

## **DAILY NEWS DIGEST BY BFSI BOARD**

**02 March 2024**

### BANKING & FINANCE



**Paytm Payments Bank fined Rs 5.49 crore for violating money laundering norms:** The Financial Intelligence Unit-India has imposed a penalty of Rs 5.49 crore on Paytm Payments Bank for violating money laundering norms. In a statement issued on March 1, the finance ministry said that its Financial Intelligence Unit began looking into the beleaguered payments bank after receiving information from law enforcement agencies that a few entities and their business network were engaged in illegal activities, including organising and facilitating online gambling. "Further, the money generated from these illegal operations, i.e. proceeds of crime were routed and channelled through bank accounts maintained by these entities with the Paytm Payments Bank Ltd," the statement said.

**(Moneycontrol)**

**India doesn't have enough bank lockers to cater to the rising demand: Aurm Report:** India has a significant gap in the availability of bank lockers and faces a dire need for accessible and convenient locker services, according to a report by Aurm, a startup that is providing locker services in the country. Aurm estimates that by 2030, there will be six crore affluent Indians needing safe deposit storage lockers in Indian cities. However, at present, there are only 60 lakh bank lockers available across the country. Thus, the gap between the demand for lockers and the availability of lockers will be around 5.4 crore, according to the report that was commissioned after speaking to several banking officials and data gathered from various reports published by the Reserve Bank of India (RBI).

**(Moneycontrol)**

**NPCI International ties up with Greece's Eurobank for cross-border UPI payments:** NPCI International Payments Ltd (NIPL), a subsidiary of National Payments Corporation of India (NPCI), has signed an MoU with Greece-based Eurobank S.A. to enhance cross-border UPI payments.

The agreement is aimed at revolutionising the process of international money transfers, with a specific focus on streamlining remittances from Greece to India, NIPL said in a release, adding that this will make Greece one of the first European countries to enable the Indian diaspora residing in the country to undertake quick and seamless remittances using UPI rails. “This strategic alliance with Eurobank marks a significant milestone in the expansion of payment technologies built in India, beyond our borders.

**(Moneycontrol)**

**With 4.1 crore transactions in a single day, NEFT sets a new payment milestone:** NEFT system achieved a milestone of processing 4,10,61,337 transactions on February 29, the highest number of dealings processed in a day so far, the Reserve Bank said on Friday. The RBI said that during the previous ten years (2014-23), NEFT and RTGS systems have registered a growth of 700 per cent and 200 per cent, respectively, in terms of volume and 670 per cent and 104 per cent, respectively, in terms of value. RTGS system processed its highest-ever volume of 16.25 lakh transactions in a day on March 31, 2023. RTGS system processed its highest-ever volume of 16.25 lakh transactions in a day on March 31, 2023.

**(Business Today)**

**SBI mulling to build its own domain-specific LLM:** State Bank of India is mulling to build its own Large Language Model (LLM) to leverage the data it possesses, a senior official said on Friday. The bank has been using Artificial Intelligence (AI) for over seven years now, and wants to create a situation where it can co-exist with an open-source LLM, its Deputy Managing Director Nitin Chugh said. The project to build its own LLM is an ambitious one to be executed over the long-term, Chugh, who heads the digital banking and transformation efforts at SBI, said.

**(Economic Times)**



**February GST collections at Rs 1.68 lakh crore, up 12.5% YoY:** At Rs 1.68 lakh crore, the February GST collection is 3.3 percent lower than the Rs 1.72 lakh crore in January, now revised upwards to Rs 1.74 lakh crore. The latest GST figure, which has come in above the Rs 1.5-lakh-crore

mark for the 12th month in a row, takes the average monthly collection in 2023-24 to Rs 1.67 lakh crore.

### ***(Moneycontrol)***

#### **WTO MC13: Members continue to bicker over agriculture, fish subsidies, and e-comm**

**taxes:** The government's fiscal deficit at Rs 11 trillion at January end touched 63.6 per cent of the revised annual target, according to the official data released on WTO members struggled to narrow differences in crucial areas such as agriculture, fisheries, investment facilitation, and the e-commerce moratorium at the on-going 13th Ministerial Conference (MC13) in Abu Dhabi on Friday as the meeting extended beyond a day. But India stayed firm in its attempt to protect the livelihoods of its farmers and fishermen and kept issues without a mandate, such as investment facilitation, formally out, sources said. "India is fighting attempts from various quarters to make it dilute its demands in the negotiations for both agriculture and fisheries subsidies. It is also under pressure to allow the inclusion of investment facilitation for development into the WTO as a plurilateral agreement and extend the moratorium on e-commerce taxes. But so far, it has managed to hold its ground," a source tracking the ministerial meeting told. Going by the draft on agriculture that was floated and various members' reactions to it, there is an attempt to equalise all deadlines, including for domestic support and market access, even though there is a mandate flowing from the Nairobi Ministerial Conference for developing country issues including public stockholding (PSH), special safeguard measures (SSM), and cotton, the source said. "The EU and the US, it seems, want no deadlines at all. For India, it is vital to get a deadline for PSH, SSM, and cotton, as these have specifically reaffirmed mandates from Nairobi. But Brazil seems to be pushing for deadlines on domestic support and market access as well," the source said.

### ***(Business Standard)***

#### **Women contribute only 18% to GDP despite 48% share in population: Study:**

Indian women, despite constituting 48% of the population, contribute only 18% to the gross domestic product (GDP), found a study by the National Family Health Survey. Bridging the gender gap in employment could potentially lead to a 30% increase in the country's GDP, as per the study. Another study, by McKinsey Global Institute (MGI), said advancing women's equality could lead to a \$28 trillion increase in the global GDP.

### ***(Economic Times)***

#### **Term deposits formed 98% of incremental deposit growth in Apr-Dec:**

erm deposits accounted for a whopping 98% of incremental deposits between April-December 2023, with share of low-cost current account and savings account (CASA) falling to a low of 2% during the period, as more customers parked money in high yielding fixed, term deposits, according to the Reserve Bank of India's (RBI) quarterly basic statistical returns on deposits-December 2023 report. Deposits also moved to higher interest rate buckets, with the share of term deposits bearing over 7% interest rate

rising to 61% of the total term deposits in December 2023 from 55% a quarter ago and 34% in March 2023. As on February 9, banks' overall deposits stood at Rs 201.95 trillion

***(Economic Times)***

## INDUSTRY OUTLOOK



**Info Edge's Naukri and 99acres removed from Google Play Store:** Info Edge-owned recruitment business Naukri and real estate business 99acres have been delisted from Google Play Store, Moneycontrol has learnt. The apps were not available on Google Play Store at the time of writing article. However, the company's matrimony business JeevanSathi is still available on the Play Store. This is part of Google's drive to purge apps from Indian app developers which the tech giant said have not complied with its app billing policy for an "extended period of time".

***(Moneycontrol)***

**Paytm and Paytm Payments Bank to discontinue inter-company pacts amid RBI action:** Amid RBI's action on its associate firm, One 97 Communications on Friday said the board has approved the discontinuation of inter-company pacts with Paytm Payments Bank to reduce dependencies. The move assumes significance as Paytm Payments Bank Limited (PPBL) is under the RBI's lens over persistent non-compliance and continued material supervisory concerns.

***(Financial Express)***

**Sensex gains 1,245 pts, Nifty settles above 22,300 on impressive GDP data, foreign fund inflows:** Sensex, Nifty updates on 01 March 2024: Benchmark equity indices Sensex and Nifty rallied more than 1.5% to hit their lifetime highs on Friday helped by impressive GDP data and fresh foreign fund inflows. The 30-share BSE Sensex jumped 1,245.05 points or 1.72 per cent to reach 73,745.35—its all-time closing peak. During the day, it zoomed 1,318.91 points or 1.81 per cent to hit a record intra-day high of 73,819.21. The Nifty climbed 355.95 points or 1.62 per cent to settle at a new closing high of 22,338.75. During the day, it soared 370.5 points or 1.68 per cent to reach its intra-day record peak of 22,353.30.

***(Business Line)***





## REGULATION & DEVELOPMENT

**SEBI's concerns mount with flows into small/mid-cap funds:** Inflows into small-cap funds have increased by 92 per cent in the first 10 months of this fiscal to ₹37,360 crore against ₹22,103 crore logged in the whole of last fiscal, leading to SEBI concern about a froth in the market. Apart from this, most small and mid-cap mutual fund schemes have enhanced cash holdings as they could not find an investment opportunity at the right valuation. Following the Securities and Exchange Board of India (SEBI) diktat, the Association of Mutual Funds in India (AMFI) has asked MFs to make more disclosures on these schemes and put in place a policy to protect investors interest in 21 days. The overall AUM of small-cap funds increased by 89 per cent to ₹2.48-lakh crore in January compared with ₹1.31-lakh crore registered in the same period last year, while that of mid-cap funds was up 58 per cent at ₹2.90-lakh crore (₹1.83-lakh crore) in the same period, according to the AMFI data.

***(Business Line)***

**RBI says more than 97% of 2,000-rupee notes returned since May 2023:** RBI announced on Friday that over 97% of India's highest-denomination 2,000-rupee currency notes, which were withdrawn from circulation in May 2023, have been returned. The total value of 2,000 rupee banknotes in circulation, which stood at 3.56 lakh crore rupees as on May 19, 2023, when the withdrawal of India's highest currency note was announced, has now decreased to 8,470 crore rupees as of February 29, 2024, the RBI said in a statement. "Thus, 97.62% of the ₹2000 banknotes in circulation as on May 19, 2023, has since been returned," the central bank said.

***(Economic Times)***



## FINANCIAL TERMINOLOGY

### PENT UP DEMAND

- ❖ Pent-up demand is when an economy experiences consumer demand for goods and services that has been building up over time, typically due to a recession. After delaying the purchasing of goods and services due to uncertainty surrounding economic downturns, people typically are eager to spend money on consumer goods.
- ❖ Pent-up demand refers to a situation where demand for a service or product is unusually strong. Economists generally use the term to describe the general public's return to consumerism following a period of decreased spending. The idea is that consumers tend to hold off making purchases during a recession, building up a backlog of demand that is unleashed when signs of a recovery emerge.
- ❖ Pent-up demand is often seen immediately following a recession or depression. On an aggregate level, demand is believed to never tail off. Consumers just sometimes prefer to defer making purchases during a recession until they get their finances back in order again and feel more confident that better times are ahead. These characteristic delays in purchasing goods usually result in a backlog of demand being unleashed on the market when signs of a recovery emerge. Quite often, pent-up demand accelerates the economic recovery period immediately following an economic downturn, thanks to a sudden increase in consumer confidence and spending.



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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 : 82.8702  
INR / 1 GBP : 104.6474  
INR / 1 EUR : 89.5766  
INR /100 JPY: 55.1100

### **EQUITY MARKET**

Sensex: 73745.35 (+1245.05)  
NIFTY: 22338.80 (+356.00)  
Bnk NIFTY: 47286.90  
(+1166.00)

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