



**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 27, 2022

PAYMENT SYSTEM OPERATORS TO REPORT FRAUD ON RBI'S DAKSH FROM

JAN 1: In order to streamline reporting, enhance efficiency and automate the payments fraud management process, the RBI on Monday said the fraud reporting module will be migrated to DAKSH "the Reserve Bank's advanced supervisory monitoring system" from January 1. RBI operationalised the Central Payments Fraud Information Registry (CPFIR) in March 2020 with reporting of payment frauds by scheduled commercial banks and non-bank Prepaid Payment Instrument (PPI) issuers. "...entities shall commence reporting of payment frauds in DAKSH from this date (January 01, 2023)," the central bank said in a circular.

All RBI-authorised Payment System Operators (PSOs) / providers and payment system participants operating in India are required to report all payment frauds, including attempted incidents, irrespective of value, either reported by their customers or detected by the entities themselves, it added. This reporting was earlier facilitated through Electronic Data Submission Portal (EDSP) and is being migrated to DAKSH.

(Moneycontrol)

GOVT TO ISSUE 50 QUALITY CONTROL ORDERS BY Q2 OF FY24: The Department for Promotion of Industry and Internal Trade (DPIIT) plans to issue 50 Quality Control Orders (QCO) by the second quarter of FY24 and is in the process to bring aluminium products, lighters, sports goods, potable water bottles and insulated flasks, resin-treated compressed wood laminates and wooden furniture under quality norms, to curb substandard imports and boost domestic manufacturing.

(Economic Times)

NPS: PFRDA BATS FOR INDIA INC, MOOTS HIGHER TAX BREAK FOR BUSINESS EXPENSE ON EMPLOYER CONTRIBUTIONS:

Pension regulator PFRDA has urged Finance Minister Nirmala Sitharaman to increase the limit of additional tax deduction on investments under the National Pension System (NPS) from ₹50,000 to ₹1 lakh in the upcoming Budget for 2023-24. This suggestion to enhance the limit under Section 80 CCD(1B) should be music to the ears of individual NPS subscribers as this window of tax break of ₹50,000 was currently available in addition to the Section 80C limit of ₹1.50 lakh already available for salaried individuals.

(Business Line)

CBI ARRESTS VIDEOCON CHAIRMAN VENUGOPAL DHOOT IN ICICI BANK LOAN FRAUD CASE:

The Central Bureau of Investigation (CBI) on Monday arrested Videocon chairman Venugopal Dhoot from Mumbai more than three years after booking him in



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an FIR for his alleged involvement in an ICICI bank fraud case. The business tycoon's arrest came days after the agency picked up former ICICI bank MD & CEO Chanda Kochhar and her husband Deepak Kochhar. The CBI charged that the bank, with Kochhar at the helm, sanctioned ₹1,875 crore loan to the Videocon Group in violation of the lending policies. This was allegedly in lieu of ₹64 crore bribe Dhoot paid but shown as an investment by the group owner in a business headed by Kochhar's husband Deepak. The CBI had also charged that Deepak Kochhar was assisted by a co-accused to acquire ownership of NuPower Renewables Ltd (NRL).

(Business Line)

CA INSTITUTE REVISES IMPLEMENTATION GUIDE ON AUDITING STANDARD ON 'AUDIT DOCUMENTATION': The CA Institute has come up with a revised implementation guide to the auditing standard (SA230) on 'audit documentation'. This has been done to provide practical implementation guidance to auditors on this standard. The implementation guide was last issued in 2018.

(Business Line)

INDIA TO BECOME \$10-TRILLION ECONOMY BY 2035: CEBR: India will become the third economic superpower by 2037 and a \$10-trillion economy by 2035, Centre for Economics and Business Research (CEBR), a leading London-based consultancy, has said. Published on Monday, the report said the world is moving towards recession. However, over the next five years, the annual rate of India's GDP growth is expected to average 6.4%, after which it is expected to grow at average 6.5% in the subsequent nine years. "This growth trajectory will see India rise from fifth place on the World Economic League Table in 2022 to third in the global rankings by 2037," it said.

(Economic Times)

IDBI BANK OFFERS 7.60% INTEREST RATE ON THIS SPECIAL FIXED DEPOSIT: IDBI Bank has increased the rate of interest on deposits and now offers interest on 700 days tenure. According to the bank's press release, "IDBI Bank offers 7.60% interest on Retail Amrit Mahotsav Deposit. IDBI Bank has enhanced rate of interest on deposits and now offers interest up to 7.60% for just 700 days, as a limited period offer, effective from December 26, 2022."

(Live Mint)

NO PROPOSAL BEFORE GOVT TO LOWER THRESHOLD FOR GENERATING E-INVOICE: CBIC: The CBIC on Monday said there is no proposal before the government to lower the threshold from January 1 for mandatory generation of e-invoices. Currently, businesses with a turnover of Rs 10 crore and above are required to generate an electronic



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invoice for all B2B transactions. "There is no proposal before the Government, at present, to reduce this threshold limit to Rs 5 crore with effect from 01.01.2023, as no such recommendation has been made by GST Council as yet," Under GST law, e-invoicing for business-to-business (B2B) transactions made mandatory for companies with a turnover of over Rs 100 crore. From October 1, 2022, companies with turnover of over Rs 10 crore were generating B2B e-invoices.

(Business Standard)

CORPORATE INDIA FOCUSING ON GENDER DIVERSITY, TO HIRE MORE

WOMEN IN 2023: Corporate India is pushing for gender diversity in the workplace and is set to hire more women within its ranks in the New Year, reported *The Economic Times*. Leading organisations such as Cognizant, Larsen & Toubro and HDFC Bank are intensifying their efforts to attract more women employees by taking initiatives like flexible work hours and mentoring programmes, according to the report.

(Business Standard)

FUND MOBILISATION THROUGH EQUITY, DEBT ROUTES DOWN 20% TO RS

11 TRN IN 2022: Fund mobilisation by companies through equity and debt routes has dropped 20 per cent in 2022 to nearly Rs 11 lakh crore, as exuberance dwindled this year due to expensive credit avenues and volatile markets. The first half of 2023 could continue to remain challenging. The year 2021 was extraordinary for fundraising from the equity and debt routes, while 2022 has seen a slowdown in capital raising owing to elevated volatility provoked by unprecedented inflation globally and the Russia-Ukraine war, according to, Trust Plutus Wealth (India) Pvt Ltd.

(Business Standard)

UP TO DEVELOP DRY PORTS, FREIGHT CONTAINER STATIONS TO BOOST

EXPORTS: Land-locked Uttar Pradesh, which is aiming to become a trillion-dollar economy by 2027, will develop a network of dry ports and freight container stations to boost exports. The state plans to develop a modern logistics ecosystem in partnership with private players. A dry port is an inland intermodal port directly linked to a seaport by roads or railway to facilitate faster movement of export cargo. Under the UP Warehousing and Logistics Policy 2022, the state will fast-track land allotments for logistics parks and offer a string of subsidies and incentives to attract private investments.

(Business Standard)

GROSS DIRECT TAX COLLECTIONS UP BY 30% AT RS 10.93 TRN IN

CURRENT FISCAL: Gross direct tax collections for 2022-23 (up to November 30) are up by 29.66 per cent at Rs 10,93,385 crore, which was over Rs 8,43,301 crore collected during the



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corresponding period of last year. The growth has been achieved due to the performance of economy, administration and implementation of the provisions of the direct tax laws, finance ministry sources said. The Central government has set a target of Rs 14,20,000 crore for collection of direct taxes as per budget estimates for 2022-23. Meanwhile, direct tax collected in the current fiscal till November 30 was Rs 8,77,470 crore.

(Business Standard)

CENTRAL BANK OF INDIA TO RAISE UP TO RS 1,500 CR VIA BONDS THIS FISCAL: State-owned Central Bank of India will raise up to Rs 1,500 crore this fiscal by issuing Basel III compliant bonds. The board of directors considered and approved to raise capital through an issuance of non-convertible redeemable unsecured Basel III compliant tier II bonds for amount up to Rs 1,500 crore, the bank said in a regulatory filing. The base issue size is of Rs 500 crore with a green shoe option up to Rs 1,000 crore.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

GREEN SHOE OPTION

- ❖ A greenshoe option is an **over-allotment option**. In the context of an initial public offering (IPO), it is a provision in an underwriting agreement that grants the underwriter the right to sell investors more shares than initially planned by the issuer if the demand for a security issue proves higher than expected.
- ❖ Green shoe is a kind of option which is primarily used at the time of IPO or listing of any stock to ensure a successful opening price with the help of big investment bankers also called underwriters. These underwriters are responsible for making the public issue successful and find the buyers for company's shares. They are paid a certain amount of commission to do this work.
- ❖ Green shoe option is a clause contained in the underwriting agreement of an IPO. It allows the underwriting syndicate to buy up to an additional 15% of the shares at the offering price if public demand for the shares exceeds expectations and the stock trades above its offering price.
- ❖ Green shoe options or over-allotment options were introduced in India by the SEBI in 2003 to stabilise the aftermarket price of shares issued in IPOs.
- ❖ The guidelines require the promoter to lend his shares (not more than 15% of issue size) which is to be used for price stabilisation to be carried out by a stabilising agent (normally merchant banker or book runner) on behalf of the company. The stabilisation period can be up to 30 days from the date of allotment of shares to bring stability in post listing pricing of shares.
- ❖ The entire process of a greenshoe option works on over-allotment of shares. For instance, a company plans to issue 1 lakh shares, but to use the greenshoe option; it actually issues 1.15 lakh shares, in which case the over-allotment would be 15,000 shares. Please note, the company does not issue any new shares for the over-allotment. The 15,000 shares used for the over-allotment are actually borrowed from the promoters with whom the stabilising agent signs a separate agreement. For the subscribers of a public issue, it makes no difference whether the company is allotting shares out of the freshly issued 1 lakh shares or from the 15,000 shares borrowed from the promoters. Once allotted, a share is just a share for an investor. For the company, however, the situation is totally different. The money received from the over-allotment is required to be kept in a separate escrow account.



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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 : 82.7373
INR / 1 GBP : 99.8970
INR / 1 EUR : 87.9415
INR /100 JPY : 62.3900

EQUITY MARKET

Sensex: 60566.42 (+721.13)
NIFTY : 18014.60 (+207.80)
Bnk NIFTY: 42630.20 (+962.10)

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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Chairman,

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