

DAILY NEWS DIGEST BY BFSI BOARD

13 March 2024

BANKING & FINANCE



SBI submits electoral bonds details to Election Commission: The election commission confirmed on Tuesday that, following the ruling by the Supreme Court, the State Bank of India (SBI) has submitted electoral bond data. The commission is required to make the data public by 5 p.m. on March 15 as per the Apex Court's directions. "In compliance of the Hon'ble Supreme Court's directions to the SBI, contained in its order dated Feb 15 and March 11, 2024(in the matter of WPC No. 880 of 2017), data on electoral bonds has been supplied by the State Bank of India to the Election Commission of India today, March 12, 2024," an Election Commission of India spokesperson said.

(Business Line)

Utkarsh Small Finance Bank may have to pay Rs 52 crore more as income tax: Utkarsh Small Finance Bank may have to pay Rs 52 crore as additional income tax for FY23 as the income tax department has rejected the bank's plea against the higher tax. The bank said that it had opted for a concessional tax rate which applies to domestic companies and accordingly filed a return of income with a refund claim of Rs 2.3 crore. "However, for AY 2023-24, in the intimation received from the DC/ACIT of Income Tax, CPC, Varanasi, has rejected the said claim and computed the tax liability based on the standard tax rate which has resulted in the disputed demand," it said in a regulatory filing to stock exchanges.

(Economic Times)

Aditya Birla to consolidate financial services to comply with RBI norms: Aditya Birla Finance, the lending subsidiary of the metals to fashion group will be merged with its listed parent Aditya Birla Capital in order to comply with the Reserve Bank of India's (RBI) scale based regulations for NBFCs which requires mandatory listing of non banking finance companies (NBFCs) which are classified in the so-called upper layer of the RBI, the company said. Aditya Birla Capital Limited (ABCL) and Aditya Birla Finance (ABFL) have approved the Scheme of Amalgamation (Scheme) to create a large unified operating NBFC. The merger will result in a reduction of legal entities and

simplification of the group structure of Aditya Birla Capital. It will also comply with the Scale based Regulations of RBI, which require mandatory listing of Aditya Birla Finance by September 30, 2025.

(Economic Times)



Retail inflation dropped a tad to 4-month low of 5.09% in Feb: Decline in energy prices negated a rise in vegetable prices resulting in retail inflation based on Consumer Price Index (CPI) remaining almost the same in February as compared to January, data released by National Statistical Office (NSO) on Tuesday showed. The retail inflation was 5.09 per cent in February, against the 5.1 per cent of January. The february numbers are the lowest in four months. However, food inflation moved up to 8.7 per cent in February (8.3 per cent in January). Meanwhile, core inflation declined to 3.34 per cent in February, lowest in 2012 base series.

With the latest numbers, it is expected that there will be no change in the Monetary Policy Committee's (MPC) stance on policy repo rate. Change is expected only during the second half of the next fiscal. This is the sixth consecutive month of headline inflation remaining below the RBI's upper tolerance level of 6 per cent. Also, this is 53rd consecutive week of the headline number above the median rate of 4 per cent. It may be noted that targeted inflation range is 2-6 per cent.

(Business Line)

Factory output: India's industrial production slows down to 3.8% in January 2024: India's index of industrial production (IIP) slowed down to 3.8 per cent in January 2024, according to government data released on March 12. The data released by the National Statistical Office (NSO) showed that the manufacturing sector's output grew 3.2 per cent in January 2024, down from 4.5 per cent in the year-ago month. The Quick Estimates of Index of Industrial Production (IIP) are released on 12th of every month (or previous working day if 12th is a holiday) with a six weeks lag and compiled with data received from source agencies, which in turn receive the data from the producing factories/ establishments. For the month of January 2024, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 153.0.

(PiB)

PM Modi, Rishi Sunak discuss 'early conclusion' of Free Trade Agreement: Prime Minister Narendra Modi spoke with UK counterpart Rishi Sunak on Tuesday and discussed "early

conclusion" of the Free Trade Agreement (FTA). "Had a good conversation with PM Rishi Sunak. We reaffirmed our commitment to further strengthen the bilateral Comprehensive Strategic Partnership and work for early conclusion of a mutually beneficial Free Trade Agreement," PM Modi posted in X. The leaders also "expressed satisfaction on the progress made under the Roadmap 2030" in different areas including trade, investment, defence, security and emerging technologies.

(Mint)

US inflation up 3.2% in February; no change in Fed's stance say experts: The US consumer price index increased 3.2 percent in February from a year ago. The consumer price index was in line with expectations of 3.1 percent. The consumer price index increased 0.4 percent from the previous month, reported the Labor Department. Core CPI, which excludes food and energy prices, increased 0.4 percent from the last month and 3.8 percent from a year ago. The increase in US CPI numbers would not change the Fed's decision of a rate cut in June, say experts.

(Moneycontrol)

INDUSTRY OUTLOOK



BAT Plc to sell up to 43.69 crore shares of ITC in block trade: BAT Plc, parent of ITC Ltd, has announced its intent to sell up to 43.69 crore shares or 3.5 per cent stake of its Indian associate in a block trade.

The price band for the block trade is ₹384-400.25 a share, fetching the London-based company nearly ₹17,500 crore (around \$2 billion) at the upper end of the price range, sources said. Citibank and BofA Securities are managers to the deal. After the stake sale, BAT will still be holding 25.5 per cent stake in ITC. The British tobacco company said that it would be using the proceeds of the stake sale for a buyback of its own shares over this year and next, of which £700 million (₹7,411 crore) would be spent in 2024.

(Business Line)

NSE to cut cash, derivatives transaction charges by 1% from April 1: The National Stock Exchange (NSE) has decided to reduce charges across equity cash and derivatives segments by 1 per cent from April 1 onwards. The reduction in transaction charges will hit annual revenues by Rs 130 crore, the country's largest stock exchange said after its board meeting held on Monday. The bourse had Rs 8,330 crore revenue from transaction charges in the first nine months of this financial year—a 16 per cent jump year-on-year. For the equity cash segment, NSE charges

0.00325 per cent, while the same is 0.00375 per cent for the rival Bombay Stock Exchange (BSE). However, NSE's transaction charge for Futures is 0.0019 per cent and 0.05 per cent in Options (on premium), BSE has no charge for Futures and 0.005 per cent in Options.

(Business Standard)

Current Account Deficit expected to reach year's high of 1.2 % of GDP in FY24 third quarter, predicts ratings agency:

India Ratings and Research (Ind-Ra) has released its analysis on the current account balance (CAB) for the third quarter of the fiscal year 2023-24 (3QFY24), projecting a deficit of approximately USD11 billion, equivalent to 1.2 per cent of the Gross Domestic Product (GDP). According to a press release, this forecast represents a marginal increase from the previous quarter's deficit of 1.0 per cent of GDP and marks a year's high, surpassing the deficit recorded in the corresponding quarter of the previous fiscal year (3QFY23: USD16.8 billion, 2.0 per cent of GDP).

(Economic Times)

Google ties up with ECI to prevent spread of false information: Alphabet Inc.-owned Google has joined hands with Election Commission of India (ECI) to prevent spread of false information, promote authorised content and label AI-generated data during the upcoming general elections. Google India in a blog post on Tuesday said its product features are designed to elevate authoritative information on various election-related topics.

(Economic Times)



REGULATION & DEVELOPMENT

SC asks Centre to give Kerala a financial fillip as a ‘one-time measure’: The Supreme Court on Tuesday urged the Centre to give Kerala a one-time package to tide over its current financial crisis as a “special case” before March 31. A Bench headed by Justice Surya Kant said the Centre can make up for it in the next financial year by introducing stricter conditions for financial aid to the State. An initially reluctant Centre, represented by Attorney General R Venkataramani and Additional Solicitor General N Venkataraman, who said a “bail-out package is impossible”, relented to discuss the issue with the government and report back to the court on March 13. The exchange in court happened during an oral mentioning made by senior advocate Kapil Sibal, appearing for Kerala. Venkataraman said the Centre had refused to be liberal with other States.

(Business Line)

NPCI likely to approve third-party application license for Paytm this week: The National Payments Corp of India (NPCI) is likely to approve a third-party application provider (TPAP) license for Paytm, formally known as One 97 Communications, by March 15, three sources directly aware of the development said on Tuesday. The third-party application provider license will allow customers to continue using the Paytm app for payments through India's popular unified payment interface (UPI), even as its banking arm, Paytm Payments Bank, ceases operations by March 15, following regulatory action due to issues of non-compliance.

(Business Standard)

Ministry of Rural Development signs a MoU with IIT Delhi to formalize their partnership in applications of geospatial technology and artificial intelligence: In a significant stride towards technological advancement in rural development, the Ministry of Rural Development has signed a MoU with the Indian Institute of Technology Delhi to formalize their partnership in applications of geospatial technology and artificial intelligence. The MoU was signed by Shri Amit Kataria, Joint Secretary, MoRD and Prof. Manabendra Saharia, IIT Delhi. Secretary, MoRD Shri Shailesh Kumar Singh and Director, IIT Delhi Prof. Rangan Banerjee were also present in the occasion. Discussions on the collaboration was led by Director, MGNREGA Ms. Aditi Singh, Dean R&D, IIT Delhi Prof. Naresh Bhatnagar and Head, Dept of Civil Engineering Prof. Vasant Matsagar. The MoU centers around the project "BhuPRAHARI," an ambitious initiative aimed at leveraging ground and space-based geospatial technologies along with Artificial Intelligence to monitor and manage assets under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The project is to be executed by the HydroSense lab led by Prof. Manabendra Saharia.

(PiB)



FINANCIAL TERMINOLOGY

LEVERAGED BUYOUT

- ❖ A leveraged buyout (LBO) is the acquisition of another company using a significant amount of borrowed money (bonds or loans) to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.
- ❖ The buyer typically wishes to invest the smallest possible amount of equity and fund the balance of the purchase price with debt or other non-equity sources. The aim of the LBO model is to enable investors to properly assess the transaction and earn the highest possible risk-adjusted internal rate of return (IRR).
- ❖ In an LBO, the goal of the investing company or buyer is to make high returns on their equity investment, using debt to increase the potential returns.



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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 : 82.7450
INR / 1 GBP : 106.0581
INR / 1 EUR : 90.5054
INR /100 JPY: 56.1400

EQUITY MARKET

Sensex: 73667.96 (+165.32)
NIFTY: 22335.70 (+3.05)
Bnk NIFTY: 47282.40 (-45.45)

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