



**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

10 February 2024

BANKING & FINANCE



Banks see no reason to tweak lending rates post RBI's policy review: Bank lending rates are unlikely to change after the monetary policy committee (MPC) decided to leave the key interest rates unchanged in the February 2023 policy meeting, bankers and industry experts said, adding that the lending rates have peaked for most lenders. "We see that lending rates of banks are not expected to rise as they have peaked. Banks have seen good growth in the past few years. We see growth across segments," said Krishnan, MD & CEO, of Tamilnad Mercantile Bank. Shekhar Bhandari, President, Global Payments, Kotak Mahindra Bank, said that banks have offered rates which are comfortable for customers in small and medium enterprises (SME), corporates and other segments which have led to comfortable growth.

(Moneycontrol)

Paytm's oversight lapses on politically exposed people forced RBI's hand: Sources: Paytm Payments Bank's repeated failure to address Reserve Bank of India's warnings on gaps in internal risk management, particularly in flagging transactions involving politically exposed persons (PEPs), played a key role in the banking regulator's decision to shut its operations, two people aware of the matter said. The banking regulator's audit of Paytm Payment Bank's risk management system revealed several deficiencies, particularly in the due diligence process for onboarding politically exposed people, the people said, requesting anonymity. Not only did the payments bank lack proper systems to monitor PEPs, but it also failed to properly file Suspicious Transaction Reports (STRs) to the government's Financial Intelligence Unit, the people said, requesting anonymity. The observations from the RBI did not target any particular PEP, but rather addressed the overall risk management systems in place at the bank, one of the people cited above said.

(Moneycontrol)



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Bandhan Bank Q3 results: Net profit jumps over two-fold to Rs 733 crore: Private sector Bandhan Bank on Friday reported over two-fold increase in net profit at Rs 733 crore for the third quarter ended December 2023 on account of improvement in core income. The Kolkata-based new generation bank had posted a net profit of Rs 291 crore in the year-ago period. On the asset quality front, the bank recorded an improvement with gross NPAs (Non-Performing Assets) declining to 7 per cent, as compared to 7.2 per cent at the end of October-December quarter of previous fiscal. However, net NPAs increased to 2.2 per cent as against 1.9 per cent in the previous year.

(Business Line)

RBI deputy governor flags business risks for NBFCs: Reserve Bank of India (RBI) deputy governor M Rajeshwar Rao has flagged NBFCs dependence on bank borrowings, shady business practices by peer to peer (P2P) lenders and unsustainably high interest rates charged by microfinance lenders as posing business risks to the sector. Addressing a NBFC summit organised by the Confederation of Indian Industry (CII) Rao said though total assets of NBFCs have increased to 18.7% of the banking sector assets from 13% a decade ago, there are certain risks in their business models or balance sheets which need to be monitored for necessary actions.

(Economic Times)

MoU signed between Warehousing Development Regulatory Authority and Punjab & Sind Bank to facilitate low interest rate loans to farmers: To facilitate farmers and traders in providing low interest rate loans, Warehousing Development Regulatory Authority (WDRA) signed Memorandum of Understanding (MoU) with a Punjab & Sind Bank (PSB). The MoU was signed with the intent of promoting awareness to fund against e-NWRs (electronic Negotiable Warehouse Receipt). The MoU is aimed to provide information to depositors of the benefits, besides doing further outreach activities to improve agricultural pledge finance in India. PSB is offering loans against e-NWRs with no collateral and attractive rate of interest. Under agriculture sector, upto Rs. 75 lakh and for other category borrowers, upto Rs. 5 crores loans are extended.

(PiB)

RBI ups remuneration ceiling of pvt sector banks' Non-Executive Directors by ₹10 lakh to ₹30 lakh per annum: In a bid to enable banks to sufficiently attract qualified competent individuals on their Boards, the Reserve Bank of India (RBI) has revised upwards the ceiling in respect of remuneration of Non-Executive Directors (NEDs), other than the Chair of the Board, to ₹30 lakh per annum from ₹20 lakh. The aforementioned revised ceiling is applicable to NEDs of private sector banks, including Small Finance Banks (SFBs) and Payment Banks (PBs), as also the wholly owned subsidiaries of Foreign Banks. Instructions in this regard have come into force with immediate effect.

(Business Line)



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ECONOMY

Bharat Ratna for Narasimha Rao: The 10th PM who ushered in economic reforms:

Former prime minister PV Narasimha Rao was posthumously awarded the Bharat Ratna, India's highest civilian honour, on February 9 for bringing economic reforms to India at a time when the country was grappling with both economic and political challenges. Rao served as the tenth prime minister of India from 1991 to 1996. His long political career saw him handling various important roles such as that of the external affairs minister, home minister, defence minister, and chief minister of Andhra Pradesh. “As a distinguished scholar and statesman, Narasimha Rao Garu served India extensively in various capacities. He is equally remembered for the work he did as the chief minister of Andhra Pradesh, Union minister, and as a Member of Parliament and Legislative Assembly for many years. His visionary leadership was instrumental in making India economically advanced, laying a solid foundation for the country's prosperity and growth,” Prime Minister Narendra Modi posted on X.

(Moneycontrol)

PM Modi announces Bharat Ratna for Charan Singh, Narasimha Rao, and MS

Swaminathan: Narendra Modi honours Chaudhary Charan Singh, MS Swaminathan, and PV Narasimha Rao with Bharat Ratna, celebrating their contributions to nation-building, agriculture, and democracy. Chaudhary Charan Singh is being honoured with Bharat Ratna. This honour is dedicated to his incomparable contribution to the country. He had dedicated his entire life to the rights and welfare of farmers. Be it the Chief Minister of Uttar Pradesh or the Home Minister of the country. PM posted on X. The Prime Minister further announced that agricultural scientist MS Swaminathan and former PM PV Narasimha Rao will also be conferred with Bharat Ratna.

(Business Line)

GST rate rationalisation likely to take place after Lok Sabha polls: FinMin official:

GST rate rationalisation, in all probability, will take place only after Lok Sabha polls, a senior Finance Ministry official has said. “Some minor changes can take place as and when required and based on the recommendations of the GST Council. However, you can expect overall changes only after election,” the official told businessline . The next meeting of the Council is expected to take place either late this



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month or next month, and that will be the last one before the general election. The date of the meeting has not been finalised yet, the official added.

(Business Line)

GeM to enhance reach of Odisha-based businesses affiliated with ORMAS: Government e Marketplace (GeM) inked an MoU with Odisha Rural Development and Marketing Society (ORMAS), in Bhubaneswar. ORMAS is known for its concerted efforts in empowering Odisha's MSEs, rural entrepreneurs and rural producers by creating appropriate marketing channels for their business growth. The association also provides handholding support to all affiliated stakeholders in all their marketing and branding activities. By the means of this MoU, all micro enterprises and rural producers affiliated with ORMAS will be onboarded on GeM. The platform will provide these regional sellers and service providers direct market linkages to conducting business with government buyers across the country. Through this MoU, sellers like women and SC/ST MSEs, startups, weavers, artisans, FPOs, FPCs, SHGs etc., associated with ORMAS, can expand their business opportunities by showcasing their product catalogues under dedicated outlets on GeM, thus enhancing their brand visibility and establishing strong marketing networks for rural produces.

(PiB)

INDUSTRY OUTLOOK



LIC displaces Infosys to occupy 4th most valued firm with ₹7.01 lakh crore market cap: Life Insurance Corporation of India has toppled Infosys to 4th place in market capitalisation. The market capitalisation of LIC stood at ₹7.01-lakh crore while Infosys slipped ₹6.95-lakh crore. Only Reliance, TCS and HDFC Bank are above LIC. Aided by robust equity profits booked in bourses and strong operational performance, insurance behemoth Life Insurance Corporation of India (LIC) on Thursday reported a 49 per cent jump in the standalone net profit for the quarter ended December 31, 2023, at ₹ 9,444.41 crore (₹6,334.19 crore).

(Business Line)

Centre released Rs 15,948 crore to sugar mills in last 5 years: The Indian government has released approximately Rs 15,948 crore (about \$2.1 billion) under various schemes over the past five years until January 31, aiming to improve liquidity for sugar mills to clear cane price dues owed to farmers. The schemes include creating a buffer stock of 30 lakh tonnes of sugar, defraying



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expenditure for internal transport, freight, and handling, as well as providing assistance to sugar mills for marketing costs.

(Business Line)

Adani Group may run three Sri Lankan airports: Adani Group is negotiating with Sri Lankan authorities to manage three airports in the island nation, including its premier international gateway, Bandarnaike International Airport in Colombo. Sri Lanka's minister for tourism, land, sports, and youth affairs, Harin Fernando, said on Friday that modalities are being discussed between the two sides and could involve management contracts as well. Other airports being offered are Ratmalana Airport in Colombo and Mattala Airport, the latter earning the tag of the world's emptiest international airport seven years ago.

(Business Line)



REGULATION & DEVELOPMENT

FM to review CCI performance amidst rising concerns of regulatory inaction: The Ministry of Corporate Affairs (MCA) is calling a performance review of working of the Competition Commission of India (CCI) amidst growing concern about inaction by the regulator in deciding the complaints filed by app developers against tech giant Google alleging anti-competitive conduct and non-compliance with CCI's previous rulings. A meeting in this regard is likely to be convened by the Finance and Corporate Affairs Minister Nirmala Sitharaman during this month, sources in the Ministry said. Apart from seeking the status of regulations that are required to be given effect to post the recent amendments in the competition law, the review meeting may also see the regulator getting quizzed over delay in investigation and disposal of cases by CCI, sources said.

(Business Line)

Centre hikes FAME II allocation, scheme valid till March-end: The centre has hiked the allocation under the second iteration of Faster Adoption & Manufacturing of Electric Vehicles in India (FAME-II) scheme to Rs 11,500 crore, up from Rs 10,000 crore. A statement from the Ministry of Heavy Industries said these subsidies for demand incentive will be eligible for electric two, three, and four wheelers sold till March 31, 2024, or till the time funds are available, whichever is earlier.

(Economic Times)



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Govt provides nearly Rs 1.71 lakh cr as fertiliser subsidy till Jan in 2023-24: The government has allocated nearly Rs 1.71 lakh crore as fertilizer subsidies until January in the current fiscal year, aiming to ensure affordable prices and adequate availability of fertilizers for farmers. Minister of State for Chemicals and Fertilizers Bhagwanth Khuba stated in a written reply to Lok Sabha that the subsidy covers various fertilizers and follows the Nutrient Based Subsidy (NBS) policy since April 1, 2010, for Phosphatic and Potassic (P&K) Fertilizers.

(Economic Times)



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FINANCIAL TERMINOLOGY

CONFIDENCE INTERVAL

- ❖ A confidence interval, in statistics, refers to the probability that a population parameter will fall between a set of values for a certain proportion of times. Analysts often use confidence intervals that contain either 95% or 99% of expected observations.
- ❖ Thus, if a point estimate is generated from a statistical model of 10.00 with a 95% confidence interval of 9.50 - 10.50, it means we are 95% confident that the true value falls within that range.
- ❖ Statisticians and other analysts use confidence intervals to understand the statistical significance of their estimations, inferences, or predictions. If a confidence interval contains the value of zero (or some other null hypothesis), then one cannot satisfactorily claim that a result from data generated by testing or experimentation is to be attributable to a specific cause rather than chance.



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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 : 82.9995
INR / 1 GBP : 104.7144
INR / 1 EUR : 89.4037
INR /100 JPY: 55.5500

EQUITY MARKET

Sensex: 71595.49 (+167.06)
NIFTY: 21782.50 (+64.50)
Bnk NIFTY: 45634.60 (+622.60)

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