



**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 31, 2022**

### **MULTIPLE PENALTIES CAN BE IMPOSED ON SERVING CENTRAL GOVT**

**EMPLOYEES:** The Department of Personnel and Training (DoPT) has come up with a clarification on the implementation of the second penalty (or multiple penalties) on serving charged officers during the currency of the first penalty. Where such a specific mention has not been made, the two/all penalties should run concurrently and the higher penalty, even though ordered later, should be implemented immediately and after the expiry of its period, if the currency of the period of earlier punishment still continues, the same may be implemented for the balance period,”

*(Financial Express)*

### **ONE-STOP FOR INSURANCE SERVICES 'BIMA SUGAM' A GAME CHANGER:**

IRDAI is working on Bima Sugam, which will act as a game changer in the insurance sector by providing a one-stop platform for multiple services including the sale of policy, renewal, and settlement of claims. This portal will help in expanding insurance penetration in the country.

*(Business Standard)*

### **PM LAYS FOUNDATION STONE OF C-295 AIRCRAFT MANUFACTURING FACILITY IN VADODARA, GUJARAT:**

The Prime Minister, Shri Narendra Modi laid the foundation stone of the C-295 Aircraft Manufacturing Facility in Vadodara, Gujarat today. He also visited an exhibition showcasing technological and manufacturing strides in the aerospace industry under Aatmanirbhar Bharat. Addressing the gathering, the Prime Minister said that today we have taken a big step in the direction of making India the manufacturing hub of the world. He said India is making fighter jets, tanks, submarines, medicines, vaccines, electronic gadgets, mobile phones and cars that are popular in many countries.

*(PiB, Govt. of India)*

### **SUITORS RAISES CONCERNS OVER BIDDING PROCESS AS RELIANCE CAPITAL RESOLUTION ENTERS FINAL STAGE:**

Suitors have raised concerns over the bidding process, including the introduction of 'challenge mechanism', as the resolution process of debt-ridden Reliance Capital Ltd (RCL) enters the final stage. According to sources, the decision of the Committee of Creditors (CoC) to introduce a new clause 'Challenge Mechanism' in the bidding process has upset the bidders. The 'Challenge Mechanism' gives lenders the power to oppose any resolution plan as and when they want. Bidders have raised concerns about the introduction of this new clause at this late stage of the bidding process, sources said, adding there was no mention of this mechanism in the Request for Resolution



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Plan (RFRP) document. RCL had offered two options to all the bidders. Under the first option, companies could bid for Reliance Capital Ltd (RCL), including its eight subsidiaries or clusters. The second option gave the company freedom to bid for its subsidiaries, individually or in a combination.

*(Financial Express)*

**INTELLIGENCE AGENCY SEEKS THRESHOLD FOR INPUTS TO BANKS:** The Central Economic Intelligence Bureau (CEIB) has asked public sector banks (PSBs) to approach the finance ministry and fix a minimum loan limit for seeking reports about borrowers, banking sources told FE. Timely release of information on borrowers by the agency to banks is key to curbing economic offences. This also helps banks expedite big-ticket lending for large projects. The agency's response came after PSBs, under the aegis of the Indian Banks' Association (IBA), urged it to hasten the transfer of relevant information about borrowers, upon their request, before the sanctioning of large loans. The lenders also wanted the agency to digitise the entire process to make available crucial inputs on economic offences on a real-time basis.

*(Financial Express)*

**EPFO LIKELY TO START INTEREST CREDIT FROM MONDAY:** In some good cheer for subscribers who are still waiting for deposit of interest in their provident fund accounts, the retirement fund body is expected to start crediting interest for 2021-22 from Monday (October 31). According to sources, the software upgrade for the purpose of deducting income tax has now been completed and the Employees' Provident Fund Organisation (EPFO) will now start the process of crediting interest in members' accounts. "For those members, who are still waiting to see the interest for 2021-22 in their accounts, the interest will be visible soon," said a person familiar with the development. For the fiscal 2021-22, the EPFO has fixed the interest rate at 8.1 per cent but many subscribers have complained that they are unable to see it in their e-statements.

*(Business Line)*

**PLI FOR LEATHER, FOOTWEAR INDUSTRY COMING SOON:** The Centre is likely to soon finalise a proposal to extend the Production Linked Incentive (scheme) for leather and footwear, a highly labour-intensive sector, to promote manufacturing and employment generation in both large and small cities across the country.

*(Business Line)*

**CPSEs CAN'T EXERCISE DELEGATED POWERS FOR PROJECTS OF THEIR SUBSIDIARIES:** Department of Public Enterprises (DPE) has said that Maharanta, Navratna, and Miniratna Central Power PSEs cannot exercise delegated powers in respect of projects of their subsidiaries. At present, there are over 250 CPSEs and out of them, 55 are



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listed. This issue came to light when Oil India approached the Department of Public Enterprises with a query to know whether a Navratna CPSE can approve the projects of NRL (a subsidiary company of OIL) by exercising the power under the Navratna scheme available to OIL. In its response, DPE said that the matter has been examined and it is clarified that the Boards of Maharanta, Navratna, and Miniratna CPSEs have been delegated certain financial and operational powers.

***(Business Line)***

### **PRE-DEPOSIT TO APPEAL UNDER OLD EXCISE, SERVICE TAX LAWS TO BE**

**ONLY IN CASH: CBIC:** Central Board of Indirect Taxes & Customs (CBIC) has said that pre-deposits for appeals in cases related to erstwhile Central Excise Duty and Service Tax can be made only in cash and not through Electronic Cash Ledger. CBIC said that any credit, tax, interest, fine or penalty recoverable from the person before, on, or after July 1, 2017, under the existing law should be recovered as an arrear of tax under CGST Act.

***(Business Line)***

### **REMOVE WITHDRAWAL RESTRICTIONS ON DIGITAL BSBD ACCOUNTS**

**PAYMENT: REPORT:** The Reserve Bank needs to keep digital payments outside the purview of withdrawal restrictions on zero-balance basic savings bank deposit (BSBD) accounts and let the government allow a uniform fee of 0.3 per cent, in lieu of the Merchant Discount Rate (MDR), on e-commerce transactions, as per a report. The IIT Bombay report further said as much as Rs 5,000 crore can be raised per annum through a 0.3 per cent fee on payments through all electronic modes at e-commerce platforms, which could be used to maintain and strengthen the UPI infrastructure. Such a fee imposed on e-commerce merchants and institutions who cannot transact in currency notes would be more in line with 'digital payment facilitation fee'.

***(Business Standard)***

### **BOI TO RAISE UP TO RS 2,500 CR IN CAPITAL VIA AT1 BONDS FOR BIZ**

**GROWTH:** Public sector lender Bank of India plans to raise up to Rs 2,500 crore in capital through additional tier-I bonds (AT1) bonds to support business growth. There is investor interest in AT1 instruments of banks due to or attractive coupons. Last month, the country's largest lender State Bank of India raised India's largest lender Rs 6,872 crore at a cut-off of 7.75 per cent through AT1 bonds.

***(Business Standard)***

### **INDIA TO CONTRIBUTE \$500,000 FOR UN TRUST FUND FOR COUNTER-**

**TERRORISM:** External Affairs Minister S Jaishankar on Saturday said that India will



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contribute USD 500,000 to the United Nations Trust Fund for Counter Terrorism this year to aid capacity-building support to member states in combating terrorism.

***(Business Standard)***

**MEGHALAYA INKS MOU WITH CREDIT GUARANTEE FUND TRUST FOR MSME BORROWERS:** The Meghalaya government signed an MoU with the CGTMSE to help facilitate flow of credit to MSME borrowers. The MoU between the state Finance department and the CGTMSE under the Ministry of MSME was signed to implement the 'Meghalaya Credit Guarantee Scheme', a statement issued by the department said. Currently, the loans taken by MSME borrowers are covered under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) against a risk coverage of 75 per cent of the loan amount under various MSME schemes. To overcome this major challenge, the launching the MCGS increases the coverage guarantee up to a maximum of 95 per cent and will minimize the risk and encourage collateral free lending by the member lending institutions.

***(Business Standard)***



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

### **COMMERCIAL PAPER**

Introduced in India in the year 1990, Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note. CP, is a privately placed instrument, to enable highly rated corporate borrowers, primary dealers (PDs) and all-India financial institutions (FIs) for short-term borrowings from market.

**Eligibility for Issue of CP:** (i) Companies, including Non-Banking Finance Companies (NBFCs) and All India Financial Institutions (AIFIs), are eligible to issue CPs subject to the condition that any fund-based facility availed of from bank(s) and/or financial institutions is classified as a standard asset by all financing banks/institutions at the time of issue. (ii) Other entities like co-operative societies/unions, government entities, trusts, limited liability partnerships and any other body corporate having presence in India with a net worth of ₹ 100 crore or higher subject to the condition as specified above. (iii) The **minimum credit rating shall be 'A3'** as per rating symbol and definition prescribed by SEBI from any of the SEBI registered CRAs. Eligible issuers, whose total CP issuance during a calendar year is ₹ 1000 crore or more, shall obtain credit rating for issuance of CPs from at least two CRAs registered with SEBI and should adopt the lower of the two ratings. Where both ratings are the same, the issuance shall be for the lower of the two amounts for which ratings are obtained.

**Eligible Investors:** Individuals, banks, other corporate bodies (registered or incorporated in India) and unincorporated bodies, NRIs and Foreign Institutional Investors (FIIs).

**Form of the instrument and issuance procedure:** Issued in the form of Promissory Note. **Minimum investment value is Rs.5.00 Lakh** (face value) and then after in multiples of Rs.5.00 lakhs. CP shall be issued at a discount to face value. No issuer shall have the issue of CP underwritten or co-accepted. Options (call/put) are not permitted on CP. **Tenor of CPs shall be 7 days to 1 Year.**



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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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