

DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



RBI bars JM Financial from financing against shares and debentures; major deficiencies cited: RBI on March 5 barred JM Financial Products Ltd (JMFPL) from giving loans against shares and debentures, including sanction and disbursement of loans against Initial Public Offering (IPO) of shares, with immediate effect. Announcing the decision, the RBI said the action has been taken after observing certain serious deficiencies in the financial services firm's loan process. More importantly, the central bank highlighted that there are serious concerns on the governance issues in the company, apart from violation of regulatory guidelines. "This action is necessitated due to certain serious deficiencies observed in respect of loans sanctioned by the company for IPO financing as well as NCD subscriptions," RBI said.

(Moneycontrol)

Securitisation of loans originated by small finance banks to cross Rs 10,000 cr in FY2024, says ICRA: The amount of funds raised through securitisation by the small finance banks (SFBs) is expected to exceed Rs 10,000 crore in FY2024, as against Rs 6,400 crore in FY2023, including both pass-through certificate issuance as well as direct assignments, said ICRA. Q3FY2024 alone witnessed the quarterly record high securitisation volumes of ~Rs 4,200 crore. The market share of SFBs in the securitisation market would accordingly touch a peak of 6 per cent in FY2024 from levels of sub-2 per cent prior to FY2022, it added.

(Financial Express)

30 banks join RBI UDGM portal for unclaimed deposits: The Reserve Bank on Tuesday said 30 banks are facilitating people to search their unclaimed deposits/accounts through UDGM portal, and the remaining banks are in the process of getting on-boarded. UDGM -- Unclaimed Deposits-Gateway to Access inforMation -- is an online portal developed by RBI. It facilitates the registered users to search unclaimed deposits/accounts across multiple banks in one place in a centralised manner. "As on March 4, 2024, there are 30 banks, which are part of UDGM portal, and

they cover around 90 per cent of unclaimed deposits (in value terms) in DEA Fund of RBI," the central bank said in a set of Frequently Asked Questions on UDGM portal.

(Economic Times)

Loans to women grow at 19% in 2023; personal loans jump fastest: Report: Loans availed by women grew 19 per cent in 2023, outpacing the overall loan growth of 17 per cent, a credit information company said on Tuesday. Personal loans and two-wheeler loans portfolio showed the fastest growth at 26 per cent, the report released in the run-up to the International Women's Day by Crif High Mark said. In absolute terms, the overall portfolio to women stood at Rs 30.95 lakh crore in 2023 against Rs 26 lakh crore at the end of 2022.

(Economic Times)



ECONOMY

Gold surges Rs 800 to hit record high of Rs 65,000 per 10 grams: Gold prices on Tuesday surged Rs 800 to hit a fresh record high of Rs 65,000 per 10 grams in the national capital amid strong global trends, according to HDFC Securities. In the previous close, the precious metal had closed at Rs 64,200 per 10 grams. Silver also rallied Rs 900 to Rs 74,900 per kg. In the previous trade, it had settled at Rs 74,000 per kilogram. "Spot gold prices (24 carats) in the Delhi markets are trading at Rs 65,000 per 10 grams, up by Rs 800, taking bullish cues from the overseas markets. "In domestic markets, spot gold hit a new all-time high of Rs 65,000 on Tuesday," Saumil Gandhi, senior analyst of commodities at HDFC Securities, said.

(Moneycontrol)

Services PMI slid to 60.6 in February: S&P Global: With new orders slowing, the Purchasing Managers' Index (PMI) for February slipped to 60.6, S&P Global said on Tuesday. The index was at 61.8 in January. Services sector has over 53 per cent share in Gross Value Added (GVA). "Due to a slowdown in growth in new orders and output, services companies' outlook for future business activity, while remaining strongly positive, weakened slightly. Prices charged for services rose at the slowest rate in 24 months as input prices inflation moderated," Ines Lam, economist at HSBC said. The PMI is based on responses from purchasing managers of 400 companies. Index above 50 reflects expansion, while below 50 means contraction.

(Business Line)

Bloomberg to include India's FAR bonds in EM local currency govt index: Bloomberg, the global financial information and technology company, has made a significant announcement regarding the inclusion of India's Fully Accessible Route (FAR) bonds in the Bloomberg Emerging Market (EM) Local Currency Government Index and related indices. This decision will be phased in over a ten-month period, commencing from January 31, 2025. Indian FAR bonds will initially be incorporated into the Bloomberg EM Local Currency Government indices with a weight equivalent to 10 per cent of their full market value as of January 31, 2025. Over the following ten months, the weight of FAR bonds will progressively increase in increments of 10 per cent of their full market value each month. They will be weighted at their full market value in the indices in October 2025.

(Business Standard)

INDUSTRY OUTLOOK



Air India, Vistara merger receives Singapore's conditional approval: Singapore's competition watchdog said on Tuesday it has approved the merger between Tata Group-owned Air India and sister airline Vistara, a joint venture between Tata and Singapore Airlines, subject to certain conditions. Singapore's flagship carrier announced its plan to merge Vistara and Air India in November 2022, in a bid to create a dominant full-service airline in the domestic and international markets. While India's antitrust body approved the deal in September last year, the Competition and Consumer Commission of Singapore (CCCS) had identified certain competition concerns regarding the merger. The watchdog said the parties possessed the majority of the market share among airlines operating direct flights on four routes of concern between Singapore and Indian cities of New Delhi, Mumbai, Chennai and Tiruchirapalli.

(Business Standard)

Google to reinstate all delisted Indian apps on its Play store after govt intervenes: Days after removing a dozen developers, including popular ones by Matrimony.com and job search app Naukri, for non compliance with its in-app payment guidelines, Google on Tuesday agreed to reinstate all the delisted apps of Indian companies on its Play Store. Google agreed to reinstate the apps after a government intervention got the two sides talking to resolve a dispute over service fee payments.

(Mint)



REGULATION & DEVELOPMENT

MCA starts comprehensive review of auditing standards regulations: The Ministry of Corporate Affairs (MCA) has started a comprehensive review of its regulations, including audit and accounting, through an extensive public consultation process, MCA secretary Manoj Govil said on Tuesday. Speaking at a conference organised by the National Financial Reporting Authority (NFRA), Govil said MCA is also engaging with the Institute of Chartered Accountants of India (ICAI) to achieve the vision of having India's own homegrown big audit firms. He urged the corporate sector, including chief executive officers (CEOs) and chief financial officers (CFOs), to improve upon the level of public trust within the business ecosystem.

(Business Standard)

CBDT allows certain trusts / institutions to furnish the audit report in the applicable Form No. 10B / 10BB on or before 31st March, 2024: Income of any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in specified sub-clauses of section 10 (23C) of the Income-tax Act, 1961 (the 'Act') or any trust or institution registered under section 12AA/12AB of the Act is exempt, subject to fulfilment of certain conditions specified under various sections of the Act. One of the conditions required to be fulfilled by the trust or institution in order to be eligible to claim exemption, is, that it is required to get its accounts audited and furnish the audit report in the prescribed Form No. 10B / 10BB before the specified date. It has come to the attention of the Central Board of Direct Taxes (CBDT) that in a number of cases trusts / institutions have furnished audit report in Form No. 10B, where Form No. 10BB was required to be furnished for the A.Y. 2023-24. Similarly, in a number of cases trusts / institutions have furnished audit report in Form No. 10BB, where Form No. 10B was required to be furnished for the A.Y. 2023-24. It is stated that, non-furnishing of audit report in the prescribed form would result in denial of exemption in such cases, as it is one of the conditions which is required to be satisfied for claim of exemption. The denial of exemption on this account may result in creation of tax demand.

(PiB)



FINANCIAL TERMINOLOGY

UNDERCAST

- ❖ Undercast is a type of forecasting error that occurs when estimates turn out to be below realized values. These estimates could apply to sales, an expense line item, net income, cash flow, or any other financial account.
- ❖ Undercast estimates can occur because of a conservative management team or a volatile or unpredictable market.
- ❖ Dishonest undercast estimates can occur because management purposefully lowered estimates to ensure that the actual performance would outperform the lower numbers.
- ❖ Continuous undercasting indicates that a company is ineffectively deploying its resources based on poor estimates.



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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 : 82.9271
INR / 1 GBP : 105.1355
INR / 1 EUR : 89.9687
INR /100 JPY: 55.0900

EQUITY MARKET

Sensex: 73677.13 (-195.16)
NIFTY: 22356.30 (-49.30)
Bnk NIFTY: 47581.00 (+124.90)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
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Publications by BFSI Board

- ❖ **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 2nd Edition)**
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