



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**02 Dec, 2023**

### **BANKING & FINANCE**



**Maharashtra GST department slaps tax notice on banks for custodial service to FPIs:** The Maharashtra GST department has sent notices to several banks on the taxability of custodial services provided by them to foreign portfolio investors (FPIs). The state GST authorities have taken the stand that the custodial services provided by these SEBI-registered custodian banks do not qualify as zero-rated supplies for the purpose of exports.

FPIs investing in India avail the services of custodian. Banks treat this as export of services because they are rendering services to FPIs who are located outside India and earning fees in foreign currency. “There is no GST applicable on invoice raised on FPI for custodial services provided the payment is received in foreign currency as a remittance and into the account of the service provider, and not into the FPI account,” said a custodian. The view of the GST department is that the banks are rendering services to FPIs who are essentially account holders. According to section 13(9) of the Integrated Goods and Services Tax (IGST) Act, 2017, if a bank provides services to an account holder then the place of supply would be where the bank is located, which is India in this case. Hence, the custodians’ service does not qualify as an export.

***(Economic Times)***

**RBI, Bank of England sign MoU on co-operation and information exchange related to CCIL:** In a tactical move that could encourage the European Securities and Markets Authority (ESMA) to restore recognition to at least one of the Indian central counterparties (CCPs), the Reserve Bank of India (RBI) and the Bank of England (BoE) on Friday signed a Memorandum of Understanding (MoU) for cooperation and exchange of information in relation to the Clearing Corporation of India Ltd. (CCIL). The MoU establishes a framework for the BoE to place reliance on the RBI’s regulatory and supervisory activities while safeguarding UK financial stability.

***(Business Line)***



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**ICICI Bank allows UPI payments via RuPay credit cards:** Private sector lender ICICI Bank has integrated their range of RuPay credit cards with UPI transactions with effect from December 1, 2023. This integration will enable RuPay credit card holders of ICICI Bank to link their cards to their choice of UPI app (Google Pay, PhonePe, etc) and then make payments, stated a press release issued by the bank.

***(Economic Times)***



## ECONOMY

**GST collections in November at Rs 1.68 lakh crore, up 15% YoY:** The government's Goods and Services Tax (GST) collections climbed 15 percent year-on-year in November to Rs 1.68 lakh crore, the Ministry of Finance said on December 1. At Rs 1.68 lakh crore, the November GST collections is 2 percent lower than the Rs 1.72 lakh crore collected in October. This is the ninth month in a row that the monthly GST collection has come in above the Rs 1.5-lakh-crore mark.

***(Moneycontrol)***

**Stock Market highlights on December 1, 2023: Nifty hits record high; Sensex settles 493 points higher:** Stock markets rallied on robust GDP data, beginning December on a firm note. The NSE Nifty hit a historic high of 20,282. BSE Sensex closed 493 points higher at 67,481. Parth Nyati of Tradingo noted bullish sentiments, foreseeing Indian equities' potential to outpace global peers. Shrey Jain from SAS Online highlighted notable Open Interest in Nifty and Bank Nifty derivatives, advising cautious market approaches amidst non-directional exit polls. Both experts suggested potential volatility around state elections and advised partial profit bookings amidst the recent one-way rally.

***(Business Line)***

**Strong Q2 GDP Show: Goldman Sachs, Morgan Stanley and Citi raise yearly GDP growth forecasts:** India's impressive Q2 GDP growth of 7.6 per cent has prompted several analysts and international brokerage houses to revise their yearly forecasts upwards. Goldman Sachs has increased India's calendar year 2023 growth forecast by 20 basis points to 6.7 per cent year-on-year. It has, however, kept its 2024 forecast unchanged at 6.2 per cent. On the



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other hand, Morgan Stanley has raised the financial year 2024 growth forecast to 6.9 per cent from 6.4 per cent earlier. For the financial year 2025, the international brokerage has, however, maintained its estimates at 6.5%. Citing a pick up in investment activity, Citi has hiked the financial year 2024 GDP forecast by 50 basis points to 6.7 per cent.

**(Business Line)**

**India's foreign exchange reserves jump \$2.538 billion to \$597.935 billion:** India's foreign exchange reserves increased USD 2.538 billion to USD 597.935 billion for the week ended November 24, the Reserve Bank said on Friday. In the previous reporting week, the overall reserves had jumped USD 5.077 billion to USD 595.397 billion. For the week ended November 24, the foreign currency assets, a major component of the reserves, increased USD 2.14 billion to USD 528.531 billion, as per the data from the Reserve Bank of India (RBI). Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves. Gold reserves were up USD 296 million to USD 46.338 billion during the week, the RBI said. The Special Drawing Rights (SDRs) were up USD 87 million to USD 18.218 billion. India's reserve position with the IMF rose USD 14 million to USD 4.848 billion in the reporting week, the apex bank data showed.

**(Business Line)**

## INDUSTRY OUTLOOK



**Bank lending to pvt corporate rises 14.9 pc in Sep: RBI data:** Bank lending to the private corporate sector grew 14.9 % in September 2023 from 14.7 % a year ago, according to the Reserve Bank data released Friday. Another set of banking data released by the central bank showed the share of term deposits bearing a 6 to 8 % interest rate rose to 78.6 % in September 2023 against 12.5 % in March 2022.

**(Economic Times)**

**Adani Group plans \$84 billion spending after Hindenburg market rout:** Adani Group plans to spend Rs 7 trillion (\$84 billion) on infrastructure over the next decade, a similar amount the Indian conglomerate owned by billionaire Gautam Adani has lost in market value since corporate fraud allegations were leveled against it by a US short-seller earlier this year.

**(Business Standard)**



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## REGULATION & DEVELOPMENT

**Modi proposes to host COP33 in India in 2028:** Prime Minister Narendra Modi on Friday proposed hosting the COP33 climate summit in India in 2028, at the ongoing COP28 summit in Dubai where he launched the Green Credit Initiative (GCI) to create a carbon sink with people's participation that will go beyond the "commercial aspect" of carbon credit. The PM emphasised that while India and the global south contributed only marginally to climate change, they were affected disproportionately by its adverse impact. Therefore, he said, they must be provided adequate climate finance and technology by developed nations. "India is committed to the UN Framework for Climate Change and that is why I propose from this stage that COP33 Summit in 2028 be hosted in India," Modi said during his speech. The Indian PM was the only leader invited to speak at the Ceremonial Opening of COP28 by the UAE government along with COP28 President Sultan Jaber and UNFCCC Executive Secretary.

**(Business Line)**

**Centre puts e-commerce dark patterns on notice:** The Central Consumer Protection Authority (CCPA) notified guidelines to prevent deceptive behaviour of e-commerce companies by defining certain wrongful practices known as 'dark patterns' as offences under consumer protection law. Dark patterns, intended to trick users to take unintended actions such as making purchase decisions, amount to misleading advertisement or unfair trade practice or violation of consumer rights.

**(Mint)**



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## FINANCIAL TERMINOLOGY

### BLUE OCEAN

- ❖ Blue ocean is an entrepreneurship industry term to describe a new market with little competition or barriers standing in the way of innovators. The term refers to the vast "empty ocean" of market options and opportunities that occur when a new or unknown industry or innovation appears.
- ❖ A blue ocean is considered (from a marketing standpoint) a yet unexploited or uncontested market space.
- ❖ Blue oceans are contrasted with "red oceans," characterized by cutthroat competition and crowded markets.
- ❖ Many firms choose to innovate or expand in the hopes of finding a blue ocean market with uncontested competition. Blue ocean markets are also of high interest to entrepreneurs.
- ❖ Overall, blue ocean markets have several characteristics that innovators and entrepreneurs love. A pure blue ocean market has no competitors. A blue ocean market business leader has first-mover advantages, cost advantages in marketing with no competition, the ability to set prices without competitive constraints, and the flexibility to take its offering in various directions.





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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 : 83.3602  
INR / 1 GBP : 105.3690  
INR / 1 EUR : 90.9404  
INR /100 JPY: 56.2700

### **EQUITY MARKET**

Sensex: 67481.19 (+492.75)  
NIFTY: 20267.90 (+134.70)  
Bnk NIFTY: 44814.20 (+332.40)

### ***Courses conducted by BFSI Board***

- ❖ **Certificate Course on  
Concurrent Audit of  
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- ❖ **Aide Memoire on lending  
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Internal Audit of General  
Insurance Companies.**
- ❖ **BFSI Chronicle  
(quarterly issue of  
BFSIB)**

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### **TEAM BFSIB**

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