



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

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

DAILY NEWS DIGEST BY BFSI BOARD

13 April 2024

BANKING & FINANCE



RBI announces Decision on two applications received under Guidelines for ‘on tap’ Licensing of Small Finance Banks: The Reserve Bank has received 13 applications to set up bank under the Guidelines for 'on tap' Licensing of Universal Banks and Small Finance Banks. The decision on nine of these applications was announced vide press releases on May 17, 2022 and July 04, 2023. The examination of two more applications for setting-up a small finance bank has been completed. Based on the assessment of the applications, Dvara Kshetriya Gramin Financial Services Private Limited and Tally Solutions Private Limited were not found suitable for granting of in-principle approval to set up a small finance bank. The remaining two applications are under examination.

(RBI Press Release)

Race for Yes Bank: Japan’s MUFG, SMBC weigh majority stake buyout in lender: Japan’s Mitsubishi UFJ Financial Group (MUFG) and Sumitomo Mitsui Banking Corp. (SMBC) have expressed interest and are considering a bid to acquire a majority stake in Yes Bank, four people familiar with the development said. Another company from the Middle East has also shown interest, according to three of the people cited above. The development comes amid the State Bank of India-led consortium, which bailed out the lender in 2020, is now exploring a plan to sell its stake.

(Moneycontrol)

RBI rejects Tamilnad Mercantile Bank's proposal for CEO candidate: The Reserve Bank of India has rejected the names of the candidates proposed by Tamilnad Mercantile Bank (TMB) for the position of managing director (MD) and chief executive officer (CEO). “We would like to inform you that we have received communication from the Reserve Bank of India that the candidates proposed by the Bank for the appointment of MD & CEO were not found suitable,” the lender informed the exchanges. The regulator has asked the old generation private sector lender to submit a “fresh panel of candidates with suitable experience”, the bank indicated.

(Business Standard)



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



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

www.icmai.in



ECONOMY

India's retail inflation eases to a 10-month low of 4.85% in March: India's headline retail inflation rate eased to a ten-month low of 4.85 percent in the previous month, according to data released by the Ministry of Statistics and Programme Implementation on April 12. The Consumer Price Index (CPI) inflation print in February was 5.09 percent. At 4.85 percent, the latest headline retail inflation figure is the lowest since May 2023 when it came in at 4.31 percent. The March figure was also slightly lower than expectations, with economists having predicted prices likely to have eased to 4.91 percent compared to a month ago, according to a Reuters survey. While CPI inflation has extended its stay inside the Reserve Bank of India's (RBI) tolerance range of 2 percent to 6 percent to a seventh consecutive month, it has now spent 54 months in a row above the medium-term target of 4 percent.

(Moneycontrol)

India's February IIP grows at 5.7% from 3.8% a month back: Growth in India's industrial output accelerated to 5.7 percent in February, according to data released by the Ministry of Statistics and Programme Implementation on April 12. At 5.7 percent, the latest industrial growth figure as per the Index of Industrial Production (IIP) is higher from the January 2023 figure of 3.8 percent. The eight core industries – coal, crude oil, natural gas, refinery products, fertilisers, steel, cement, and electricity – make up around 40 percent of the IIP. As such, it is seen as a lead indicator of industrial growth data. The data was quite mixed, ranging from a contraction of 3.8 percent in consumer non-durables and a double-digit expansion of 12.3% in consumer durables in February 2024. The IIP during the April 2023-February 2024 grew at 5.9 per cent as compared to 5.6 per cent in the corresponding period previous year.

(Moneycontrol)

Moody's maintains stable outlook, affirms 'Baa3' rating for India with growth forecast: Global rating agency Moody's on Friday maintained a stable 'outlook' and affirmed long-term and short-term ratings at 'Baa3' and 'P-3' respectively for India. It has estimated growth rate of 8 per cent for Fiscal Year 2023-24 and 6 per cent plus for current and next fiscal (2024-25 and 2025-26) years. This is the last investment-grade rating, and the stable outlook means downward revision in the rating is unlikely in the near term. However, it has cautioned that that an "escalation of political



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



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

www.icmai.in

tensions or further weakening of checks and balances” that would undermine India’s long-term growth potential would likely put downward pressure on the rating.

(Business Line)

Gold hits another high amid fading demand: Domestic gold prices continue to scale new highs, gaining ₹1,351 per 10 gms on Friday, following cues from the global markets. The demand, however, was washed out ahead of the peak festival and wedding season. Globally prices hit record \$2,344/oz, domestic rates for jewellery gold top ₹71,000/10 gm.

(Business Line)

INDUSTRY OUTLOOK



TCS Q4 profit rises 9.1% Y-o-Y on strong domestic revenue, revival in UK business: In an indication that the worst may be over for the IT services sector, Tata Consultancy Services announced a 9.1 per cent growth in profit to ₹12,434 crore in the final quarter of FY24, versus ₹11,392 crore reported in the same period last year. On a sequential basis, profit was up by 12.4 per cent, versus profit of ₹11,058 reported in the previous quarter. This growth can be attributed to a strong rise in India revenue (up 37.9 per cent), a revival in the UK business (up 6.2 per cent), and the regional markets vertical (up 9.7 per cent). Even as key markets such as the United States and Europe see macroeconomic recovery, the IT major reported a negative growth of 2.3 per cent in North America. Top verticals such as BFSI, and consumer business saw negative growth in Q4FY24 as well, degrowing by 3.2 per cent and 0.3 per cent respectively. However, there has been a moderation in degrowth.

(Business Line)

Global woes spook mkts: Sensex sinks 793 pts, bonds weaken and rupee falls: Hotter-than-expected inflation data from the US and fears of an impending Iranian attack on Israel unnerved investors across India’s financial markets on Friday, triggering a decline in equities, depreciation of the rupee, rise in bond yields, and rush to gold amid safe-haven demand. The amendment to the India-Mauritius tax treaty also raised concerns about the impact on overseas flows as the move will lead to increased scrutiny of funds. Foreign portfolio investors (FPIs) sold shares worth over Rs 8,027 crore, marking the highest one-day selloff since January 18. Meanwhile, domestic institutional investors (DIIs) provided buying support to the tune of Rs 6,341 crore. The Sensex ended the session at 74,245, declining 793 points or 1.1 per cent – the most since March 13. The Nifty 50 index ended



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)

www.icmai.in



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

the session at 22,519, with a fall of 234 points, or 1.03 per cent. In the previous session, both indices had ended at their record highs. The Nifty Smallcap 100 index, breaking its 14-day gaining streak, fell 0.45 per cent.

(Business Standard)

World trade to fall 1.2% in value this year: World trade is expected to grow this calendar year in terms of volumes after a difficult 2023 but in dollar terms it is still expected to decline 1.2% on year, according to a report by trade policy think tank. The World Trade Organisation (WTO), in its Global Trade Update and Statistics, said that after a 1.2% decline in world goods trade volumes last year, there will be a growth of 2.6% this year. The 1.2% drop in trade volumes had resulted in 5% contraction in trade in value terms to \$24.01 trillion. For 2024, while predicting the growth, the report has made no mention of what will be the value of global merchandise or services trade.

(Financial Express)



REGULATION & DEVELOPMENT

India-Mauritius tax treaty: I-T dept says tax concerns are premature at the moment: The Income Tax department on Friday clarified that the concerns raised on the bilateral Double Taxation Avoidance Agreement (DTAA) are premature at the moment. It said that the bilateral protocol is yet to be ratified and notified u/s 90 of the Income-tax Act, 1961. India amended the Double Taxation Avoidance Agreement (DTAA) with Mauritius to prevent misuse for tax evasion or avoidance. The amended pact has included -- the Principal Purpose Test (PPT), which essentially lays out the condition that the tax benefits under the treaty will not be applicable if it is established that obtaining that duty benefit was the principal purpose of any transaction or arrangement. The Article 27B of the revised protocol outlines the criteria for 'entitlement to benefits' in the treaty. The PPT can refuse treaty advantages like lower withholding tax on interest, royalties, and dividends if it's determined that seeking these benefits is a primary motive for the transaction party.

The new treaty is expected to result in the denial of tax reliefs for assorted incomes – dividend, royalty, technical free etc. , to investors and traders from Mauritius. Indian HNIs who take the Mauritius route for tax avoidance will also be impacted. Reacting to the revised rules, I-T department said: "Some concerns have been raised on the India Mauritius DTAA amended recently. In this context, it is clarified that the concerns /queries are premature at the moment since the Protocol is yet to be ratified and notified u/s 90 of the Income-tax Act, 1961. As and when the Protocol comes into force, queries, if any, will be addressed, wherever necessary."



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)

www.icmai.in

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



(Business Today)

Proposed SEZ Amendment Bill may Figure in 100-day Agenda: The proposed amendments in the Special Economic Zones (SEZ) law are expected to figure in the 100-day agenda of the commerce ministry for the next government and it may be introduced in the monsoon session of Parliament, sources said. The monsoon session will be the first session of the newly elected government which will also see the presentation of the full budget for 2024-25. The government is considering several measures such as a flexible framework for the sale of products manufactured in SEZs in the domestic market, and streamlining approval processes for units, they said. The aim is to help revive SEZs and facilitate business transactions between SEZs and the domestic tariff area (DTA).

(Economic Times)



FINANCIAL TERMINOLOGY

DEFERRED TAX ASSET

- ❖ A deferred tax asset is an item on a company's balance sheet that reduces its taxable income in the future. Such a line item asset can be found when a business overpays its taxes. This money will eventually be returned to the business in the form of tax relief. Therefore, the overpayment becomes an asset to the company.
- ❖ Thieves do so either by physically copying data from the card or by hacking the payments network of the companies in question.
- ❖ A deferred tax asset is the opposite of a deferred tax liability, which indicates an expected increase in the amount of income tax owed by a company.
- ❖ A deferred tax asset usually is found when there are differences between tax rules and accounting rules. They also occur with a carryover of tax losses.



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 : 83.3931
INR / 1 GBP : 104.4243
INR / 1 EUR : 89.1261
INR /100 JPY: 54.4200

EQUITY MARKET

Sensex: 74244.90 (-793.25)
NIFTY: 22519.40 (-234.40)
Bnk NIFTY: 48564.55 (-422.05)

**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

TEAM BFSIB

**Banking, Financial Services & Insurance Board
The Institute of Cost Accountants of India (ICMAI)**

Disclaimer: Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICMAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICMAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.