



**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**

**02 Jan 2024**

### **BANKING & FINANCE**



**RBI hikes bulk deposit limit for urban co-operative banks in tier 3, 4 cities:** RBI on January 1 said it has decided to enhance the bulk deposit limit for scheduled primary (urban) co-operative banks, in tier 3 and 4 cities, to Rs 1 crore and above. "On a review, it has been decided to enhance the bulk deposit limit for Scheduled Primary (Urban) Co-operative Banks, in Tier 3 and 4, to Rs 1 crore and above," the central bank said in a release. For urban cooperative banks not based in tier 3 and 4 cities, the bulk deposit limits would be "Rs 15 lakh and above", the RBI stated.

**(Business Line)**

**IOB introduces savings account portability online scheme:** Indian Overseas Bank has introduced 'Savings Account Portability Online', a scheme that is aimed at offering an easier savings account portability process for customers who move to different locations. For individuals, who have to shift from one location to another due to career shifts, educational pursuits, or various life transitions, the new scheme will help avoid the cumbersome process of relocating bank accounts. With the new online scheme, customers don't have to fill out those endless forms and wait for days and weeks.

**(Business Line)**

**LIC gets GST demand notice for ₹806 crore:** LIC has received a goods and services tax (GST) demand notice of ₹806.3 crore. The total amount in the notice comprises GST worth ₹365.02 crore, a penalty of ₹404.7 crore, and interest of ₹36.5 crore. The violations include non-reversal of input tax credit (ITC), reversal of ITC availed of from reinsurance, interest on delayed payment made with GSTR-3B, interest on advance received, and less reverse charge mechanism liability disclosed in GSTR-9/3B than shown by suppliers in GSTR-1, according to the regulatory filing.

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**RBI simplifies reactivation of dormant accounts; tightens norms to curb frauds:** The Reserve Bank of India has eased the process to reactivate the dormant accounts and at the same time tightened norms to ensure that frauds are limited in the inoperative accounts where funds remain unclaimed. The central bank said that activation of such accounts can simply be done by re-submission of know your customer (KYC) details across branches including non-home branches. The process can also be done through video-customer identification process (V-CIP). Banks are not allowed to charge fees for inoperative account activation or penalize non-maintenance of minimum balances.

***(Economic Times)***

**17 cooperative banks closed down, highest in nine years:** Concerns over financial health of the cooperative banking sector continued to haunt stakeholders with as many as 17 banks shutting shops in the year gone by, with the highest number of annual licence cancellations by the Reserve Bank of India. Of these, half a dozen banks were urban cooperative banks (UCBs), which otherwise fare better than their rural counterparts.

***(Economic Times)***

**SBI authorised to issue and encash electoral bonds through 29 branches:** The Ministry of Finance has granted authorization to the State Bank of India (SBI) for the issuance and encashment of electoral bonds through its 29 authorised branches. "The State Bank of India, in the XXX Phase of sale, has been authorised to issue and encash electoral bonds through its 29 authorised branches (as per list enclosed) with effect from January 2 to January 11," it stated. "The Electoral Bonds shall be valid for fifteen calendar days from the date of issue and no payment shall be made to any payee political party if the Electoral Bond is deposited after the expiry of the validity period."

***(Economic Times)***



**ECONOMY**

**GST collections rise 10% YoY in December to Rs 1.65 lakh crore:** The government's Goods and Services Tax (GST) collections climbed 10 percent year-on-year in the last month of 2023 to Rs 1.65 lakh crore, the Ministry of Finance said on January 1. At Rs 1.65 lakh crore, the December GST collections is 2 percent lower than the Rs 1.68 lakh crore collected in November. This is the tenth month in a row that the monthly GST collection has come in above the Rs 1.5-lakh-crore mark. The latest GST data takes the average monthly collection in 2023-24 to Rs 1.66 lakh crore. Monthly GST



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collections have risen over the years. From averaging under Rs 1 lakh crore per month in 2017-18 - its first year - collections rose rapidly after the pandemic-hit 2020-21 to average Rs 1.51 lakh crore in 2022-23.

### **(Moneycontrol)**

**GDP growth to 'comfortably' exceed 6.5% in 2023-24: FinMin:** The Finance Ministry expects the country's GDP growth rate in 2023-24 to "comfortably" exceed its earlier forecast of 6.5 per cent on the back of Q2 GDP growth performance that surprised on the upside at 7.6 per cent. Already the country's GDP grew 7.7 per cent in the first half this fiscal. The Union Budget for 2023-24 had pencilled in a nominal GDP of 10.5 per cent for current fiscal. Without giving a revised projection for GDP growth rate (in real terms) for current fiscal, the Finance Ministry has in the latest half-yearly economic review report also highlighted that the headline inflation outlook is on a declining trend, notwithstanding temporary disruptions from food prices. The stable downward movement in core inflation and continuing deflation in fuel inflation is aiding this trend, it noted in the report.

### **(Business Line)**

**Gross household financial savings slip to 10.9% of GDP in FY23:** The risk of defaults by households due to greater exposure to higher mortgage payments and floating rate interest is limited in India despite the rapid rise in their financial liabilities, according to RBI's latest financial stability report (FSR). There has been a rapid rise in household financial liabilities from 3.8 per cent of GDP in FY22 to 5.8 per cent in FY23 even as financial assets moderated only marginally to 10.9 per cent in FY23 from 11.1 per cent in FY22. With banks' linking their home loan interest rates to an external floating rate benchmark such as the repo rate, the 250 basis points hike in repo rate between May 2022 and February 2023 has been fully transmitted to home loans. "The increase in financial liabilities was driven by a steep rise in borrowings from financial institutions, with a large part in physical assets creation (mortgages and vehicles). Thus, the overall savings of households may still hold steady with a compositional shift in favour of physical savings. This would directly add to gross capital formation, supporting an upturn in private investment cycle and, eventually, the prospects for growth," RBI said.

### **(Business Line)**

**Nobel winner Muhammad Yunus convicted in Bangladesh labour law case:** Nobel peace laureate Muhammad Yunus was convicted on Monday of violating Bangladesh's labour laws in a case decried by his supporters as politically motivated. Yunus, 83, is credited with lifting millions out of poverty with his pioneering microfinance bank but has earned the enmity of longtime Prime Minister Sheikh Hasina, who has accused him of "sucking blood" from the poor.

### **(Economic Times)**



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## INDUSTRY OUTLOOK



**Wadia Group asserts no impact on finances from Go First bankruptcy:** The Nusli Wadia-led Wadia Group has asserted that the bankruptcy of its budget airline Go First in May last year will not hinder its capacity to raise funds for other businesses within the group in the future. A spokesperson for the group responded to a query from Moneycontrol, saying, "The credit ratings of all Wadia Group companies are robust." "All companies belonging to the Wadia Group are well funded for all future growth plans," the spokesperson said without providing additional details. GoFirst, established in 2005, filed for voluntary bankruptcy in May last year. The airline has outstanding debts amounting to more than Rs 6,521 crore, primarily owed to lenders, with a significant portion from public sector banks. Following Go First's bankruptcy filing, there were reports suggesting that the Wadia Group might submit a bid for the airline, potentially with the involvement of a global fund. However, in the end, the Wadia Group did not proceed with such a bid.

**(Moneycontrol)**

**Ola Electric records over 30,000 registrations in December:** Ola Electric announced that it recorded 30,219 registrations in December and captured a 40 per cent market share in the EV two-wheeler segment (as per VAHAN Portal). The company said it clocked its highest-ever monthly registrations during the month and posted a year-on-year (y-o-y) growth of 74 per cent compared with the same month last year. Additionally, it posted a quarter-on-quarter (q-o-q) growth of 48 per cent with 83,963 registrations during the December quarter and a y-o-y growth of 68 per cent compared with the same quarter last year.

**(Business Line)**



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## REGULATION & DEVELOPMENT

**PLI scheme for automobile, auto components extended by 1 year, total outlay raised to Rs 25,938 crore:** The performance-linked incentive (PLI) scheme for automobile and auto components industries has been extended by one year, the Union Ministry of Heavy Industries said on January 1. The total outlay of the scheme has been increased to Rs 25,938 crore, it added. The incentives as part of the scheme will now be available from FY24 to FY28, as compared to the incentives available for FY23 to FY27 under the previous tenure of the scheme. "Under the amended scheme, the incentive will be applicable for a total of five consecutive financial years, starting from the financial year 2023-24. The disbursement of the incentive will take place in the following financial year 2024-25. The scheme also specifies that an approved applicant will be eligible for benefits for five consecutive financial years, but not beyond the financial year ending on March 31, 2028,"

**(Moneycontrol)**

**NRIs in a bind as taxman slaps advisories on high-value transactions:** The income tax department has sent out a slew of advisories to non-resident Indians (NRIs), requiring them to confirm high-value transactions effected in 2022-23, and for non-filing of returns. NRIs receiving such communication in the past few days include those that have opened FCNR (foreign currency non-resident account) and/or NRE/NRO deposits. These reminders are an advance intimation of the data that is in possession of the tax department, said market watchers. And may lead to issuance of notices for assessments (or reassessments) followed by a detailed scrutiny — if the taxpayer does not respond by filing revised returns (to address the mismatch) or by replying appropriately on the income tax portal.

**(Business Line)**

**Printing 'date of manufacturing', 'unit sale price' on packaged items becomes mandatory from January 1:** Now, companies have been mandated to print only the 'date of manufacturing', along with the 'unit sale price', as per the latest notification issued by the Consumer Affairs Ministry. Printing the date of manufacturing will help consumers know how old the packaged item is and help them make conscious purchase decisions. Similarly, the printing of unit sale price will make it easy for consumers to ascertain the cost in unit terms.

**(Economic Times)**





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## FINANCIAL TERMINOLOGY

### MARK TO MARKET

- ❖ Mark to market (MTM) is a method of measuring the fair value of accounts that can fluctuate over time, such as assets and liabilities. Mark to market aims to provide a realistic appraisal of an institution's or company's current financial situation based on current market conditions.
- ❖ In trading and investing, certain securities, such as futures and mutual funds, are also marked to market to show the current market value of these investments.
- ❖ Mark to market can present a more accurate figure of what a company might receive for its assets under current market conditions.
- ❖ However, during unfavorable or volatile times, MTM may not accurately represent an asset's true value in an orderly market.



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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 : 83.1975  
INR / 1 GBP : 105.9476  
INR / 1 EUR : 91.8401  
INR /100 JPY: 58.9900

### **EQUITY MARKET**

Sensex: 72271.94 (+31.68)  
NIFTY: 21741.90 (+10.50)  
Bnk NIFTY: 48234.30 (-57.95)

### **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.**

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- ❖ **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  
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