise on the purple patch in credit growth. While digital banking is growing at a faster clip, banks feel that a physical-plus-online



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approach is here to stay. The trend is led by private banks. HDFC Bank alone opened 684 branches in the December quarter and aims to add more than 1,500 branches for the fiscal year. ICICI Bank opened about 300 branches between April and December 2022 and had a network of 5,718 branches at the end of last month.

(Economic Times)

UN FORECASTS FALL IN GLOBAL ECONOMIC GROWTH TO 1.9% IN 2023: The United Nations forecast Wednesday that global economic growth will fall significantly to 1.9% this year as a result of the food and energy crisis sparked by the war in Ukraine, the ongoing impact of the COVID-19 pandemic, persistently high inflation and the climate emergency. Painting a gloomy and uncertain economic outlook, the U.N. Department of Economic and Social Affairs said the current global economic slowdown "cuts across both developed and developing countries, with many facing risks of recession in 2023"

(Economic Times)

FINAL STAGE OF UNION BUDGET 2023-24 COMMENCES WITH HALWA

CEREMONY: The Halwa ceremony, marking the final stage of the Budget preparation process for Union Budget 2023-24, was held in North Block, on 26th January afternoon, in the presence of Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman and Union Ministers of State for Finance Shri Pankaj Chaudhary and Dr. Bhagwat Kisanrao Karad. A customary Halwa ceremony is performed every year before the "lock-in" process of Budget preparation begins. Like the previous two Union Budgets, Union Budget 2023-24 will also be delivered in paperless form. The Union Budget 2023-24 is to be presented on 1st February, 2023. All the 14 Union Budget documents, including the Annual Financial Statement (commonly known as Budget), Demand for Grants (DG), Finance Bill etc. as prescribed by the Constitution, will be available on the "Union Budget Mobile App" for hassle-free access of Budget documents by Members of Parliament (MPs) and the general public using the simplest form of digital convenience.

(Press Information Bureau)

EPFO MOVES TO BLOCK HIGHER PENSION FOR PRE-2014 RETIREES: In a move that could impact tens of thousands of pensioners, the Employees' Provident Fund Organisation (EPFO) has asked its field offices to reduce pension payouts to those who retired prior to September 2014, and were granted pension on higher wages without exercising such an option. The officers have been asked to recover the excess pension payments such retirees had received till date. The move is aimed at reducing the outgo on account of the November, 2022 Supreme Court ruling that upheld the Employees' Pension Scheme (EPS) amendment of 2014, but could lead to fresh litigation, analysts said.

(Financial Express)



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RBI RELEASES DRAFT PAPER ON SECURITISATION OF STRESSED ASSETS:

RBI on Wednesday said the framework on securitisation of stressed assets (SSA) can be extended to standard assets with a certain ceiling. The current guidelines on SSA, standard assets eligible to be included, are in the special mention account (SMA) category. The paper also discussed inclusion of retail and large corporate loans under the SSA framework. In discussions held by the RBI, some participants were in favour of including retail assets as they have predictable cash flows, reducing the complexities involved in structuring such transactions. In case of large corporate loans, which have highly uncertain cash flows, delays in decision making by the committee of creditors lead to deterioration in value of underlying, and representation by the resolution manager is only limited to a part of the entire set of creditors.

(Financial Express)

IBM, SAP SE TO CUT THOUSANDS OF JOBS GLOBALLY AMID TECH

LAYOFFS: IBM Corp and SAP SE have joined the list of global technology companies that are slashing thousands of jobs as their profits come under pressure from a slowing global economy. American tech giant IBM delivered an upbeat annual sales forecast on Wednesday while announcing that it would eliminate about 1.5 per cent of its global workforce. The reductions will amount to a “ballpark” figure of 3,900. SAP, meanwhile, said it planned to cut 3,000 jobs, or 2.5 per cent of its global workforce.

(Business Standard)

9 OUT OF 10 INDIVIDUAL TRADERS IN F&O SEGMENT MAKING LOSSES:

SEBI: Nine out of 10 individual traders in the equity F&O segment incurred net losses during both the years FY 2018-19 and FY 2021-22, according to a study by market regulator SEBI. There has been a significant increase of over 500 per cent in the number of individual traders in the equity F&O segment in FY 2021-22, as compared to FY 2018-19. Ninety-eight per cent of individual traders in the equity F&O segment traded in options during FY 2021-22.

(Business Standard)

HINDENBURG ALLEGATIONS AGAINST ADANI PUTS INVESTOR TRUST IN

INDIA IN DOUBT: Hindenburg Research seems to be insinuating in its report on Indian tycoon Gautam Adani, whom it accuses of “pulling the largest con in corporate history.” Released Tuesday evening in the US, it was met with a terse dismissal. The timing of the publication “shows a brazen, mala fide intention” to tarnish the group’s reputation just as its flagship firm starts a key \$2.5 billion share sale, said a three-paragraph rebuttal by Adani’s chief financial officer to the short-seller’s detailed allegations of stock manipulation and accounting fraud. The lengthy note also asks 88 questions of the world’s fourth-richest person; none have been answered so far. The \$12 billion slide in Adani shares following the report’s



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release shows that, at the very least, investors are a little skittish after a five-year, 2,500% rally in Adani Enterprises Ltd.

(Business Standard)

BILLIONAIRE GAUTAM ADANI LOSES OVER ₹48,000 CRORE IN NET WORTH IN A DAY AFTER HINDENBURG REPORT: Gautam Adani's net worth plunged significantly in just a day after a sharp fall in bonds and stocks of the seven listed Adani group companies yesterday as Hindenburg, a well-known US short-seller, said key listed companies in the group controlled by billionaire Gautam Adani had substantial debt, which has put the entire group on a 'precarious financial footing.'

(Mint)



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FINANCIAL TERMINOLOGY/CONCEPTS

ENVIRONMENT DRIVEN TAXES

Recently, there has been growing awareness of the imposition of environmental taxes, and a very large basket has already been designed in different countries. An extract depicts the current status of their coverage globally. According to the OECD (2006), there are about 375 environmentally related taxes in the OECD countries.

Carbon taxes are the most contentious fiscal instruments widely discussed, which serve the dual purpose of acting as a deterrent and raising resources from activities that impact sustainable economic development. Some of the other taxes in this area which have also been explored globally are:

- Taxes on plastic bags in Ireland were introduced in 2002 which generated Euro 200 million in over 12 years.
- Deposit refund packaging scheme in Finland was first introduced in 1950.
- Landfill tax in the UK was introduced in 1996 to reduce the amount of waste sent for landfilling and boost waste recycling.
- Tax on nitrogen emissions in Sweden was introduced in 1992 to discourage activities with nitrogen emissions.

Ecotax: An ecotax is a tax whose tax base is defined so as to internalise the negative externality generated either from the production/consumption/extraction behavior in an economy". Some examples of "ecotax" in India at a regional level are; Clean energy tax by the Government of India introduced in 2010, imposed on coal, peat and lignite, Gujarat Green Cess , Goa Green Cess, tax on old vehicles on some states etc.



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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 : 81.6263
INR / 1 GBP : 100.6523
INR / 1 EUR : 89.0135
INR /100 JPY : 62.5900

EQUITY MARKET

Sensex: 60205.06 (-773.69)
NIFTY: 17892.00 (-226.30)
Bnk NIFTY: 41647.70 (-1085.70)

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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