



**THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**13 Jan 2024**

### **BANKING & FINANCE**



**Citigroup to cut 20,000 roles in Fraser's bid to boost returns:** Citigroup Inc. said it expects to incur as much as \$1 billion in severance and reorganization costs this year as it continues the process of eliminating 20,000 roles as part of Chief Executive Officer Jane Fraser's quest to boost the Wall Street giant's lagging returns. Total expenses for the year will likely be between \$53.5 billion and \$53.8 billion, the New York-based bank said Friday. That would be a decrease from the \$56.4 billion the firm spent in 2023. The outlook for cost savings helped mask a disappointing fourth quarter, when Citigroup's fixed-income traders turned in their worst performance in five years as the rates and currencies business was stung by a slump in client activity in the final weeks of the year. Revenue from the business slumped 25% to \$2.6 billion.

**(Moneycontrol)**

**RBI deputy governor Michael Patra gets another 1-year extension:** The Centre has extended the tenure of Reserve Bank of India (RBI) deputy governor Michael Patra by another year. The extension takes effect from January 15 this year. Patra is in charge of the all-important monetary policy department and a member of the rate-setting panel. "The appointment committee of the Cabinet has approved the re-appointment of Dr Michael Debabrata Patra, deputy governor, Reserve Bank of India, for a further period of one year, w.e.f 15.01.2024 or until further orders, whichever is earlier," said the department of personnel and training.

**(Business Standard)**

**SBI launches Green Rupee Term Deposit:** State Bank of India (SBI) has launched the SBI Green Rupee Term Deposit (SGRTD) of 1,111 days, 1,777 days, and 2,222 days tenor for resident individuals, non-individuals, and NRI customers. The deposit has been introduced with the aim of mobilising funds to support environment-friendly initiatives and projects, thereby fostering the growth of a green finance ecosystem in India, India's largest bank said in a statement. Currently, the



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scheme is available through the branch network, and it will soon be made available through other digital channels such as YONO and Internet Banking Services (INB), it added.

### ***(Business Line)***

**RBI imposes Rs 2.49 crore penalty on 3 banks:** The Reserve Bank on Friday said it has imposed penalties totalling Rs 2.49 crore on three banks, including Dhanlaxmi Bank and Punjab and Sind Bank, for contravention of regulatory norms. A penalty of Rs 1.20 crore has been slapped on Dhanlaxmi Bank for non-compliance with certain directions on 'Loans and Advances - Statutory and Other Restrictions', KYC and certain norms related to interest rate on deposits. Further, a fine of Rs 1 crore has been imposed on Punjab and Sind Bank for non-compliance with certain directions on 'Loans and Advances - Statutory and Other Restrictions'. The central bank has also imposed a penalty of Rs 29.55 lakh on ESAF Small Finance Bank for non-compliance with the directions issued by it on 'Customer Service in Banks'.

### ***(Economic Times)***

**PhonePe, Paytm, SBI and others go live on India-Singapore cross-border UPI-based payments:** The cross-border linkage between India's unified payments interface and Singapore's PayNow is live on BHIM (Bharat Interface for Money), PhonePe and Paytm, National Payments Corporation of India (NPCI) said in a press release on Thursday. The feature will help the Indian diaspora in Singapore to send funds into Indian bank accounts directly through UPI (unified payments interface). Axis Bank, DBS Bank India, ICICI Bank, Indian Bank, Indian Overseas Bank and State Bank of India are offering this service through their respective banking applications too, NPCI said.

### ***(Economic Times)***



## **ECONOMY**

**Retail inflation at four-month-high of 5.69% in December, Nov IIP at 2.4%:** India's retail inflation rose to a four-month high of 5.69 per cent in December 2023. In November, it was 5.55 per cent. In December last year, the retail inflation was 5.72 per cent. The jump in inflation was due to a rise in food prices. The food inflation came in at 9.53 per cent in December. In December last year, it was 4.19 per cent. In November 2023, it was 8.7 per cent.



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The Index of Industrial Production (IIP) for November, released by the Ministry of Statistics & Programme Implementation, fell to 2.4 per cent, the lowest since March 2023 when it was 1.7 per cent. Among the sectors, manufacturing grew at the slowest pace of 1.2 per cent as compared to November 2022. The manufacturing sector was pulled down by apparel, furniture, computer, electronic and optical products industries, all of which saw a de-growth of over 20 per cent.

**(Business Standard)**

**Ensure laptop import policies do not restrict trade: US tells India:** United States (US) Trade Representative Ambassador Katherine Tai urged India to ensure that the end-to-end online system currently in operation and related policies on import of laptops do not restrict trade going forward, according to an official statement released on January 12. Tai made these remarks during the 14th Ministerial-level meeting of the India-United States Trade Policy Forum (TPF), which was held in New Delhi on January 12. Minister of Commerce and Industry, India Piyush Goyal and US Trade Representative Tai co-chaired the TPF meeting. In the meeting, Ambassador Tai raised the issue of India's new import requirements for computers, tablets and servers. In response, Goyal described the country's objectives behind implementing these policies.

**(Moneycontrol)**

**Rupee gains 11 paise against the US dollar amid strong FPI inflows:** The rupee appreciated by 11 paise against the US dollar on Friday, buoyed by foreign portfolio investor (FPI) inflows into both debt and equity markets. The local currency strengthened for the eighth consecutive trading session on Friday; it touched an intraday high of 82.86 per dollar before settling at 82.92, compared to 83.03 on Thursday. The dollar remained steady against its peers on Friday as investors weighed the implications of the higher-than-expected US CPI-based inflation data, amid speculation of a potential rate cut by the Fed as early as March. In December, US consumer prices experienced a 0.3 per cent rise month-on-month, driven by a continued upward trend in rents, resulting in an annual increase of 3.4 per cent. According to CME Fedwatch Tool, 73.2 per cent of traders expect a 25 basis point rate cut by the Fed in March. "The rupee appreciated because of inflows. The higher-than-expected US CPI led to some weakening of the rupee in the early session, but then inflows started which led to appreciation," a dealer at a state-owned bank said.

**(Business Standard)**

**Govt will meet fiscal deficit target in FY24, follow fiscal consolidation path for next year: Goldman Sachs:** The government will likely meet the fiscal deficit target of 5.9% in FY24 and could reduce its fiscal deficit target to 5.3% in the upcoming budget, Goldman Sachs said Friday. "If spending remains muted in the current quarter, the deficit may end up at 5.8% of GDP," the global investment bank added, noting that receipts upside of 0.2% will help meet this year's target and that the government will follow the path of fiscal consolidation.

**(Economic Times)**



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## INDUSTRY OUTLOOK



### **IndiGo becomes first Indian airline to carry over 100 million passengers in a year:**

Budget airline IndiGo became the first Indian carrier to fly 100 million passengers across its domestic and international network in a single calendar year after the airline carried 104,497,646 passengers in 2023. Of the total passengers, 90,255,580 were domestic travellers and the rest 14,239,995 were global travellers, the airline said in a statement. Giving more details, the airline said that it flew 19,921,642 corporate clients while 8,44,87,776 were leisure travellers. With the latest feat, the airline has now joined a select club of global carriers to fly 100 million passengers in a year and cemented its name in the 10 largest carriers list across the globe in terms of passenger traffic. In 2022, IndiGo flew 78 million passengers across its domestic and international networks. The airline reported a 22 percent year-on-year (YoY) increase in passenger traffic for 2023.

**(Moneycontrol)**

**Tata Consumer to buy Capital Foods for Rs 5,100 crore in all cash deal:** Tata Consumer Products on January 12 said it will be buying 100 percent stake in Capital Foods, which markets its products under Ching's Secret and Smith & Jones brands, for Rs 5,100 crore in an all cash deal. "The Board of Directors approved the acquisition of 100 percent of the issued equity share capital of Capital Foods Private Limited. The Company, thereafter, has entered into Share Purchase Agreement (SPA) and Shareholders' Agreement (SHA) with the existing promoters and shareholders of the target company to acquire the entire issued equity share capital in a phased manner," said Tata Consumer in an exchange filing.

**(Financial Express)**



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## REGULATION & DEVELOPMENT

**PM Modi inaugurates Atal Setu, India's longest sea-bridge in Mumbai:** Prime Minister Narendra Modi on Friday inaugurated the Rs 17,840 crore Atal Bihari Vajpayee Sewri-Nhava Sheva Atal Setu, the longest bridge as well as the longest sea bridge in the country connecting south Mumbai with Nhava-Sheva in Navi Mumbai. The six-lane trans-harbour bridge is 21.8 km long with a 16.5 km long sea-link. The bridge will provide faster connectivity to the upcoming Navi Mumbai International Airport and reduce the travel time between Mumbai and Pune. It will also improve connectivity between the Mumbai Port and the Jawaharlal Nehru Port.

***(Business Standard)***

**LIC gets income tax refund of Rs 25,464 cr:** Life Insurance Corporation of India (LIC) said it has received an income tax refund of Rs 25,464 crore relating to interim bonus to policyholders in the past seven assessment years. Pursuant to the order of the Income Tax Appellate Tribunal (ITAT), Income Tax Department has issued intimation for a refund of Rs 25,464.46 crore, LIC said in a regulatory filing on Thursday. For the first half ended September, LIC had reported a net profit of Rs 17,469 crore as compared to Rs 16,635 crore in the same period a year ago.

***(Economic Times)***





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## FINANCIAL TERMINOLOGY

### FIRST LOSS DEFAULT GUARANTEES (FLDG)

- ❖ First Loss Default Guarantee (FLDG) is a lending model serviced between digital-lending fintechs, their partner Banks and NBFCs.
- ❖ This is also known as **Rent-an-NBFC** model by digital lenders. This is a synthetic structure enabling unregulated entities to lend without complying with prudential norms through credit risk sharing arrangements by way of a “First Loss Default Guarantee (FLDG)” extended by the LSPs.
- ❖ Under this, the LSP provides certain credit enhancement features such as first loss guarantee up to a pre-decided percentage of loans generated by it. From the LSP’s perspective, offering FLDG acts as a demonstration of its under-writing skills whereas from the lender’s perspective, it ensures platform’s skin in the business.
- ❖ For all practical purposes, credit risk is borne by the LSP without having to maintain any regulatory capital. The loan portfolio backed by FLDG is akin to off-balance sheet portfolio of the LSP wherein the nominal loans sit in the books of the lender without having to partake in any lending process. In some cases, the LSP, as a non-banking non-financial company (NBNC) may be undertaking balance sheet lending in partnership with a bank/ NBFC or on stand-alone basis, while not satisfying the principal business criteria to remain outside regulation.
- ❖ With increasing share of digital lending in retail/ personal space, there is a potential for risk build-up because of these platforms.



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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 : 82.9881  
INR / 1 GBP : 106.0051  
INR / 1 EUR : 91.0922  
INR /100 JPY: 57.1800

### **EQUITY MARKET**

Sensex: 72568.45 (+847.27)  
NIFTY: 21894.50 (+247.30)  
Bnk NIFTY: 47709.80 (+271.50)

### **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.**

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### **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 2<sup>nd</sup> Edition)**
- To purchase please visit  
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### **TEAM BFSIB**

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