



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

**01 February 2024**

### **BANKING & FINANCE**



**RBI imposes major business restrictions on Paytm Payments Bank:** RBI on January 31 imposed major business restrictions on Paytm Payments Bank including accepting fresh deposits and doing credit transactions after February 29. On March 11, the RBI barred Paytm Payments Bank from onboarding new customers. The central bank said a Comprehensive System Audit report and subsequent compliance validation report of the external auditors revealed persistent non-compliances and continued material supervisory concerns in the bank, warranting further supervisory action. No further deposits or credit transactions or top ups shall be allowed in any customer accounts, prepaid instruments, wallets, FASTags, NCMC cards, etc. after February 29, 2024, other than any interest, cashbacks, or refunds which may be credited anytime, RBI said. The RBI, however, clarified that the withdrawal or utilisation of balances by the lender's customers from their accounts including savings bank accounts, current accounts, prepaid instruments, FASTags, National Common Mobility Cards, etc. are to be permitted without any restrictions, upto their available balance

**(Moneycontrol)**

**RBI's digital payments index jumps to 418.77 in Sept from 395.57 in Mar:** The Reserve Bank of India's (RBI) Digital Payments Index, a measure of the extent of digitisation of payments across the country, increased to 418.77 in September 2023 from 395.57 in March 2023. "The RBI-DPI index has increased across all parameters and was driven particularly by growth in payment enablers, payment performance, and consumer centricity across the country over the period," the central bank said in a release. The RBI-DPI has been constructed with March 2018 as the base period, that is, the DPI score for March 2018 is set at 100. In September 2019, the index stood at 173.49, which rose to 217.74 in September 2020, and to 304.06 in September 2021.

**(Business Standard)**



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**RBI lens on bank business models for underlying risks:** With asset quality and capital adequacy of the banking system seeming comfortable at a systemic level, the banking regulator's focus has increasingly shifted gears to assessing the long-term stability and sustainability of business models adopted by banks. In fact, in the recently concluded financial stability review process internally conducted by the central bank, business models of banks were analysed extensively on these parameters. According to sources, the focus on business models has increased post pandemic and has assumed greater emphasis post the repo rate hikes since May 2022. Also, with banks realigning their businesses models more towards retail banking in the last 4-5, the needs for critically examining the sustainability of some of these businesses is seen important.

**(Business Line)**

**RBI asks regulated entities to leverage technology to enhance effectiveness of internal Compliance monitoring:** RBI's review brought out that automation of the compliance monitoring process in REs remains a work in progress with various aspects of this function being carried out with significant manual intervention. The REs include Scheduled Commercial Banks (excluding Regional Rural Banks), Small Finance Banks; Payments Banks; large urban co-operative banks, large non-banking finance companies (including housing finance companies); Credit Information Companies and All India Financial Institutions. RBI had recently carried out an assessment in select REs of the prevailing system in place for internal monitoring of compliance with regulatory instructions and the extent of usage of technological solutions to support this function.

**(Business Line)**

**Bank of Baroda Q3 results: Net profit rises 19% to ₹4,579 crore:** Bank of Baroda released its October-December quarter results on Wednesday and reported a 19% jump in its net profit. The profit after tax of the commercial bank increased to ₹4,579 crore during the quarter ending December 2023. The bank's gross NPA stood at 3.08 percent, down from 4.53 percent in year-ago period. On the other hand, net NPA stood at 0.70 percent, improving from 0.99 percent. Bank's Net Interest Income (NII) grew by 2.6 percent YoY to Rs 11,101 crore in Q3FY24. NII for 9MFY24 registered a growth of 10.4 percent and stands at Rs 32,929 crore. BOB's Non-Interest Income for 9MFY24 stands at Rs 10,304 crore up by 57.1 percent YoY.

**(Mint)**



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## ECONOMY

**India's April-December fiscal deficit at Rs 9.82 lakh crore, 55% of FY24 target:** The Central government's fiscal deficit widened to Rs 9.82 lakh crore in April-December from Rs 9.07 lakh crore in April-November, data released by the Controller General of Accounts on January 31 showed. At Rs 9.82 lakh crore, fiscal deficit for the first nine months of the current financial year accounts for 55.0 per cent of the full-year target of Rs 17.87 lakh crore.

**(Moneycontrol)**

**Core sector growth hits 14-month low of 3.8% in Dec due to high base:** India's core sector output growth hit a 14-month low of 3.8 per cent year-on-year in December on the back of a high base and a moderation in the growth of six constituent sectors, according to the Ministry of Commerce and Industry data released on Wednesday. This was sharply down from 7.9 per cent witnessed in the previous month.

**(Business Standard)**

**Retail inflation for industrial workers eases marginally to 4.91% in Dec:** Retail inflation for industrial workers eased marginally to 4.91 per cent in December from 4.98 per cent in November 2023, mainly due to lower prices of certain food items. "Food inflation stood at 8.18 per cent (in December 2023) against 7.95 per cent of the previous month (November 2023) and 4.10 per cent during the corresponding month (of December 2022) a year ago," a labour ministry statement said. According to the statement, the year-on-year inflation for the month (December 2023) stood at 4.91 per cent compared to 4.98 per cent in the previous month (November 2023) and 5.50 per cent (December 2022) in the year-ago period.

**(Business Standard)**

**GST collections in January at Rs 1.72 lakh crore, second-highest ever:** The government's Goods and Services Tax (GST) collections rose to Rs 1.72 lakh crore in January, according to provisional data released by the Ministry of Finance on January 31. At Rs 1.72 lakh crore, the January GST collections is the second-highest ever and is 4.4 percent higher than the Rs 1.65 lakh crore collected in December 2023.

**(Business Standard)**



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## INDUSTRY OUTLOOK



**Maruti Suzuki's Q3 profit soars 33% to ₹3,206 crore:** Maruti Suzuki India (MSIL), the country's largest manufacturer of passenger vehicles (PVs), reported consolidated revenue of ₹33,512 crore for the third quarter (Q3) ended December 31. This represents a 14.56 per cent year-on-year (y-o-y) increase compared to ₹29,251 crore in the same period of the previous fiscal year. The consolidated net profit also grew by 33.25 per cent y-o-y to ₹3,206 crore for the quarter in review, compared to ₹2,406 crore in the October-December period in 2022.

***(Business Line)***

**Bandhan Financial Holdings in final stages of taking control of Aegon Life Insurance:**

Bandhan Financial Holdings is in the final stages of taking control of Aegon Life Insurance. The holding company of Bandhan Bank has received the final approval on the acquisition from the Insurance Regulatory & Development Authority (Irdai) earlier this week. With this, all regulatory approvals for the proposed acquisition are in place. Bandhan received the Reserve Bank of India's (RBI) go-ahead four weeks ago.

***(Economic Times)***

**Tata Motors ends Maruti's 7-year run as India's most valuable auto firm:** Tata Motors is back as India's most valuable automaker, a title it lost to Maruti Suzuki in 2016. The company's shares climbed 5% on Tuesday, valuing the firm at nearly \$38 billion. The company recorded a fourth straight quarter of profits in November, following a run of losses stretching back to the start of 2021. Tata Motors' combined market capitalisation was 3.146 lakh crore against Maruti Suzuki's Rs 3.13 lakh crore..

***(Business Today)***



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## REGULATION & DEVELOPMENT

**NHAI likely to extend FASTag KYC compliance deadline by one month: Sources:** The National Highways Authority of India (NHAI) has extended the Know Your Customer (KYC) compliance deadline for FASTags, aiming to streamline electronic toll collection. NHAI introduces the 'One Vehicle, One FASTag' initiative to boost efficiency, discouraging the use of a single FASTag for multiple vehicles. NHAI emphasizes adherence to the initiative to ensure seamless toll operations and convenience for users. Users can update their FASTag KYC through the official website or their respective Bank portals.

**(Economic Times)**

**New IMPS rule from Feb 1: You can transfer up to Rs 5 lakh without adding a beneficiary:** The National Payments Corporation of India (NPCI) has introduced a new rule that allows customers to transfer up to Rs 5 lakh without the need to add beneficiary details such as account numbers or IFSC codes. Starting from February 1, the Immediate Payment Service (IMPS) in India will undergo a significant change that will make transferring money between bank accounts even more convenient. The National Payments Corporation of India (NPCI) has introduced a new rule that allows customers to transfer up to Rs 5 lakh without the need to add beneficiary details such as account numbers or IFSC codes. Under the new simplified IMPS rules, users can initiate a transaction using just the recipient's mobile number and the name of their bank.

**(Business Today)**

**Government appoints Members of the Sixteenth Finance Commission:** The Sixteenth Finance Commission was constituted on 31.12.2023 with Shri Arvind Panagariya, former Vice-Chairman, NITI Aayog as its Chairman. Now the following members are appointed to the Commission with the approval of the President of India. Shri. Ajay Narayan Jha, former member, 15th Finance Commission and former Secretary, Expenditure (Full Time member), Smt. Annie George Mathew, former Special Secretary, Expenditure (Full Time member), Dr. Niranjana Rajadhyaksha, Executive Director, Artha Global (Full Time member) and Dr. Soumya Kanti Ghosh, Group Chief Economic Advisor, State Bank of India (part time member).

**(Economic Times)**





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## FINANCIAL TERMINOLOGY

### 12B-1 FEE ON A MUTUAL FUND

- ❖ A 12b-1 fee is an annual marketing or distribution fee on a mutual fund. The 12b-1 fee is considered to be an operational expense and, as such, is included in a fund's expense ratio.
- ❖ It is generally between 0.25% and 0.75% (the maximum allowed) of a fund's net assets.
- ❖ The 12b-1 fee can be broken down into two distinct charges: the distribution and marketing fee and the service fee.
- ❖ Back in the early days of the mutual fund business, the 12b-1 fee was thought to help investors. It was believed that by marketing a mutual fund, its assets would increase and management could lower expenses because of economies of scale.



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### **RBI KEY RATES**

Repo Rate: 6.50%  
SDF: 6.25%  
MSF & Bank Rate: 6.75%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 83.0805  
INR / 1 GBP : 105.3084  
INR / 1 EUR : 89.8826  
INR /100 JPY: 56.2000

### **EQUITY MARKET**

Sensex: 71752.11 (+612.21)  
NIFTY: 21725.70 (+203.60)  
Bnk NIFTY: 45996.80 (+629.05)

### **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  
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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)**
  - ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**
- To purchase please visit  
BFSIB portal of ICMAI

### **TEAM BFSIB**

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