



**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 30, 2023

IN A FIRST, INDIAN OIL EXPORTS AVIATION FUEL TO PAPUA NEW GUINEA:

Indian Oil Corporation (IOC) has started the export of its special aviation fuel for small aircraft and unmanned aerial vehicles (drones), AVGAS 100 LL. "IOC Chairman S M Vaidya, on Saturday, flagged off the first export consignment of AVGAS 100 LL to Papua New Guinea from GTI Terminal of JNPT. The consignment consisted of 16 kilo litres of AVGAS packed in 80 barrels.

(Business Line)

GO FIRST TO GET RS 210 CRORE UNDER GOVT'S ECLGS SCHEME:

Wadia group-owned Go First expects to receive Rs 210 crore under the government's credit line guarantee scheme next month as the budget airline seeks to boost its financial position and expand operations. The airline, which received Rs 210 crore from the promoters last month, aims to have 53 operational aircraft in its fleet by the start of April this year, its CEO Kaushik Khona told PTI. Under the Emergency Credit Line Guarantee Scheme (ECLGS), Go First has so far availed Rs 600 crore.

(Economic Times)

RUSSIAN GOLDEN VISA: RUSSIAN GOV AIMS TO LURE INDIAN INVESTORS WITH NEW RESIDENCY PROGRAM:

The Russian Golden Visa program which was launched in January 2023 is an attempt of the Russian Government to attract foreign investors to Russia through the residency program and is being offered to Indians. The Golden visa scheme offers not only active investment such as setting up a company in Russia but also passive investment which potentially can offer good returns on the investments made, such as investment into Russian Stock market (which has lost half of its value from 24th of February 2022) and real estate. Under the Golden visa scheme a lifetime residency is granted not only to the Investor but to his/her family members such as spouse, children, parents, grandparents, grandchildren. There is no need to reside in Russia in order to keep the residency under the Golden visa scheme. The investment amount starts from 215,000 USD for investment into social projects in Russia and goes up to 715,000 USD for the investment into real estate in the City of Moscow. The scheme itself is not designed for profit repatriation it is more of an immigration by investment product. But there are no restrictions for Indian investors to repatriate profit to India

(Economic Times)



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PAKISTAN HIKES PETROL, DIESEL PRICE BY PKR 35; PETROL SELLING AT 250 PER LITRE & DIESEL AT 262:

Pakistan government has announced an increase in petrol and diesel prices by Pakistan rupees (PKR) 35 per litre with effect from 11 am on January 29, Dawn reported. The new price of petrol is PKR 249.80 per litre and diesel is PKR 262.80 per litre.

(Economic Times)

BANK UNIONS DEFER TWO-DAY STRIKE ORIGINALLY SET FOR JANUARY

30, 31: India's United Forum of Bank Unions on Saturday pushed back a previously planned two-day nationwide bank strike, originally scheduled for January 30 and 31, after a conciliation meet between the UFBU and the Indian Banks Association.

(Economic Times)

GOOGLE CEO SUNDAR PICHAI LIKELY TO TAKE HUGE PAY CUT AFTER SACKING 12,000 EMPLOYEES:

After firing 12,000 employees, Google CEO Sundar Pichai is likely to announce a significant pay cut for senior executives. Pichai recently said that all roles above the 'senior vice president' level will witness a reduction in their annual bonus. He reportedly said that all roles above the senior vice president level will witness 'very significant' reduction in their annual bonus. For senior roles, he said, the compensation is linked to company performance.

(Business Today)

DEFENCE MINISTRY TOP BUYER OF MSME GOODS IN 2022:

The Ministry of Defence was the top procuring ministry of goods and services from MSME sellers in the calendar year 2022, said the government's public procurement e-commerce marketplace Government eMarketplace (GeM). "At number one in procurement, the Ministry of Defence has reached an all-time high. Reaping the benefits of cost efficiency and speedy procurement, the ministry has purchased products and services worth Rs 16,747 crore in 2022 from the portal," GeM tweeted sharing the marketplace's performance last year. Financial year-wise, the defence ministry had procured Rs 15,047.98 crore worth of goods and services from MSMEs in FY22, up 250 per cent from the previous year

(Financial Express)

FROM FEBRUARY 1, DTH AND CABLE TV RATES SET TO RISE BY 30%:

With the Telecom Regulatory Authority's (Trai) new tariff order on pricing of TV channels coming into effect from February 1, DTH and cable operators have indicated an increase of around 30% in TV channel prices for consumers. The operators fear loss of subscribers with the tariff hike as with the growth of OTT channels, the trend of cord cutting may further accelerate.

(Financial Express)



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CENTRE SHOULD REDUCE IMPORT DUTY ON CUT AND POLISHED

DIAMONDS: GJEPC: The Gems and Jewellery Export Promotion Council (GJEPC) has very high expectations from the Union Budget 2023-24. It feels that if their demands are met it will boost the industry and create more employment. The GJEPC regional chairman Vijay Manguki told IANS that the council has submitted a memorandum to the Union Finance Ministry demanding reduction in import duty on cut and polished diamonds; the present duty is 5 percent, it needs to be brought down to 2.5 %. The same benefit should be extended to polished gemstones also.

(Business Standard)

ADANI CONFIDENT OF FPO SAILING THROUGH; SEBI, OTHER BODIES

PROBING SELL-OFF: Richest Asian Gautam Adani's group on Sunday expressed confidence that the Rs 20,000 crore follow-on share sale of its flagship firm will sail through despite a massive hammering of the conglomerate's stocks following a scathing report by a US-based short seller. All seven Adani group companies' stocks fell sharply over the last two trading sessions, after Hindenburg Research alleged that the ports-to-energy-to-cement conglomerate had engaged in "brazen stock manipulation and accounting fraud" for decades.

(Business Standard)

G20 INTERNATIONAL FINANCIAL ARCHITECTURE WORKING GROUP

MEETING ON MONDAY: The first G20 International Financial Architecture Working Group meeting will start on Monday, where participants will discuss ways to enhance stability and cohesion of the global financial architecture and how to make it fit to address the global challenges of the 21st century. The meeting will also focus on exploring ways to provide maximum support to poor and vulnerable countries, Anu P Mathai, economic advisor, department of Economic Affairs, told the media here. Around 100 delegates from the G20 countries, invitee countries and international organisations will be participating in the two-day meeting.

(Business Standard)

CHENNAI GEARS UP TO HOST G20 EDUCATION WORKING GROUP MEET ON

FEB 1-2: Chennai is set to host the first meeting of the G20 Education Working Group (G20 EWG), 2023 to be held on February 1 and 2 at IIT Madras Research Park (IITMRP). As part of the summit, the Indian Institute of Technology Madras (IIT Madras) will organise a G20 Seminar on 'Role of Digital Technology in Education' at its Research Park on January 31. It aims to identify policies for effective use of digital technology in education in the G20 member countries. During the two days of deliberations, the EWG will focus on areas to ensure



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inclusive, equitable, relevant and quality education and lifelong learning opportunities for all, within the theme of “One Earth, One Family, One Future”.

(Business Standard)

LIC CONTINUES TO BET BIG ON ADANI FPO, NET GAINER DESPITE SHARE

PRICE ROut: Life Insurance Corporation (LIC) is ploughing more money into Adani group's flagship firm as it continues to be a net gainer despite the plunge in stock prices following a short seller's fraud allegations, filings and stock market data showed. LIC, India's largest life insurer, invested about Rs 300 crore in buying 9,15,748 more shares as an anchor investor in a Rs 20,000-crore new share sale by Adani Enterprises Ltd, according to a stock exchange filing of AEL. The shares that LIC picked totalled 5 % of the stocks reserved for anchor investors.

(Business Standard)

DCB BANK NET PROFIT RISES 51% ON STRONG LOAN GROWTH:

DCB Bank's net profit rose 51% year-on-year in the December quarter due to strong growth in its loans and a write-back of provisions. The bank's bottomline came at Rs114 crore in October-December, up 2% on a sequential basis. Gross non-performing asset ratio fell to 3.62% as on December 31 from 4.78% a year ago. Net non-performing asset ratio fell to 1.37% as on December 31 from 2.55% a year ago.

(Business Today)



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FINANCIAL TERMINOLOGY/CONCEPTS

ABANDONMENT VALUE

- ❖ Abandonment value is the equivalent cash value of a project if it is liquidated immediately after reducing all debts which need to be repaid.
- ❖ Abandonment value is also known as liquidation value of an asset. The general rule for deciding to discontinue the product is that if the product's salvage value is greater than the net present value (NPV) of its expected cash flows, the project is abandoned. It is an important factor in bankruptcy filings where assets are generally sold at a discount.
- ❖ Suppose, the optimal economic life of an asset is 4 years, but the project's expected cash flows may change over the life of the asset. The company should also estimate the future abandonment values in the initial investment phase. It would help the manager to effectively gauge the optimal economic life of an asset.
- ❖ For Example: A company's cost of capital is 10%, and the initial investment cost to be incurred at the beginning of the project is Rs 3,50,000. Future cash flows expected in the next 4 years are 2,00,000, 1,50,000, 10,000 and 50,000. Now, if we calculate the net present value of each of the cash flows and subtract it with the initial investment value, it still comes out positive, which is Rs 65,067. Considering the fact that NPV is still greater than zero, the company should continue with the project and not exercise the option.



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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: 59330.90 (-874.16)
NIFTY: 17604.30 (-287.70)
Bnk NIFTY: 40345.30 (-1302.35)

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,

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