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DAILY NEWS DIGEST BY BFSI BOARD

11 March 2024

BANKING & FINANCE

AU Small Finance Bank aims to become universal bank in 3-5 years: AU Small Finance Bank, which received RBI's approval to merge Fincare Small Finance Bank with itself last week, aims to become a universal bank or full-scale bank in the next 3-5 years. "This year we want to stabilise the merger first and really want to showcase to the world that the team can manage complex issues of merger in terms of technology integration, people management, product availability, customer service and offerings," AU Small Finance Bank MD and CEO Sanjay Agarwal said. Although the Fincare branches would become outlets of AU Small Finance Bank from April 1, the entire integration process would take 9-12 months, he said.
(Economic Times)

NPCI joins hands with IISc for joint research on blockchain, AI tech: National Payments Corporation of India (NPCI) on Wednesday announced a long term agreement with the Indian Institute of Science (IISc), Bangalore, for conducting joint research on blockchain and Artificial Intelligence (AI) technology. The collaboration will also propel further innovation through the establishment of the 'NPCI-IISc Centre of Excellence (CoE) for Deep Tech Research & Development'. The partnership will focus on scalable blockchain platforms and multi-modal analytics over fintech data, NPCI said in a statement. Faculty members from five departments at IISc will work with NPCI researchers on practical challenges related to these areas, it added.
(Moneycontrol)

Sovereign gold bonds help save $3.3 billion in India's gold import bill: In 2023-24 (FY24), the Reserve Bank of India sold sovereign gold bonds (SGBs) worth 44.3 tonnes, marking the highest-ever response to the instrument since its introduction in November 2015. In terms of value, with SGBs valued at $3.26 billion in FY24, it is expected to save 7-8 per cent of the country’s annual import bill for the precious yellow metal. Experts suggest that this is an opportune time for the government

to implement more measures to popularise SGBs and further reduce gold import bills, which have already reached $37.86 billion in the first 10 months (April-January) of FY24.
(Business Standard)

ECONOMY

FPIs inject over ₹6,100 crore in equities in March on strong economic growth, market resilience: Foreign Portfolio Investors (FPIs) are turning steady buyers as they bought Indian equities worth ₹6,139 crore so far this month driven by strong economic growth, market resilience and decline in US bond yields. This came following a modest investment of ₹1,539 crore in February and massive outflow of ₹25,743 crore in January, data with the depositories snowed. On the regulatory front, announcements such as removal of UAE from the grey list, Sebi's consultation paper for easing disclosures norms for regulated FPIs have been the major catalysts to put India on the forefront for potential long term investments for the foreign fraternity.
(Business Line)

India, EFTA ink free trade agreement; $100 bn investment target in 15 yrs: India and the four-nation European bloc EFTA on Sunday signed a free trade agreement under which New Delhi has received an investment commitment of $ 100 billion in the next 15 years. Commerce and Industry Minister Piyush Goyal described the signing as a "watershed moment", as it is India's first modern trade pact with a bloc having developed countries. He said that for the first time in a trade agreement, EFTA had committed to invest $ 100 billion in the next 15 years. It would take around a year for the agreement to come into force. The European Free Trade Association (EFTA) members are Iceland, Liechtenstein, Norway, and Switzerland. The agreement has 14 chapters, including trade in goods, rules of origin, intellectual property rights (IPRs), trade in services, investment promotion and cooperation, government procurement, technical barriers to trade and trade facilitation. “EFTA countries gain market access to a major growth market. Our companies strive to diversify their supply chains while rendering them more resilient. India, in return, will attract more foreign investment from EFTA, which will ultimately translate into an increase in good jobs…All in all, the TEPA will allow us to make better use of our economic potential and create additional opportunities for both India and the EFTA States,” Federal Councillor Guy Parmelin, speaking on behalf of the EFTA Member States, said.

Under free trade pacts, two trading partners significantly reduce or eliminate customs duties on the maximum number of goods traded between them, besides easing norms to promote trade in services and investments.
(Financial Express)

Election Commissioner Arun Goel resigns as Lok Sabha polls approach: With Lok Sabha elections around the corner, Election Commissioner of India Arun Goel has tendered his resignation. Goel, whose tenure was set to continue till December 2027, stepped down just days ahead of the anticipated announcement of the schedule for the 2024 polls. The resignation, accepted by President Droupadi Murmu, came into effect immediately on Saturday, as confirmed by a notification from the law ministry. The reasons behind Goel's sudden departure remain undisclosed.
(Financial Express)

INDUSTRY OUTLOOK

Adani's Rs 60,000 crore investment to expand 7 airports in 10 years: Adani Group is planning to invest Rs 60,000 crore in its seven existing airports over the next five to 10 years to enhance their capacity and revenue-generating potential.Adani Airports Holdings (AAHL) Chief Executive Officer Arun Bansal said Rs 30,000 crore will be spent on the 'airside' in the next five years, while another Rs 30,000 crore will be allocated to the 'cityside' in the next five to 10 years at its seven existing airports: Mumbai, Ahmedabad, Lucknow, Mangaluru, Guwahati, Jaipur, and Thiruvananthapuram.
(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. These easier rules apply only if the deal is not too big.
(Moneycontrol)

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Sebi mandates registration of index providers under regulatory fold: The Securities and Exchange Board of India (Sebi) has mandated registration of index providers managing "significant indices" based on securities listed in India to foster transparency in governance and administration of financial benchmarks in the securities market. The regulator on Friday notified the Sebi Index Providers Regulations, nearly a year after its board first approved the norms. The global index providers, however, may not have to register with Sebi unless their indices are used as benchmarks by domestic asset managers with large corpus. Sebi has excluded indices that are for exclusive use in a foreign jurisdiction. Benchmarks regulated by the Reserve Bank of India (RBI) are also excluded from these regulations. The RBI issued a framework in December mandating index providers that compile indices based on domestic debt to register with it.

(Business Standard)

REGULATION & DEVELOPMENT

ICAI focusing on aggregation of CA firms to cater to growing overseas accounting demand: As the country's chartered accountants and CA firms are getting more accounting jobs from overseas, the Institute of Chartered Accountants of India (ICAI) is working on capacity building measures by facilitating aggregation of the firms to cater to the growing demands from international markets. In line with Prime Minister Narendra Modi's vision of having large homegrown accounting firms, ICAI has formed a committee, the Committee of Aggregation of CA Firms, which will come up with operating procedures and guidelines for creating large firms to match their global peers.

(Business Line)

CCI implements global revenue-based penalties to deter violations: With the recent amendments taking effect, the Competition Commission of India (CCI) gains the authority to levy fines of up to 10% of a company's worldwide revenue for breaches of competition law. This provision is poised to particularly affect enterprises with diverse product or service portfolios and holds significance given the ongoing CCI investigations into digital market cases, according to an official statement. The provision allowing imposing a penalty of up to 10% of the global turnover draws its inspiration from the provision that is in force in the European Union. With the new norms, the penalty that could be imposed for violations could be higher. As a result, companies and individuals are encouraged to opt for commitment and settlement options or leniency.

(Financial Express)

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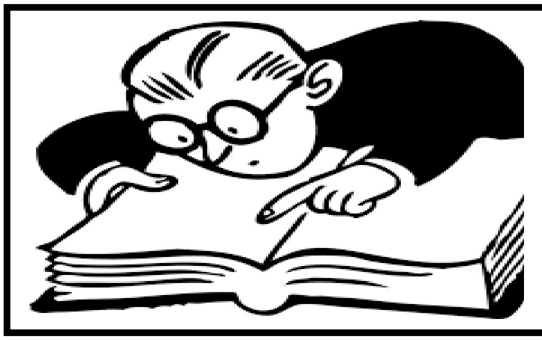
Income Tax Department to mount e-campaign for Advance Tax e-campaign for F.Y. 2023-24: The Income Tax Department has received certain information on specific financial transactions undertaken by persons/entitiesduring Financial Year(F.Y.) 2023-24. On the basis of analysis of the taxes paid so far during the current financial year, the Department has identified suchpersons/entities where payment of taxes for F.Y. 2023-24(A.Y. 2024-25) is not commensurate with the financial transactions made by the persons/entities concerned, during the said period. Hence, as a part of taxpayer service initiative, the Department is undertaking an e-campaign,which aims to intimate such persons/entities of significant financial transactions,through email (marked as Advance Tax e-Campaign-Significant Transactions for A.Y. 2024-25) and SMS, urging themto compute their advance tax liability correctly and deposit the due advance tax on or before 15.03.2024. ***(PiB)***



FINANCIAL TERMINOLOGY

ZETA MODEL

- ❖The Zeta Model is a mathematical model that estimates the chances of a public company going bankrupt within a two-year time period. The number produced by the model is referred to as the company's Z-score (or zeta score) and is considered to be a reasonably accurate predictor of future bankruptcy.
- ❖The resulting Z-score uses multiple corporate income and balance sheet values to measure the financial health of a company.
- ❖The Zeta Model returns a single number, the z-score (or zeta score), to represent the likelihood of a company going bankrupt in the next two years. The lower the z-score, the more likely a company is to go bankrupt.

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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)

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 ICMAI 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)
- Handbook on Stock & Book Debts Audit (Revised and Enlarged 2nd Edition)

To purchase please visit BFSIB portal of ICMAI

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Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India (ICMAI)