



**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 31, 2022**

### **GOVT HIKES INTEREST RATES ON SOME SMALL SAVINGS SCHEMES BY 20-110 BPS FOR JANUARY-MARCH:**

The finance ministry has raised the interest rates on some small savings schemes for the January-March quarter, the second quarterly increase in a row. The rates on the various instruments have been raised between 20 to 110 basis points and now range from 4.0 percent to 7.6 percent.

The rate of interest of some major Small Savings schemes are revised as hereunder

Scheme	Existing Rate	Revised Rate
PPF	7.1%	7.1%
SCSS	7.6%	8.0%
Sukanya Samridhi	7.6%	7.6%
Kisan Vikas Patra	7.0% (123 months)	7.2% (120 months)
NSC	6.8%	7.0%

The small savings interest rates, while set by the government, are linked to market yields on government securities at a spread of 0-100 basis points over the yield.

**(Moneycontrol)**

### **COMBINED INDEX OF EIGHT CORE INDUSTRIES INCREASES BY 5.4 % IN NOV 2022 COMPARED TO NOV 2021:**

The combined Index of Eight Core Industries increased by 5.4 per cent (provisional) in November 2022 as compared to the Index of November 2021. The production of Cement, Coal, Electricity, Steel and Fertilizers increased in November 2022 over the corresponding month of last year. ICI measures combined and individual performance of production of eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).

**(Press Information Bureau)**

### **AGRICULTURAL AND PROCESSED FOOD PRODUCTS EXPORTS UP BY 16% TO USD 17.43 BILLION FOR PERIOD APRIL-NOVEMBER FY 22-23 COMPARED TO SAME PERIOD LAST YEAR:**

The exports of agricultural and processed food products rose by 16 percent in the eight months (April-November) of the current Financial Year 2022-23 in comparison to the corresponding period of FY 2021-22. According to the provisional data by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), the overall export of Agricultural and Processed Food Products Export Development Authority (APEDA) products



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increased by 16 percent growth in terms of USD during April-November 2022 to USD 17.43 billion from USD 15.07 billion over the same period of the last fiscal.

*(Press Information Bureau)*

## **MINISTRY OF RURAL DEVELOPMENT LAUNCHES PRAJJWALA CHALLENGE INVITING IDEAS, SOLUTIONS AND ACTIONS TO TRANSFORM RURAL ECONOMY:**

With an aim to invite ideas, solutions and actions that can transform rural economy, the DAY-NRLM has launched the Prajjwala Challenge. It is one of the platforms where ideas are invited from individuals, Social Enterprises, Start up, Private Sector, Civil Society, Community Based Organization, Academic Institution, Start-ups, Incubation centres, Investors etc having potential to transform the rural economy. The Prajjwala Challenge was launched by Secretary, Ministry of Rural Development, Shri. Shailesh Kumar Singh in New Delhi yesterday. The Mission is looking for ideas and solutions around Innovative Technology Solution, Inclusive Growth, Value Chain Interventions, Enhanced Women Entrepreneurship, Cost effective Solutions, Sustainability, place-based employment, localised models etc.

*(Press Information Bureau)*

## **CENTRE'S APRIL-NOVEMBER FISCAL DEFICIT RS 9.78 LAKH CRORE, 58.9% OF FY BUDGET ESTIMATE:**

The central government's fiscal deficit widened to Rs 9.78 lakh crore in April-November period, accounting for 58.9 percent of the full-year target, data released on December 30 by the Controller General of Accounts showed. The fiscal deficit in the first eight months of the last financial year was 46.2 percent of last year's target. The Centre is targeting a fiscal deficit of Rs 16.61 lakh crore for the current financial year, or 6.4 percent of the GDP.

*(Moneycontrol)*

## **EMPLOYEE UNION OF PUBLIC GENERAL INSURERS THREATENS TO GO ON STRIKE ON JAN 4:**

A section of employees of public sector general insurance companies has given a call to go on strike on January 4 against the proposed restructuring in the state-run insurers. The Joint Forum of Trade Unions (JFTU) of general insurance companies alleged that the proposed restructuring would weaken the public sector entities. The proposed restructuring involves the closure and merger of offices, including profitable offices, and imposition of Key Performance Indicator (KPI), the JFTU said in a statement.

*(Financial Express)*

## **BANKS CAPITALISED ADEQUATELY FOR SEVERE STRESS: RBI:**

Amid global shocks and challenges, the Indian economy presents a picture of resilience, noted RBI governor Shaktikanta Das in his foreword in the 26th Financial Stability Report (FSR) on Thursday. The report said that the global economy is facing formidable headwinds with



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recessionary risks looming large. The interplay of multiple shocks has resulted in tightened financial conditions and heightened volatility in financial markets.

*(Financial Express)*

### **UDAY KOTAK FLAGS THREE RISKS INDIA 'MUST PREPARE FOR' IN 2023:**

Uday Kotak, CEO of Kotak Mahindra Bank, on Friday wished his over 1 million Twitter followers a happy new year while striking a note of caution. "As we head into 2023 - three risks we must prepare for: 1. Inflation remains stickier for longer. 2. Russia does something unpredictable. 3. China drives to become numero uno.

India's headline retail inflation dropped to an 11-month low of 5.88 per cent in November from 6.77 per cent in the previous month but still only slightly lower than the upper level of RBI's comfort zone of 6%. Meanwhile, inflation in US is still nowhere near the comfort level (2%) for US Federal Reserve to stop hiking interest rates, something that experts say can lead to recession.

*(Financial Express)*

### **TATA MOTORS TO ACQUIRE FORD INDIA'S MANUFACTURING UNIT COMPLETELY IN JAN:**

Tata Motors on Friday said the acquisition of Ford India's manufacturing plant at Sanand through its subsidiary will be completed on January 10, 2023. In August this year, the company had announced that its arm Tata Passenger Electric Mobility Ltd (TPEML) would acquire Ford India Pvt Ltd's (FIPL) Sanand plant in Gujarat for Rs 725.7 crore.

*(Business Standard)*

### **INDIA'S FOREX RESERVE FALLS BY \$691 MN, 2ND CONSECUTIVE WEEK OF DECLINE:**

India's forex reserves dropped by USD 691 million to USD 562.808 billion as of December 23, making it the second consecutive week of decline in the kitty, according to the RBI data. The overall reserves had dropped by USD 571 million to USD 563.499 billion in the previous reporting week.

*(Business Standard)*

### **113 MILLION HOUSEHOLDS GOT EMPLOYMENT UNDER MGNREGS IN 2022:**

113.7 million households were employed under MGNREGS, while a total of 2.89 billion person-days of employment were generated, the Ministry of Rural Development said. Against the FY23 target of 5.2 million houses, 3.1 million houses were completed, the ministry said. It added that under the Pradhan Mantri Awaas Yojana-Gramin (PMAY-G), a total of 25 million houses have been sanctioned, out of which 21.1 million houses were completed by December 15.

*(Business Standard)*



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### **CASA DRIVES 9.4% YOY MODERATION IN DEPOSIT GROWTH EVEN AS FDS**

**STAY BUOYANT:** Deposit mobilisation in the banking system moderated slightly taking the growth rate to 9.4 % YoY for the fortnight ended December 16, from 9.9 % the previous fortnight. According to RBI data, as of December 16 fortnight, aggregate deposits in the banking system stood at Rs 173.53 trillion compared to Rs 175.24 trillion in the previous fortnight. “Current account and savings account (CASA) growth moderated whereas term deposits attracted accretions in response to rising interest rates,” RBI said in its Financial Stability Report (FSR).

*(Business Standard)*

### **NINE NBFCS MAY FALL BELOW MINIMUM CAPITAL REQUIREMENT IN**

**BASELINE SCENARIO:** As many as 9 NBFCS from a sample of 152 could see their capital adequacy ratio fall below the regulatory minimum requirement, under the baseline scenario of Reserve Bank of India’s stress testing, where it assesses the resilience of the sector to credit shocks, the financial stability report of central bank revealed.

*(Business Standard)*



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

### **CONTRACTIONARY POLICY**

- ❖ A contractionary policy is a kind of policy which lays emphasis on reduction in the level of money supply for a lesser spending and investment thereafter so as to slow down an economy.
- ❖ A nation's central bank uses monetary policy tools such as CRR, SLR, repo, reverse repo, interest rates etc to control the money supply flows into the economy. Such measures are used at high growth periods of the business cycle or in times of higher than anticipated inflation. Discouraging spending by way of increased interest rates and reduced money supply helps control rising inflation. It may also lead to increased unemployment at the same time.
- ❖ The idea here is to make the opportunity cost of holding money high so that people want to hold and spend less of it. The effectiveness of this policy may vary depending upon the specific spending and investment patterns in any economy.



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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 : 82.7862  
INR / 1 GBP : 99.7436  
INR / 1 EUR : 88.1496  
INR /100 JPY : 62.4500

### **EQUITY MARKET**

Sensex: 60840.74 (-293.14)  
NIFTY : 18105.30 (-85.70)  
Bnk NIFTY: 42986.40 (-265.95)

### **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**

**The Institute of Cost Accountants of India**

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