



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

06 February 2024

BANKING & FINANCE



Paytm denies violating forex norms; says banking arm not facing ED probe: One97 Communications, the parent entity of Paytm, on February 5 dismissed reports that claimed that the company is facing a regulatory probe to ascertain if it violated foreign exchange norms. The company denied flouting rules that govern forex, while also clarifying that the Enforcement Directorate has not launched a probe against Paytm or its banking arm Paytm Payments Bank Limited (PPBL) for the alleged violations. The clarification came shortly after news agency Reuters, citing two government sources, reported that the Enforcement Directorate is investigating if platforms run by Paytm were involved in violations of foreign exchange rules.

(Moneycontrol)

Paytm asks merchants to link QRs to other banks' accounts: Following the Reserve Bank of India's (RBI's) strictures on Paytm Payments Bank (PPB) last week, Paytm has directed its field sales executives to migrate merchant QR codes from their existing PPB accounts to accounts with other banks. The process has started over the weekend itself and the fintech major is trying to sensitise as many merchants as possible before the deadline of February 29 to ensure that their business transactions can continue unhindered. "We have been asked to migrate as many QRs as possible to alternate bank accounts by the end of the month," said one of the company's executive.

(Financial Express)

DFS Secretary Dr. Vivek Joshi chairs meeting to review banking and insurance related international trade matters: Dr. Vivek Joshi, Secretary, Department of Financial Services, Ministry of Finance, chaired a review meeting to address banking and insurance related issues faced by exporters and importers. The meeting was attended by senior officers from Ministry of External Affairs, Department of Commerce, and Ministry of Finance. Functionaries of RBI and IRDAI along with Chairman, SBI and senior executives of major commercial banks joined the meeting.



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Specific operational issues, viz., delay in issuance of e-bank realisation certificates, overdue letters of credit, etc. were discussed. During the meeting, banks informed that after ensuring necessary due diligence and compliance with regulatory directions, trade transactions are continued to be facilitated by them. It was noted that in some cases, banks have proactively engaged with their clients and resolved the matter. Further, to ensure a seamless process, banks were advised to engage with clients to expedite resolution of their problems while appropriately examining compliance requirements. Dr. Joshi advised banks to classify issues faced by them in different categories and indicated that they may consider seeking necessary regulatory guidance from RBI and also develop a standard operating procedure through Indian Banks Association (IBA).

(PiB)

ADB appoints Mio Oka as country director for India: Asian Development Bank (ADB) on Monday appointed Mio Oka as its country director for India. She will succeed Takeo Konishi who has been promoted as ADB Director General for South Asia at the Manila headquarters.

(Economic Times)

Indian Bank credit growth could moderate in FY25 on tighter liquidity: S&P: S&P Global Ratings cautions that strong credit growth in Indian banks could ease to 12-14% in the next fiscal if deposit growth remains subdued, leading to tightening liquidity conditions. The report highlights potential challenges like the need for wholesale funding, increased funding costs impacting margins, and the rising share of unsecured personal loans. Despite stable asset quality and capitalization, S&P emphasizes the impact of liquidity constraints on India's banking sector's robust credit growth.

(Economic Times)



ECONOMY

China tightens trading restrictions for domestic and offshore investors: China is tightening trading restrictions on domestic institutional investors as well as some offshore units as authorities fight to stem a deepening stock rout, according to people familiar with the matter. Officials this week imposed caps on some brokerages' cross-border total return swaps with clients, limiting a channel that can be used by China-based investors to short Hong Kong stocks, said the people, asking not to be identified discussing a private matter. At the same time, some Chinese brokers that use the channel to buy mainland shares for their offshore units were told not to reduce their positions, the



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people said. China is trying to stabilize markets after shares sank to a five-year low in chaotic trading on Friday.

(Moneycontrol)

OECD marginally raises India's GDP growth forecast to 6.2% for FY25: The Organization for Economic Co-operation and Development (OECD), in its latest interim economic outlook released on Monday, raised India's growth outlook for 2024-25 (FY25) to 6.2 per cent from the 6.1 per cent estimated earlier in its November outlook. "The emerging-market (EM) economies have generally continued to grow at a solid pace, despite tighter financial conditions, reflecting the benefits of improved macroeconomic policy frameworks, strong investment in infrastructure in many countries, including India, and steady employment gains," the outlook notes. For 2025-26, OECD has kept its growth forecast for India unchanged at 6.5 per cent. The outlook notes that high-frequency activity indicators generally suggest a continuation of recent moderate growth, with business surveys pointing to stronger activity developments in services than in manufacturing.

(Business Standard)

Buoyant demand pushes India's services PMI to 6-month high in January: An increase in new business activity due to the buoyant demand from domestic and external clients pushed growth in India's dominant services sector to a six-month high in January, as the headline Purchasing Managers' Index (PMI) figure rose to 61.8 in January from 59 in December, showed the survey released by S&P Global in partnership with HSBC on Monday. "The upturn was cemented by the quickest increase in new business since last July, which stemmed from buoyant demand from domestic and external clients. New export sales rose at the fastest pace in three months," the survey said.

(Business Line)

Govt recruitment exams: Anti-cheating bill tabled; ₹1 crore fine, up to 10 years of imprisonment mooted: The Narendra Modi government on Monday introduced a bill in the Lok Sabha to curb malpractices in various government recruitment examinations like paper leaks and fake websites, with strict penalties including up to 10 years of imprisonment and a minimum fine of ₹1 crore for those involved in such organised crimes. The Public Examinations (Prevention of Unfair Means) Bill, 2024, introduced by Union Minister of State for Personnel Jitendra Singh, mentions "leakage of question paper or answer key", "directly or indirectly assisting the candidate in any manner unauthorisedly in the public examination" and "tampering with the computer network or a computer resource or a computer system" as punishable offences done by a person, group of persons or institutions.

(Mint)



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INDUSTRY OUTLOOK



Over half of manufacturing GVA from top five states: The top five industrialised states accounted for 53% of the total manufacturing GVA of the country in FY21 and FY22, according to the Annual Survey of Industries, released by the statistics ministry on Monday. Those five states are Gujarat, Maharashtra, Tamil Nadu, Karnataka and Uttar Pradesh. The survey revealed that the industries' gross value added (GVA) in FY22 had grown 27% as compared to FY21, in current prices, as against 8.8% growth recorded in the preceding year. The higher growth in FY22 was on account of a low base, as FY21 witnessed lockdowns due to the pandemic outbreak.

(Financial Express)

TCS bags multi-year contract from Europ Assistance for IT services: Tata Consultancy Services (TCS) on Monday announced that it has been selected as a strategic partner by Europ Assistance, a global assistance and travel insurance company, to help reimagine its global IT operating model for enhanced resilience, scalability and user experience. Supporting nearly 300 million customers in over 200 countries and territories with travel, mobility, home and family, health, and concierge services, Europ Assistance was looking for a global transformation partner to align its IT ecosystem to its mission of providing services 'Anytime, Anywhere' and support its growth. As the strategic partner, TCS will step up its delivery centers in Europe and across geographies to provide end-to-end enterprise IT application services to Europ Assistance.

(Financial Express)

Now, same agency can resolve insolvency of firm and its personal guarantor: In an attempt to bring harmony and reduce delays, the Insolvency and Bankruptcy Board of India (IBBI) has now allowed the appointment of the same insolvency professional (IP) in the resolution or liquidation process of the corporate debtor (CD) and its personal guarantor (PG). "Removal of this restriction will allow the appointment of the same IP in both the corporate process as well as the insolvency and bankruptcy proceeding of the PGs to the CDs for better harmonisation and effective coordination of both the processes," the IBBI said on Saturday. The regulatory changes are effective from January 31.

(Financial Express)



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REGULATION & DEVELOPMENT

New tax return forms for FY 2023-24 seek more details of tax deductions to eliminate false claims: Was your income-tax return filing process simpler last year, thanks to access to data from the Annual Information Statement (AIS) and pre-filled forms? Well, it's set to get a bit more tedious this time round – when you file your ITR for financial year 2023-24 (assessment year 2024-25) in July 2024. This is due to the income tax (I-T) department, which has been using artificial intelligence to help minimise the time required to file tax returns and detect dubious claims, seeking more details. In the new ITR forms released on February 2, the I-T department has sought additional details around tax deductions such as donations to political parties, disabled dependents' PAN and Aadhaar if you are availing of deductions under section 80DD, information on high-value policies and so on. The objective is to keep false tax deductions in check.

(Moneycontrol)

SEBI may enhance large-cap stocks categorisation: Capital market regulator SEBI will soon widen the ambit of large, mid and small cap stocks based on their market capitalisation. Mutual funds have moved SEBI to enhance the large-cap classification from top-100 companies in terms of market capitalisation to 125. Subsequently, mid-cap will now be from 126th stock to 276th against the current practice of 101 to 250, while stocks from 277 will be termed as small-caps. As per SEBI direction, AMFI classifies stocks as large-, mid- and small-caps every six months. Mutual funds should rejig their portfolio of schemes based on these classification. The latest list was released in January. The heady rally in equity markets had pushed up the threshold for large-cap 35 per cent to ₹67,000 crore in January against ₹49,700 crore in last June. The mid-cap cut off had risen 26 per cent to ₹22,000 crore against ₹17,400 crore.

(Business Line)

FSSAI approves amendments in regulations to do away with Agmark, BIS certification for food products: The Food Safety and Standards Authority of India (FSSAI) on Monday said that various amendments in food safety regulations have been approved to do away with Bureau of Indian Standards (BIS) or Agmark certifications for food products. In line with the concept of “One Nation, One Commodity, One Regulator”, the food safety authority said that once these amendments are finalised, food businesses will only require mandatory FSSAI certification and not need certifications from other authorities. This move will facilitate ease of doing business .

(Business Line)



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FINANCIAL TERMINOLOGY

COINSURANCE

- ❖ Coinsurance is the amount, generally expressed as a fixed percentage, an insured must pay toward a covered claim after the deductible is satisfied. It is common in health insurance.
- ❖ Some property insurance policies also contain coinsurance provisions. In this case, coinsurance is the amount of coverage that the property owner must purchase for a structure.
- ❖ Coinsurance is the percentage under an insurance plan that the insured person pays toward a covered expense or service.
- ❖ The coinsurance clause in a property insurance policy requires that a home is insured for a percentage of its total cash or replacement value.



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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 : 83.0284
INR / 1 GBP : 104.7315
INR / 1 EUR : 89.5245
INR /100 JPY: 55.9800

EQUITY MARKET

Sensex: 71731.42 (-354.21)
NIFTY: 21771.70 (-82.10)
Bnk NIFTY: 45825.55 (-145.40)

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 - ❖ **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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