



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

**October 29, 2022**

**RBI GOVERNOR CAUTIONS ON BACKDOOR ENTRY OF FINTECHS:** The use of technology has made financial entities more efficient, but it has also led to backdoor entry of unregulated players into the financial space that often do not abide by norms, Reserve Bank of India (RBI) Governor Shaktikanta Das said on Friday. "This leads to several concerns including mis-selling, breach of customer privacy, unfair business conduct, usurious interest rates, and unethical loan recovery practices," Das said at the annual conference of RBI ombudsman at Jodhpur. "Customers are initially tempted to borrow from these entities because of simplified or no documentation requirements followed by prompt disbursals. It is only later that the customers realise the serious downsides to such borrowings," Das said. The RBI recently came out with detailed guidelines on digital lending mandating such entities to provide a key fact statement to the borrowers containing the annual percentage rate (APR), the recovery mechanism etc.

**(Business Standard)**

### **INDIA'S FOREX RESERVES FALL TO TWO-YEAR LOW AT \$524.52 BILLION:**

India's foreign exchange reserves fell for the week ending October 21 as the Reserve Bank of India (RBI) continues to protect the rupee from falling further. The RBI's weekly statistical supplement showed on Friday that the forex reserves of the country fell by \$3.85 billion to \$524.52 billion in the week ended October 21. The fall in the foreign exchange reserves can be attributed to a decrease in the Foreign Currency Assets (FCA), which is a major component of the overall reserves. The FCA dropped by \$3.59 billion to \$465.08 billion for the week ending October 21. Gold reserves also fell by \$247 million to \$37.21. So far, the central bank has spent more than \$100 billion of forex reserves to shield the rupee, which has fallen about 12 percent against the dollar this year.

**(Moneycontrol)**

### **TWITTER TO ALLOW USERS TO TRADE NFTS THROUGH TWEETS ON PILOT**

**BASIS:** Twitter is set to enable a feature on an experimental basis that will allow users to buy and sell non-fungible tokens (NFTs) through tweets posted on the microblogging site. The trading will be enabled through partnership with four marketplaces - Rarible, Magic Eden, Dapper Labs and GuardianLink's Jump.trade. The feature is to be rolled out on a pilot basis using 'Tweet Tiles' -- an interactive customisable widget which was earlier tried by Twitter in collaboration with news media companies New York Times, Wall Street Journal, and The Guardian. The Tweet Tiles for NFT trading will allow users to view a dedicated panel in a tweet, and select the marketplace listing by clicking on it.

**(Moneycontrol)**



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### **SEBI DEFERS DEADLINE FOR DIRECT ETF TRANSACTIONS YET AGAIN:**

Capital market regulator SEBI has postponed implementation of the clause restricting transaction of less than ₹25 crore in passive funds to stock exchanges. In a circular issued on Friday, SEBI said based on further feedback received from stakeholders, it has been decided that the clause 2(IV)(A) of the circular will be applicable with effect from May 1, 2023. In order to enhance liquidity in units of ETFs on stock exchange platform, SEBI had earlier decided that direct transaction in ETFs with AMCs shall be facilitated for investors only for transactions above a specified threshold. In this regard, to begin with, any order placed for redemption or subscription directly with the AMC must be greater than ₹25 crore. The aforesaid threshold shall not be applicable for market makers and will be periodically reviewed, SEBI had said on May 23. This new norm, which was supposed to be effective July 1, was deferred to November 1 and now, May 2023.

*(Business Line)*

### **LIC TO MOVE ₹1.8 LAKH CRORE INTO SHAREHOLDERS' FUND: REPORT:**

Life Insurance Corp of India (LIC) is planning to transfer nearly ₹1.8 lakh crore from policy holders' funds into a fund earmarked to pay dividends or issue bonus shares, two sources said on Friday, as the country's largest insurer aims to shore up both its own net worth and investor confidence. The company plans to transfer ₹1.8 lakh crore, a sixth of the ₹11.57 lakh crore lying in its non-participating fund, to its shareholders' fund, according to an official aware of the matter.

*(Business Line)*

### **PARAG AGRAWAL'S 11-MONTH TENURE AS TWITTER CEO ENDS AS ELON**

**MUSK TAKES CONTROL:** When Parag Agrawal was appointed CEO of Twitter in November 2021, the IIT graduate joined a steadily growing club of executives from India rising to the top of global corporations, but the 38-year-old executive's brief tenure at the helm of the social media giant was challenging and chaotic. Less than a year into his job as CEO, India-born Agrawal was ousted from the company by its new owner billionaire Elon Musk who on Thursday closed the 44 billion dollar deal to acquire the social media behemoth.

*(Financial Express)*

### **SEBI REDUCES FACE VALUE FOR DEBT SECURITIES TO BOOST CORPORATE BOND MARKET LIQUIDITY:**

To enhance liquidity in the corporate bond market, Sebi on Friday reduced the face value of debt security and non-convertible redeemable preference share issued on private placement basis to Rs 1 lakh from the current Rs 10 lakh. Further, non-institutional investors consider the high ticket size as a deterrent which restricts their ability to access the market for corporate bonds. If the face value and



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trading lot is reduced, more investors can participate, which in turn will enhance the liquidity in the corporate bond market, Sebi said in a circular.

*(Financial Express)*

### **FINANCE MINISTRY ASKS 92 CPSEs TO REGISTER ON THE TReDS**

**PLATFORM:** The Ministry of Finance has asked 92 Central Public Sector Enterprises (CPSEs) to register themselves on the Trade Receivables Discounting System (TReDS), an invoice discounting platform for micro, small and medium enterprises (MSMEs), as per a report by the Business Standard. The institutional mechanism, TReDS is regulated by Reserve Bank of India (RBI) to enable discounting of MSMEs trade receivables from CPSEs and corporate buyers through multiple financiers.

*(Financial Express)*

### **NFRA WARNS AUDITORS AGAINST NON-ACCRUAL OF INTEREST ON NPA**

**BORROWINGS:** The National Financial Reporting Authority has cautioned companies and auditors against non-accrual of interest on borrowings declared NPA by banks or for which the company is negotiating a one-time settlement. "Mere classification of the company's loans as NPAs by the lender banks does not relieve the borrowing firm from its liability towards payment of interest or the principal," NFRA said. The issue had come to NFRA's attention during the proceedings of professional misconduct by the statutory auditor of Vikas WSP Ltd. The authority has observed similar violations in respect of many other companies too. "The company's discontinuation of recognition of accrual of interest while calculating the authorised cost of borrowing was in violation of effective interest rate method and effective interest rate principles and concepts underpinning the amortised cost measurement," a circular issued by NFRA said.

*(Business Standard)*

### **RBI STEPS UP FUND INFUSION AS SYSTEM LIQUIDITY 'ALMOST**

**NEUTRAL':** Increased demand for cash during the festival season, a slow pace of government spending, tax outflows, and the central bank's interventions in the currency market have led to the overall liquidity surplus in the banking system almost entirely drying up, analysts said. Over the last five days, the RBI has injected a daily average of Rs 72,456 crore worth of funds into the banking system. The cash infusion on October 25 nearly hit the Rs 1-trillion mark, at Rs 98,372.89 crore – the largest since April 24, 2019, when the RBI had infused funds worth Rs 1.45 trillion. When the RBI injects funds into the banking system, it implies that liquidity conditions are tight. Over the past few days, outflows on account of goods and services tax (GST) payments have occurred in the banking system, with the dealers pegging the amount at close to Rs 1.5 trillion this week.

*(Business Standard)*



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## **RBI REVIEWING REGULATION FOR GOVERNING NON-CORE BUSINESS OF**

**BANKS:** The Reserve Bank of India (RBI) intends to change the regulatory framework governing non-banking activities carried out by banks and their group entities such as insurance and asset management, reported the *Financial Express*, citing sources. According to the central bank, the moves aimed at eliminating any regulatory arbitrage inherent in the current system. The modifications could be made by amending the Banking Regulation Act. According to sources, an internal panel has been set up by the RBI for this purpose.

**(Business Standard)**



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

### **INVESTMENT & CAPITAL**

- ❖ While financial economists use the word *investment* to refer to the acquisition and holding of potentially income-generating forms of wealth such as stocks and bonds, macroeconomists usually use the word for the sum of fixed investment; the purchasing of a certain amount of newly produced productive equipment, buildings or other productive physical assets per unit of time; and inventory investment, the accumulation of inventories over time. This is one of the major types of expenditure in an economy, the others being consumption expenditure, government expenditure, and expenditure on a country's export goods by people outside the country.
- ❖ The everyday usage of *investment* coincides with the one used by financial economists- the acquisition and holding of potentially income-generating forms of wealth such as stocks and bonds.
- ❖ Similarly, while financial economists use the word *capital* to refer to funds used by entrepreneurs and businesses to buy what they need to make their products or to provide their services, macroeconomists and microeconomists use the term capital to mean productive equipment, buildings or other productive physical assets.
- ❖ As with the term *investment*, the everyday usage of *capital* coincides with its use by financial economists.



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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 : 82.4092  
INR / 1 GBP : 95.1129  
INR / 1 EUR : 82.1405  
INR /100 JPY: 56.2500

### **EQUITY MARKET**

Sensex: 59959.85 ( +203.01)  
NIFTY : 17786.80 (+49.80)  
Bank NIFTY: 40990.80 (-308.50)

**(CMA Chittaranjan Chattopadhyay)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

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