

DAILY NEWS DIGEST BY BFSI BOARD

08 & 09 March 2024

BANKING & FINANCE



RBI warns banks against activating unsolicited credit cards, mandates consent before issuance: RBI said if a customer receives an unsolicited credit card, he/she should refrain from activating or providing consent for the activation of the card through OTP or any other means. Card issuers are prohibited from issuing unsolicited credit cards and are required to seek prior and explicit consent from the customer before issuing a card. In its “FAQs on Master Direction (MD) — Credit Card and Debit Card — Issuance and Conduct Directions, 2022,” the central bank emphasised that if no consent is received for activating the card, the card-issuer is required to close the credit card account without any cost to the customer within seven working days from the date of seeking confirmation from the customer. The card issuer is also required to inform the customer that the credit card account has been closed.

(Business Line)

RBI and Bank of Indonesia signed MoU to promote use of local currencies in bilateral transactions: The Reserve Bank of India and the Bank of Indonesia signed an MoU for establishing a framework to promote the use of local currencies viz, the Indian Rupee (INR) and the Indonesian Rupiah (IDR) for cross-border transactions. The MoU on establishing a framework for cooperation in the area of cross-border transactions in local currencies between India and Indonesia, aims to promote the use of INR and IDR bilaterally.

(Financial Express)

FinMin asks PSBs to ensure compliance in withdrawal from RERA accounts: The Department of Financial Services (DFS) under the Ministry of Finance has written to all public sector banks, including the State Bank of India (SBI), to ensure compliance with the norms of the Real Estate (Regulation and Development) Act (RERA Act), 2016, while withdrawing funds from the escrow accounts. Under Section 4 (2) (1) (d) of the RERA Act, developers are required to deposit 70 per cent of the sale proceeds from each project into an escrow account. This fund can be used only for

covering construction expenses and land acquisition. Withdrawal from these accounts is permissible for the promoters upon certification by a practising architect, engineer and chartered accountant. Also, the withdrawal can only be in proportion to the completion percentage of the project.

(Business Standard)

Bank employees to get 17% salary hike; IBA, unions sign final pact: Employees of public sector banks are set to receive a 17% wage hike after the Indian Banks' Association (IBA) and bank unions on Friday signed the 9th joint note and the final 12th bipartite settlement agreement. The total amount to be spent for wage revision works out to be Rs 12,449 crore for all banks, including State Bank of India. The wage revision will come into effect from November 1, 2022 for a period of five years, and the annual increase in salary and allowances will be 17% of the annual pay slip expenses for FY22. The settlement covers 25 banks, including 12 public sector lenders, 10 private and three foreign banks. It was further agreed that the new scale of pay would be constructed after merging dearness allowance corresponding to 8,088 points. However, a five-day work week for public sector bank employees has not been finalised as the Centre is yet to decide on the matter even after the IBA's recommendation.

(Financial Express)

PSU banks ordered to test purity of gold loan book: The concern comes amid a 17% rise in gold loans on a year-on-year basis and a 16.6% rally in the yellow metal's prices. Loans against gold jewellery stood at ₹1,01,934 crore as of January 26 and gold prices have touched a high of ₹65,140 per 10 grams on March 5. The finance ministry stated that it had noticed instances of non-compliance regarding the gold loan portfolio and had hence issued the directive. The finance ministry ordered state-run banks to review gold loan processes amid fears about risky debt given a rally in prices of the metal, said people familiar with the matter. The worry is that the surge led to lenders giving top-up loans over existing debt, said people familiar with the matter.

(Economic Times)

DFS defers interviews to appoint PSB chiefs: The Department of Financial Services (DFS) has deferred the interviews of executive directors for the post of MDs and CEOs of public sector banks. The department was scheduled to hold interviews of executive directors for the post of MDs and CEOs of at least two banks – Bank of Maharashtra and Indian Bank. “The interviews have been deferred due to upcoming general elections,” a senior bank official told FE. “The interviews were for the position of MD and CEO of Indian Bank and Bank of Maharashtra.”

(Business Line)

NPCI ties up with Nepal's Fonepay for cross-border merchant payments: NPCI International Payments (NIPL), the international arm of National Payments Corporation of India (NPCI) has entered into an agreement with Nepal-based payment network Fonepay Payment Service, for cross-border UPI transactions between India and Nepal. The arrangement will facilitate QR-code-

based, person-to-merchant (P2M) UPI transactions between the two countries. In the first phase, Indian consumers will be able to make instant, secure and convenient UPI payments across various business stores in Nepal to merchants on the Fonepay Network.

(Business Line)

SWAMIH fund: Govt asks banks to list stalled housing projects: Govt asks banks to list stalled housing projects : Looking to push for faster resolution and completion of stressed housing projects, the government has asked banks to compile and share a list of stalled legacy projects under the SWAMIH fund. After discussions with all stakeholders, it was pointed out that procedural delays were the primary reason behind the lower exposure of public sector bank (PSB) projects under the Special Window for Completion of Construction of Affordable and Mid-Income Housing Projects, or SWAMIH, fund.

(Economic Times)



ECONOMY

Government guarantees minimum support price for maize, pulses, cotton for 5 years:

The government will provide a minimum support price (MSP) guarantee for maize, pulses, and cotton for five years, Food and Consumer Affairs Minister Piyush Goyal said, aiming to persuade farmers to call off their protests. This decision was made "considering the welfare of farmers and declining water levels", he said on March 8. "This decision will benefit farmers who are diversifying their crops. Those who cultivate crops with lower water consumption, such as lentils and maize, will benefit from the MSP guarantee. This decision will be implemented nationwide," Goyal said. The government has finalised a process to implement the decision and has developed a portal where farmers will have to register and provide an undertaking that they have diversified their crops. The minister added that registered farmers can also sell their produce to NCCF, NAFED, and CCI. The government will use satellite images and crop insurance data to verify if farmers have diversified their crops. The government aims to use purchased pulses to create buffer stocks, which will later be used to control pulse prices.

(Moneycontrol)

Gold marches higher as US jobs data boosts bets of early rate cut: Gold prices surged to a fresh record high on Friday as data showing a rise in the U.S. unemployment rate boosted

expectations that the Federal Reserve could begin cutting interest rates soon. Spot gold rose 0.7% to \$2,173.49 per ounce by 10:42 a.m. ET (1542 GMT), while U.S. gold futures added 0.7% to \$2,180.50. Bullion was on track to post its biggest weekly percentage increase since mid-October. Gold reached an all-time high of \$2,185.19 after a report showed a rise in the U.S. unemployment rate and a moderation in wage gains despite job growth acceleration in February.

(Moneycontrol)

RBI's VRR auction sees huge demand amid liquidity fluctuation: Reserve Bank of India saw huge demand for funds at the 15-day variable rate repo (VRR) auction it conducted on Thursday, with banks seeking to draw about 2.86 times the notified amount of ₹50,000 crore. The fact that the aforementioned auction comes against the backdrop of a 15-day variable rate reverse repo (VRRR) auction on Wednesday underscores the liquidity fluctuation in the banking system. RBI does fine-tuning liquidity operations by conducting VRR auctions when there is a liquidity deficit and VRRR auctions when there is surplus liquidity.

(Business Line)

Bitcoin rises to record high over \$70,000: Bitcoin rallied to a record high on Friday in volatile trade, as crypto mania continued to sweep through the investment community. The leading cryptocurrency topped the \$70,000 mark for the first time, boosted by investor demand for new U.S. spot exchange-traded crypto products and expectations for global interest rates to fall. Billions of dollars have flowed into ETFs in the past few weeks and the market is getting extra support from an outlook that includes an upgrade to the ethereum blockchain platform, home to bitcoin rival ether, and a bitcoin "halving" event, which slows the flow of bitcoin minting, in April. The approval of 11 spot bitcoin ETFs by the U.S. Securities and Exchange Commission in late January had marked a watershed moment for the industry, following an 18-month long crypto winter plagued by a string of high-profile corporate bankruptcies and scandals

(Moneycontrol)

INDUSTRY OUTLOOK



Small-cap mutual fund inflows moderate by 10% in February amid large-scale redemption: Inflows into small-cap mutual fund schemes moderated by 10 per cent last month to ₹2,922 crore against ₹3,257 crore in January due to large-scale redemption amid concern over high valuation and strong signals from SEBI on the froth developing in these schemes. The redemption from small-cap schemes increased five per cent to ₹3,975 crore last month against ₹3,777 crore logged in January, according to the Association of Mutual Funds in India data released on Friday. Inflows into the mid-cap schemes also declined 12 per cent to ₹1,808 crore (₹2,061 crore). Overall equity inflows were up at ₹26,866 crore (₹21,781 crore) on the back of robust new fund offers, which collected ₹11,720 crore (₹6,817 crore).

(Business Line)

TVS Motor announces its entry into France: TVS Motor Company has announced its entry into the French market as the leading Indian two-wheeler maker unveiled its range of vehicles at the Salon du Deux Roues in Lyon, France. This follows the agreement TVS Motor signed up with Zurich-based Emil Frey, a 100-year-old enterprise that is among the largest automobile importers and retailers in Europe, for the import and distribution of the Chennai-headquartered company's advanced two-wheelers in key European markets.

(Business Line)

Sebi, RBI widen investigation into public debt issue subscriptions: Report: India's financial market regulator and its central bank are widening an investigation into how merchant banks manage retail subscriptions in public debt issues, two sources with direct knowledge of the matter told Reuters. The Securities and Exchange Board of India (SEBI) barred JM Financial from taking new mandates this week, saying it had found that funds from connected entities were used to inflate subscriptions and provide an assured exit to investors. JM Financial said in a stock exchange filing on Thursday that it will fully cooperate with SEBI in its investigations. The Reserve Bank of India (RBI), meanwhile, has told JM Financial's non-banking unit to stop any form of financing against shares and debentures, including loans to customers to subscribe to initial public offerings (IPOs).

(Business Standard)



REGULATION & DEVELOPMENT

SEBI bars JM Financial from acting as lead manager to new public debt issues: Two days after the Reserve Bank of India asked JM Financial Products to stop financing against shares and debentures, the capital markets regulator SEBI on Thursday barred the parent company JM Financial from acting as the lead manager for any new debt public issue. As per the order, JM Financial will no longer be able to act as a lead manager for any public debt issue. However, it has been allowed to continue as lead manager for existing debt public issue mandates for another 60 days. JM Financial will have 21 days to file its reply or objections, if any, including the option of a personal hearing. Further, SEBI will undertake an investigation into these issues, to be completed within six months.

(Business Line)

Interest rates on small saving schemes to remain unchanged in April-June quarter: The Finance Ministry on Friday said there will be no change in small saving schemes such as PPF and Sukanya Samridhi for the three-month period from April-June. Accordingly, the interest rate on the Public Provident Fund (PPF) will continue to be 7.1 per cent, while it will be 8.2 per cent on the Sukanya Samridhi scheme. Similarly the RoI under SCSS Scheme remains unchanged at 8.20% and under KVP Scheme the RoI also kept unchanged at 7.50% p.a

(Business Line)

Govt. cuts LPG cylinder prices by ₹100 on International Women's Day: Prime Minister Narendra Modi announced on Friday that the government has cut the price of liquefied natural gas (LPG) by ₹100 as a gift to women on International Women's Day. "Ujjwala beneficiaries will now get LPG cylinders for only ₹503, & consumers will get them only for ₹803. Yet another compassionate decision by PM @narendramodi Ji! After the landmark decision to continue the subsidy of ₹300 per cylinder to more than 10 crore #PMUjjwala beneficiaries for one more year yesterday, PM Modi announces yet another gift to our sisters on the occasion of #InternationalWomensDay by reducing the cost of LPG cylinder by ₹100!," Oil Minister HS Puri tweeted on X. On Thursday, the Union Cabinet approved the continuation of the targeted subsidy of ₹300 per 14.2 kg cylinder for up to 12 refills per year to be provided to the beneficiaries of Pradhan Mantri Ujjwala Yojana (PMUY) during FY25. As of March 1, 2024, there are more than 10.27 crore PMUY beneficiaries. The total expenditure will be ₹12,000 crore for FY25.

(Business Line)

MCA raises exemption limit for M&A without prior CCI approval: In a bid to boost ease of doing business, the government on March 8 announced to raise the threshold for smaller business deals, including mergers and acquisitions, to happen without prior approval of the Competition Commission Of India (CCI). When one company buys another or merges, if the deal for assets is up to Rs 450 crore in India or if the businesses' turnover is Rs 1,250 crore, they will be exempted from prior approval under the Competition Act, the Ministry of Corporate Affairs said in a gazette notification. The earlier threshold stood at Rs 350 crore for value of assets and Rs 1,000 crore for turnover. The increased asset and revenue thresholds described above are applicable for a period of 2 years, with effect from 7 March, 2024.

(Moneycontrol)

Sudha Murty nominated to Rajya Sabha by President; powerful testament to 'Nari Shakti', says PM Modi: Author and philanthropist Sudha Murty has been nominated to the Rajya Sabha by the President of India Droupadi Murmu. Prime Minister Narendra Modi took to X, formerly Twitter, to share the development and said Murty's contributions across different fields have been nothing short of inspiring. "I am delighted that the President of India has nominated Sudha Murty Ji to the Rajya Sabha. Sudha Ji's contributions to diverse fields including social work, philanthropy and education have been immense and inspiring. Her presence in the Rajya Sabha is a powerful testament to our 'Nari Shakti', exemplifying the strength and potential of women in shaping our nation's destiny. Wishing her a fruitful Parliamentary tenure," said PM Modi.

(Moneycontrol)

Cabinet approves additional instalment of Dearness Allowance and Dearness Relief to Central Government employees and pensioners: The Union Cabinet chaired by Prime Minister Shri Narendra Modi approved to release an additional instalment of Dearness Allowance (DA) to Central Government employees and Dearness Relief (DR) to pensioners w.e.f. 1.1.2024 representing an increase of 4% over the existing rate of 46% of the Basic Pay/Pension, to compensate against price rise. The combined impact on the exchequer on account of both Dearness Allowance and Dearness Relief would be Rs.12,868.72 crore per annum. This will benefit about 49.18 lakh Central Government employees and 67.95 lakh pensioners.

(PiB)



National Action for Mechanized Sanitation Ecosystem or the NAMASTE Scheme

- ❖ Jointly initiated by the Ministry of Social Justice and Empowerment and the Ministry of Housing and Urban Affairs, the NAMASTE scheme will be implemented by the National Safai Karamcharis Finance and Development Corporation (NSKFDC) for a period of three years from FY 2023-24 to FY 2025-26, with a budget allocation of 349.73 crores.
- ❖ The scheme has a range of entitlements for Sewer and septic tank workers or the SSWs. The SSW will be profiled through a digital application and will be provided with PPE kits, access to safety devices, occupational safety training, health insurance coverage and livelihood opportunities in the sanitation sector through subsidized sanitation-related vehicles/machinery. Through proper capacity building they will be encouraged to take up their own sanitation enterprise (sanipreneur). Over a lakh SSWs will be profiled across 4800 Urban Local Bodies in India.
- ❖ There is a provision of Capital Subsidy up to Rs. 5.00 lakh for procurement of Sanitation Related Vehicles/ Equipment.
- ❖ The first component of NAMASTE is profiling of SSW that aims to create a national database for the identification of Sewer and Septic Tank Workers (SSW). A unique NAMASTE ID shall be given to all such SSWs.



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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 : 82.7785
INR / 1 GBP : 105.4085
INR / 1 EUR : 90.2330
INR /100 JPY: 55.7000

EQUITY MARKET

Sensex: 74119.39 (+33.40)
NIFTY: 22493.50 (+19.50)
Bnk NIFTY: 47835.80 (-129.60)

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