



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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DAILY NEWS DIGEST BY BFSI BOARD

January 06, 2023

SEBI PERMITS GOVT'S SHAREHOLDING IN IDBI BANK TO BE RECLASSIFIED AS 'PUBLIC' AFTER STAKE SALE:

SEBI has given its nod for reclassification of the government's shareholding in IDBI Bank as "public" following its stake sale. IDBI Bank, in the exchange filing, attached a letter received from the market regulator, dated January 3, 2023, that grants permission for reclassification on the condition that the government's voting rights would have to be capped at 15 percent. "The voting rights of GoI shall not exceed 15 percent of the total voting rights of the bank," SEBI stated. The government, along with the state-run Life Insurance Corporation of India (LIC), will sell 60.72 percent stake in IDBI Bank as part of the disinvestment. Out of this, the government will offload 30.48 percent of the stake, whereas, the remaining 30.24 percent will be sold by the LIC. "The intention of GoI to get its shareholding re-classified as public holding shall be specified in the letter of offer dispatched to the shareholders of IDBI Bank in connection with the open offer made by the new acquirer,"

(Moneycontrol)

RBI ISSUES UPDATED GUIDELINES FOR FRESH KYC PROCESS CAN BE DONE REMOTELY VIA vCIP:

As per the present guidelines, if there is no change in KYC information, a self-declaration to that effect from the individual customer is sufficient to complete the re-KYC process. The banks have been advised to provide facility of such self-declaration to the individual customers through various non-face-to-face channels such as registered email-id, registered mobile number, ATMs, digital channels (such as online banking / internet banking, mobile application), letter, etc., without need for a visit to bank branch. Further, if there is only a change in address, customers can furnish revised / updated address through any of these channels after which, the bank would undertake verification of the declared address within two months.

A fresh KYC process / documentation may have to be undertaken in certain cases including where the KYC documents available in bank records do not conform to present list of the Officially Valid Documents or where the validity of the KYC document submitted earlier may have expired. In such cases, the banks are required to provide an acknowledgement of the receipt of the KYC documents / self-declaration submitted by the customer. Fresh KYC process can be done by visiting a bank branch, or remotely through a Video based Customer Identification Process (V-CIP)

(RBI Press Release)

AVERAGE TICKET SIZE OF MICROFINANCE LOAN ORIGINATIONS UP 37% FROM FY18 TO ₹38,000 FY22:

The average ticket of microfinance loan originations has risen by 36.6 per cent from FY18 to ₹38,100 in FY22. Simultaneously, the share of loan originations over ₹30,000 has increased to 75.2 per cent from 41.2 per cent over the same period. On an annual basis, the average ticket size for microfinance originations is up 7.6 per cent from ₹35,400 in FY21, when the share of loans over ₹30,000 stood at 72.2 per cent, as per a report CRIF Highmark titled



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'How India Lends'. Outstanding microfinance loans stood at ₹2.9 lakh crore as of Mar 2022, a growth of 10.2 per cent on-year. Overall, microfinance loan originations in FY22 grew 22 per cent on-year in terms of value and 13 per cent in terms of volume. Banks continued to dominate the market with a share of 37.7 per cent in terms of value followed by NBFCs which had a share of 33.3 per cent. In terms of volumes too, banks led with 36.3 per cent share, the report said.

(Business Line)

GOOGLE QUESTIONS LEGAL BASES OF SEEKING ACCURATE FINANCIAL INFORMATION BY CCI: Google has questioned the 'legal basis' of the Competition Commission of India (CCI) in requiring the tech giant to furnish accurate financial details in the Android case.

(Business Line)

RBI OPENS SANDBOX TO 6 FIRMS TO TEST ANTI-FRAUD SOLUTIONS: The Reserve Bank of India has selected six entities, including Bahwan Cybertek, Crediwatch Information Analytics and HSBC, for the 'Test Phase' under regulatory sandbox for the theme 'Prevention and Mitigation of Financial Frauds'. The selected entities will commence testing of their products from February 2023.

(Business Line)

MODEL AGREEMENT SOON TO GOVERN BUSINESS CORRESPONDENTS: The finance ministry and lenders are in talks to firm up a fresh model framework that would govern the functioning of various business correspondents, who play a critical role in providing last-mile delivery of banking services in unserved or underserved areas of the country on behalf of banks.

(Financial Express)

AXIS BANK AND FINTECH COMPANY, OPEN JOIN HANDS TO LAUNCH A DIGITAL CURRENT ACCOUNT FOR BUSINESSES: Private lender, Axis Bank announced joining hands with the digital banking fintech company, OPEN on Thursday to launch a digital current account for its customers including SMEs, freelancers, homepreneurs, influencers and others. The current account holders will get access to Axis bank's over 250 banking services along with OPEN's financial automation tools for business management including payments, accounting, payroll, compliance, expense management and other such services.

(Financial Express)

LOANS DISBURSED THROUGH psbloansin59minutes GREW 2.59% YOY AS OF DEC 1, SHOWS GOVT DATA: The government and SIDBI's 59-minute loan approval scheme for MSMEs PSB Loans in 59 Minutes disbursed 2,25,700 loans involving Rs 67,246 crore as of December 1, 2022, out of 2,43,630 loans involving Rs 83,168 crore sanctioned, according to MSME ministry. The disbursed loan volume grew only by 2.59 %YoY from 2.20 lakh loans



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disbursed during the year-ago period while sanctioned loans increased by 3.2 per cent YoY as of December 1, 2022, from the corresponding period in the preceding year.

(Financial Express)

MERCHANT CREDIT CARD FOR MSME TRADERS SOON: Government will likely roll out a merchant credit card (MCC) facility for traders in the MSME category this year to help these units tide over short-term liquidity woes. It is being designed along the lines of the Kisan Credit Card and will likely offer incentives such as short-term, collateral-free loans up to a limit at a cheaper rate to these units.

(Financial Express)

WE FOUNDER CIRCLE BECAME INDIA'S LARGEST ANGEL INVESTOR NETWORK

IN 2022: We Founder Circle (WFC), a founders' led early-stage startup investment platform, have closed their second year with 71 startup investments in 53 unique start-ups to emerge as the largest Angel Network in India of the year 2022. The platform became one of the fastest-growing angel network communities and has already facilitated funds worth over Rs 100 crore across 53 startups with 71 deals, it said in a statement.

(Business Standard)

GOVT CAUTIONS AGAINST PRIVATE SURVEYS ON UNEMPLOYMENT, ALLEGES

BIAS: The government has responded to the recent media reports on India's unemployment rate, saying results of surveys by private companies or organisations should be used with caution. Private organisations conduct surveys based on their own methodologies and these may not necessarily be scientific or based on internationally accepted norms, said the labour and employment ministry in a statement. "The methodology used by these companies/organisations usually has a bias towards over-reporting unemployment or under-reporting employment due to their own sampling procedure

(Business Standard)

ISRO, MICROSOFT JOIN HANDS TO EMPOWER SPACETECH STARTUPS IN

INDIA: The Indian Space Research Organisation (ISRO) and Microsoft on Thursday announced a collaboration to fuel the growth of space technology startups in the country. Through this tie-up, the space tech startups identified by ISRO will be on-boarded onto the aMicrosoft for Startups Founders Hub' platform, that supports startups at every stage of their journey-from idea to unicorn. "ISRO's collaboration with Microsoft will greatly benefit space tech startups in their analysis and processing of vast amounts of satellite data for various applications, using cutting-edge methods like AI, Machine Learning and Deep Learning,"

(Business Standard)

RUPEE GAINS 9 PAISE TO 82.73 AGAINST US DOLLAR AS CRUDE PRICES EASE:

The rupee appreciated 9 paise to 82.73 against the US dollar in early trade on Thursday,



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supported by easing crude oil prices and a firm trend in domestic equities. Forex traders said sustained foreign fund outflows weighed on investor sentiments and restricted the appreciation bias. At the interbank foreign exchange, the domestic unit opened at 82.75 against the dollar, then gained ground to touch 82.73, registering a rise of 9 paise over its previous close.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

INCENTIVES FOR CURRENCY DISTRIBUTION & EXCHANGE FOR BANK BRANCHES / CURRENCY CHESTS

RBI has formulated the framework of incentives titled Currency Distribution & Exchange Scheme (CDES) for bank branches including currency chests have been formulated in order to encourage all bank branches to provide better customer service to the members of public keeping in view the objectives of Clean Note Policy as part of currency management. The various incentives under the scheme are;

- ❖ For opening of and maintaining currency chests at centres having population of less than 1 lakh in under banked states: Reimbursement of 50% of capital expenditure subject to a ceiling of ₹50 lakh per currency chest. In the North Eastern region up to 100% of capital expenditure is eligible for reimbursement subject to the ceiling of ₹50 lakh. Reimbursement of 50% of revenue expenditure for first 3 years. In the North Eastern region 50% of revenue expenditure is eligible for reimbursement for first 5 years.
- ❖ Exchange of soiled notes/ adjudication of mutilated notes over the counter at bank branches: ₹2 per packet for exchange of soiled notes up to the denomination of ₹50. For adjudication of mutilated notes, an incentive of ₹2 per piece is payable.
- ❖ Incentive for distribution of coins: ₹65 per bag for distribution of coins. An additional incentive of ₹10/- per bag shall be paid for coin distribution in rural and semi-urban areas on the submission of a Concurrent Auditor (CA) certificate to this effect.



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RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.6973
INR / 1 GBP : 99.6238
INR / 1 EUR : 87.7992
INR /100 JPY : 62.4900

EQUITY MARKET

Sensex: 60353.27 (-304.18)
NIFTY : 17992.20 (-50.80)
Bnk NIFTY: 42608.70 (-350.10)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

For details please visit BFSIB portal of the ICAI website

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)**

To purchase please visit BFSIB portal of ICAI

CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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