



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



Investment bankers' fee income hits record \$1.3 billion in 2023: Investment bankers' fee income reached a new record of USD 1.3 billion in 2023, a 28% increase from the previous year. This is the highest since records began in 2000, according to data from LSEG Deals Intelligence. The increase was attributed to higher equity and debt issuance volumes, which offset the significant drop in deal activities. The fee income of investment bankers got a boost due to higher equity and debt issuance volumes which offset the massive plunge in deal activities. State Bank of India took the top position in investment banking fees chart with a collection of USD 102.7 million, which is 7.7 per cent of the country's overall investment banking fee pool, according to the agency.

(Economic Times)

Banks quietly tweak interest rates for auto and personal loans: Interest rates on certain retail loans hike auto and personal loans have begun to rise as several banks revise their MCLR. This is despite RBI keeping its repo rate, unchanged since February 2023. For customers whose home loans are linked to the repo rate, there has been a change in their home loan EMIs. But other loans such as auto loans and personal loan lack such a connection with RBI repo rate. SBI, initially offering auto loans at 8.65% until December, has now increased the starting rate to 8.85% for clients with high credit scores. Numerous banks have also raised their personal loan rates. Bank of Baroda, previously charging 8.7% on auto loans, now charges 8.8% and has reintroduced processing fees that were waived during festive months. Union Bank of India has similarly increased rates on auto loans and certain personal loans by adjusting the spread over the external benchmark.,

(Economic Times)

ARCIL buys ₹1,100-crore loans from RBL, Bandhan Bank: Avenue Capital-backed Asset Reconstruction Company of India (Arcil) has acquired nearly ₹1,100 crore in small-ticket loans from RBL Bank and Bandhan Bank in two separate transactions, said people aware of the matter. RBL Bank sold small business loans worth ₹360 crore for ₹20 crore in an all-cash deal at an auction to the



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ARC, equating to less than 1% recovery. Separately, Bandhan Bank sold a ₹719-crore home loan portfolio for ₹289.6 crore at a Swiss auction, equating to a 40% recovery for the bank. Both transactions closed in the last week of December. Arcil gave a binding offer of ₹280 crore for Bandhan Bank's ₹775 crore affordable home loan book as of September 30, 2023. Its offer triggered a Swiss challenge auction. Under the Swiss challenge auction, the anchor bidder has the first right to match counter offers.

(Economic Times)

Banks to set up common website to encourage e-rupee adoption: Banks in India are set to establish a common website to promote digital currency transactions and increase awareness of its adoption. The Reserve Bank of India has requested lenders to explore creating a platform to onboard customers and promote e-rupee. The proposed website is expected to have around 500,000 hits per month, potentially doubling by the end of the first year of operations.

(Economic Times)



ECONOMY

Mcap of 6 of top-10 most-valued firms decline by ₹57,408 cr; TCS, HDFC Bank major laggards: The combined market valuation of six of the top-10 most valued firms declined ₹57,408.22 crore last week, with Tata Consultancy Services (TCS) and HDFC Bank taking the biggest hit, in-line with muted trends in equities. Last week, the BSE benchmark declined 214.11 points, or 0.29 per cent, even after hitting an all-time high of 72,561.91 on January 1. The market valuation of TCS fell by ₹20,929.77 crore to ₹13,67,661.93 crore, the most among the top-10 firms. HDFC Bank's market capitalisation (mcap) declined ₹20,536.48 crore to ₹12,77,435.56 crore.

(Business Line)

GDP numbers for FY24 show discrepancies of ₹2.59 lakh crore: Discrepancies in computation of advance estimates of the country's Gross Domestic Product for 2023-24 stood at ₹2.59 lakh crore as against (-) ₹3.80 lakh crore in 2022-23 and (-) ₹4.47 lakh crore in 2021-22, according to National Statistical Office (NSO). On Friday, the NSO released its first advance estimates of national accounts which showed that the Gross Domestic Product (GDP) or Indian economy will grow at 7.3 per cent in 2023-24, slightly higher than 7.2 per cent in 2022-23. According to data, there were discrepancies of ₹2.59 lakh crore as against (-) ₹3.80 lakh crore in 2022-23 and (-) ₹4.47 lakh crore in 2021-22. Discrepancies in the statistical GDP data refer to the difference in national income



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under production method and expenditure method. According to experts, there will always be some discrepancies in national accounts because of delay in reporting of information by various agencies including state governments.

(Business Line)

TN releases vision document to achieve \$1 trillion economy by 2030: Tamil Nadu on Sunday released its vision document for ways and means to achieve the target of being a \$1 trillion economy by 2030. The document highlights the areas which the State government should focus on to achieve the ambitious target. The State government also released the Semiconductor and Advanced Electronics policy 2024 to attract companies to invest in semiconductor & advanced electronics manufacturers in the State.

(Business Line)

INDUSTRY OUTLOOK



CMAI, VCMi forge partnership to boost India's participation in carbon markets: The Carbon Markets Association of India (CMAI) has partnered with the Voluntary Carbon Markets Integrity Initiative (VCMi) to boost India's participation in high-integrity international carbon markets. The partnership between VCMi and CMAI is rooted in a shared vision and mutual commitment to drive positive environmental change and sustainable development in the region, CMAI said. The partnership will focus on empowering Indian stakeholders to participate in and benefit from high integrity international carbon markets. VCMi and CMAI will seek to address barriers to implementation, promoting an enabling environment for high-integrity VCMs that attract private investment aligned with national and sub-national climate and socioeconomic policy priorities.

(Business Line)

Payout by life insurers moderates in FY23 compared to previous year: Life insurance payouts declined by about Rs 6,000 crore in 2022-23 due to a lesser number of death claims compared to the previous year, impacted by COVID-19. The industry paid a total benefit of Rs 4.96 lakh crore in 2022-23, compared to Rs 5.02 lakh crore in FY22. Benefits paid on surrenders/withdrawals increased by 25.62 per cent to 1.98 lakh crore in 2022-23, with public sector insurers accounting for 56.27 per cent.

(Economic Times)



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29,273 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs. 44,015 crore detected:

To curb frauds in Goods and Services Tax (GST) and increase compliance, the GST formations, under the Central Board of Indirect Taxes and Customs (CBIC) and the State/UT Governments, across the country are carrying out a focused drive on the issue of non-existent / bogus registrations and issuance of fake invoices without any underlying supply of goods and services.

Since the initiation of the special drive against fake registrations in mid-May 2023, a total of 29,273 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs. 44,015 crore have been detected. This has saved Rs. 4,646 crore of which Rs. 3,802 crore is by blocking of ITC and Rs. 844 crore is by way of recovery. So far, 121 arrests have been made in the cases.

In the quarter ending December, 2023, 4,153 bogus firms that involved suspected ITC evasion of around Rs. 12,036 crore were detected. 2,358 of these bogus firms were detected by the Central GST Authorities. This has protected revenue of Rs. 1,317 crore of which Rs. 319 crore has been realised and Rs 997 crore has been protected by blocking ITC. 41 persons were arrested in these cases. 31 of these arrests were by Central GST Authorities. State wise details are annexed. The Government has taken various measures to strengthen the GST registration process. Pilot projects of biometric based Aadhar authentication at the time of registration have been launched in the States of Gujarat, Puducherry and Andhra Pradesh.

(PiB)



REGULATION & DEVELOPMENT

E-way bill changes: March 1 deadline for e-invoice inclusion in B2B transactions:

Businesses with turnover above ₹5 crore will not be able to generate e-way bill without including e-invoice details for all B2B transaction from March 1. Under the goods and services tax regime, e-way bills are required for inter-state transportation of goods valued over ₹50,000. The National Informatics Centre (NIC) said on analysis it was found that some of the taxpayers, who are eligible for e-invoicing, are generating e-way bills without linking with e-invoice for B2B (business to business) and B2E (business to exports) transactions. In some of these cases, the invoice details entered separately under e-way bill and e-invoice are not matching with respect to the certain parameters. This is leading in mismatch in the e-way bill and e-invoice statements.

(Business line)

Taxpayers can pay tax via credit,debit card; GSTN enabled the payment mode: Taxpayers under goods and services tax (GST) will now be able to pay their tax via credit card and debit card.



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The Goods and Services Tax Network (GSTN) on Friday enabled GST payments through credit card and debit card. As of now, the active online methods for GST payment include net banking, Immediate Payment Services (IMPS) and UPI. Initially the facility started in 10 States/UTs from 5th January 2024. Later the facility will be extended to all the states. This will be applicable for all Credit/Debit cards powered by Rupay, MasterCard, Visa and Diners at present via Kotak Mahindra Bank.

(Economic Times)



FINANCIAL TERMINOLOGY

CREDIT DEFAULT SWAPS

- ❖ Credit default swaps (CDS) are a type of insurance against default risk by a particular company. The company is called the reference entity and the default is called credit event. It is a contract between two parties, called protection buyer and protection seller. Under the contract, the protection buyer is compensated for any loss emanating from a credit event in a reference instrument. In return, the protection buyer makes periodic payments to the protection seller.
- ❖ In the event of a default, the buyer receives the face value of the bond or loan from the protection seller. From the seller's perspective, CDS provides a source of easy money if there is no credit event. CDS was introduced by JP Morgan.
- ❖ Assume that two parties A and B enter in a five-year CDS. In this, A is the protection buyer and B is the protection seller. Let's assume that the notional principal is Rs 50 crore and the protection buyer agrees to pay 100 basis points annually to the protection seller. If the reference entity does not default, the protection buyer keeps on paying 100bps of Rs 50 crore, which is Rs 50 lakh, to the protection seller every year. On the contrary, if a credit event occurs, the protection buyer will be compensated fully by the protection seller. The settlement of the CDS takes place either through cash settlement or physical settlement. For cash settlement, the price is set by polling the dealers and a mid-market value of the reference obligation is used for settlement.
- ❖ If the credit event does not occur before the maturity of the loan, the protection seller does not make any payment to the buyer.



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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 : 83.1760
INR / 1 GBP : 105.3574
INR / 1 EUR : 90.8803
INR /100 JPY: 57.2600

EQUITY MARKET

Sensex: 72026.15 (+178.58)
NIFTY: 21710.80 (+52.20)
Bnk NIFTY: 48159.00 (-36.80)

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- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
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- ❖ **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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