



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

05 Dec, 2023

BANKING & FINANCE



Indian banks write off ₹10.6 lakh crore in 5 years, 50% linked to large corporates: The government on Monday informed the Lok Sabha that all Scheduled Commercial Banks have written off nearly Rs 10.6 lakh crore in the last 5 years, out of which nearly 50 per cent belong to large industrial houses. It also said that nearly 2300 borrowers, each having a loan amount of Rs 5 crore or more, wilfully defaulted around Rs 2 lakh crore.

(Business Line)

PSBs want cap relaxed for management-level hiring: State-run banks have urged the government to relax the cap that stops them from hiring more people for middle- and senior-level management positions, saying it will boost efficiency, people in the know told ET. The government has put a cap on the number of chief general managers, general managers and assistant general managers a state-run bank can have, based on their business size. For instance, a bank with an annual business size of ₹1.6 lakh crore can have a maximum of 12 general managers. Lenders say that consolidation in the banking industry has thrown up the need for more mid-level personnel.

In 2019, after the merger of 10 nationalised banks created four large lenders, the government allowed banks with a turnover of ₹10 lakh crore and more to create a new post of chief general manager, or CGM. The government said the CGM will act as an administrative and functional layer between the existing levels of general manager and executive director. Government guidelines say there can be one CGM for four general managers in the bank.

(Economic Times)

IBDIC working on Letter of Credit on blockchain: According to Indian Banks' Association (IBA), Indian Banks' Digital Infrastructure Company (IBDIC) is working on implementing domestic Letter of Credit (LC) issuance on blockchain. According to Minister of State for Finance Bhagwat Karad, only a few banks are currently using blockchain technology. The IBDIC,



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formerly known as Indian Banks' Blockchain Infrastructure Company (IBBIC), is a consortium of 18 banks.

(Economic Times)



ECONOMY

FII's buy Rs 2,073 crore equities on December 4, push Nifty, Bank Nifty to all time high after BJP's election wins: FIIs extended their buying in India on December 4 after BJP's 3-state election win, lapping up Rs 2073 crore worth of Indian equities. Also, DIIs bought Rs 4,797.15 crore according to stock exchange provisional data. Benchmark NSE Nifty 50 surged 418.9 points to an all-time high of 20,686.8 whereas, Bank Nifty gained 1617.2 points to 46,431.4. Market players say BJP's victory in key states gives confidence to investors that the current government can put on a good show in the upcoming Lok Sabha elections.

(Moneycontrol)

India's outward remittance surges to record \$18.34 billion in FY24 under LRS: In the first half of FY24, money sent abroad by Indians under the Liberalised Remittance Scheme (LRS) hit a record high of \$18.34 billion. This is a 37 per cent jump compared to the remittance in the corresponding period in the last fiscal. Under the Reserve Bank of India's LRS, all resident Indians can freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both. Even though LRS remittance dipped during the pandemic, it started picking up from the second half of FY22, surpassing pre-pandemic levels. It has been growing steadily since then. But that being said, there is a probability of these remittances falling in H2FY24 after the centre issued a new directive to raise the Tax Collection at Source (TCS) from 5% to 20% on certain foreign remittances under the Liberalised Remittance Scheme (LRS), effective from October 1.

(Business Line)

India concerned that EU's Deforestation-Free Regulation could be "disguised" trade restriction: India has raised concerns about the EU's Deforestation-Free Products Regulation (EU-DR), which will be implemented in December 2024, possibly leading to discrimination against some countries and acting as a disguised restriction on international trade.



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However, the bloc has said the proposed rules were based on objective, scientific, non-discriminatory and proportionate criteria. At a recent meeting of the WTO's Committee on Agriculture, India sought clarification on the EU-DR regulation to restrict exports of certain identified items to the bloc produced in land deforested after 2020. The proposed regulation can potentially affect Indian exports to the EU worth \$1.3 billion annually, per estimates made by the Global Trade Research Initiative. “..the EU has stated that the rules are designed to ensure that products sold in the EU from any country, including the EU member states, comply with the same requirements in terms of preventing deforestation. However, the benchmarking system established by the regulation imposes different due diligence obligations on operators from high-risk and low-risk countries,” according to the query placed by India.

(Business Line)

INDUSTRY OUTLOOK



Byju's calls for AGM to approve audited FY22 financials as more troubles mount: Embattled edtech company Byju's called for an annual general meeting (AGM) at a time when the company is battling troubles on multiple fronts. The company plans to discuss multiple matters during the meeting, including approving the audited FY22 financials with the report of the board, it said in the letter. It also plans to approve the appointment of MSKA & ASSOCIATES as the statutory auditors and to approve the remuneration of B Y & ASSOCIATES, the cost accountants and the cost auditors of the company for FY22, FY23 and FY24.

(Moneycontrol)

Byju's founder pledges homes to raise funds for staff salaries: Byju Raveendran, the eponymous founder of Indian edtech titan Byju's, has pledged his home as well as those owned by his family members to raise money for paying employees as the company battles a cash crunch, according to people familiar with the matter. Two homes owned by the former billionaire's family in Bengaluru, in southern India, and his under-construction villa in Epsilon — a plush gated community in the city — were offered as collateral to borrow \$12 million, the people said, asking not to be named as the information is not public. The startup used the funds to pay salaries to 15,000 employees in Byju's parent firm

(Moneycontrol)



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ReNew signs MoU with Asian Development Bank for \$5.3 billion: ReNew Energy Global (ReNew) said on Monday that it has signed a Memorandum of Understanding (MoU) with the Asian Development Bank (ADB) to collaborate on climate change mitigation and adaptation projects. The MoU covers projects with investment value of over \$5.3 billion between 2023 and 2028. “The MoU was signed at COP28, in Dubai on Sunday, by ReNew Chairman and CEO Sumant Sinha and ADB Director General Private Sector Operations Department Suzanne Gaboury,” the NASDAQ-listed company said. The MOU identified potential investments in renewable energy projects, manufacturing, carbon offset projects, and green hydrogen, aimed at jointly supporting sustainable energy transition.

(Business Line)

RPL case: SAT quashes Sebi's order against Mukesh Ambani, Reliance: Securities Appellate Tribunal (SAT) has overturned the decision made by the Securities and Exchange Board of India (Sebi) against Mukesh Ambani and his company Reliance Industries (RIL). The order accused them of engaging in trades that influenced the prices of Reliance Petroleum (RPL) stock back in 2007. SAT has revoked the penalties imposed on RIL, Ambani, Navi Mumbai SEZ, and Mumbai SEZ, which amounted to a total of Rs 70 crore.

(Economic Times)



REGULATION & DEVELOPMENT

NFRA can check audit misconducts of its pre-formation period as well:

NCLAT: NCLAT has upheld the authority of the National Financial Reporting Authority (NFRA) to retroactively oversee and take action against Chartered Accountants for misconduct predating its establishment in October 2018. This means that NFRA, the country’s sole independent audit regulator, can penalise auditors and audit firms for their misdeeds that occurred before October 2018. Not only that, even for auditor misconducts prior to October 2018 and proceedings already underway by CA Institute, the matter would be in the exclusive domain of NFRA, NCLAT has ruled.

(Business Line)

ESIC bags “ISSA Vision Zero 2023” Award at the 23rd World Congress on Safety and Health at Work in Sydney, Australia: The Employees’ State Insurance Corporation (ESIC) bagged the “ISSA Vision Zero 2023” Award in the recently held 23rd World



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Congress on Safety and Health at Work in Sydney, Australia. “Vision Zero” is a transformational approach for prevention of accidents at work places integrating the three dimensions of safety, health and well-being at all levels of work. ESIC was awarded with “ISSA Vision Zero 2023” as it had great success in outreach in the field of safety and health at work places by aligning the prevention strategy besides post-accidental mechanism for medical care and cash benefits to the workers and their dependents. The award also underlines the improvements that have been made in the service delivery of the ESI Corporation as well as increase in its administrative and operational efficiency using IT enabled initiatives.

(PiB)



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FINANCIAL TERMINOLOGY

COVERED INTEREST RATE PARITY

- ❖ Covered interest rate parity refers to a theoretical condition in which the relationship between interest rates and the spot and forward currency values of two countries are in equilibrium.
- ❖ The covered interest rate parity situation means there is no opportunity for arbitrage using forward contracts, which often exists between countries with different interest rates.
- ❖ Under normal circumstances, a currency that offers lower interest rates tends to trade at a forward foreign exchange rate premium in relation to another currency offering higher interest rates.
- ❖ Covered interest rate parity is a no-arbitrage condition that could be used in the foreign exchange markets to determine the forward foreign exchange rate. The condition also states that investors could hedge foreign exchange risk or unforeseen fluctuations in exchange rates (with forward contracts).



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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 : 83.3357
INR / 1 GBP : 105.7047
INR / 1 EUR : 90.6276
INR /100 JPY: 56.8100

EQUITY MARKET

Sensex: 68699.52 (+1218.33)
NIFTY: 20642.70 (+374.80)
Bnk NIFTY: 46171.60
(+1357.40)

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- ❖ **Certificate Course on Credit Management of Banks**
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 - ❖ **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 2nd Edition)**
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TEAM BFSIB

Banking, Financial Services & Insurance Board
The Institute of Cost Accountants of India (ICMAI)

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