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DAILY NEWS DIGEST BY BFSI BOARD

14 August 2024



ECONOMY

Govt likely to extend import regime for laptops, IT hardware products: The Union government may consider extending the import management system for laptops and other IT hardware products for a few months, people aware of the matter said. The current deadline for the system ends on September 30. An extension, if agreed upon, would provide clarity and stability to the industry, particularly at a time when the domestic manufacturing ecosystem for these products is not yet robust. The system was introduced on November 1 last year to boost domestic production and reduce reliance on imports, particularly from China.

(Business Standard)

Mauritius FSC denies allegations against Sebi chief over offshore funds: Financial Services Commission of Mauritius on Tuesday said the offshore fund at the heart of the conflict of interest allegation Hindenburg Research levelled against Sebi chief is not domiciled in the Island nation, and that it does not permit the creation of shell companies. In a statement, FSC said it has taken cognizance of the contents of the report published by Hindenburg Research on August 10, 2024, wherein mention has been made of 'Mauritius-based shell entities' and Mauritius as a 'tax haven'. "The report of Hindenburg has further cited 'IPE Plus Fund' is a small offshore Mauritius Fund and 'IPE Plus Fund 1, a fund registered in Mauritius'. We wish to clarify that IPE Plus Fund and IPE Plus Fund 1 are not licensees of the FSC and are not domiciled in Mauritius," it said. Hindenburg on Saturday alleged that Sebi chairperson Madhabi Puri Buch and her husband opened an account in 2015 with a wealth management firm in Singapore to invest an undisclosed sum of money in a Mauritius-registered offshoot of a Bermuda-based fund. The Mauritian fund was run by an Adani director and its ultimate parent was the vehicle used by two Adani associates to round-trip funds and inflate stock prices. FSC, the integrated regulator for the non-bank financial services sector and global business, denied the fund being registered in Mauritius.

(Business Standard)



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Bangladesh's inflation spikes 12-year high to 11.66% in July amid protests: Bangladesh's inflation in July reached a 12-year high at 11.66 per cent as it faced turmoil due to the massive student protest over a controversial job quota system, according to the country's bureau of statistics. The inflation was 9.72 per cent in June, The Dhaka Tribune newspaper reported. Data released by the Bangladesh Bureau of Statistics on Monday showed that food inflation in July registered a record high of 14.10 per cent and non-food inflation at 9.68 per cent. This was 10.42 per cent and 9.15 per cent respectively in June.

(Business Standard)

BANKING & FINANCE



IREDA may set up arm to help finance small biz, retail clients: Indian Renewable Energy Development Agency Ltd (IREDA) announced plans to establish a subsidiary to finance small businesses and retail customers involved in renewable energy projects. The subsidiary will partner with microfinance firms and other non-banking finance companies to provide support in areas lacking adequate banking services. The state-run shadow bank, plans to form a subsidiary to help finance small businesses and retail customers seeking to set up rooftop solar and bioenergy projects or buy electric vehicles.

(Economic Times)

PSBs fall behind private peers in FY24 hiring: Private banks surpassed public sector banks in expanding their workforce in the previous financial year. Top six private banks increased their employee count by 14%, adding nearly 74,000 employees, taking the total to 610,000 at the end of March 2024. In contrast, top six public banks saw a 2% decline in their employee count to 620,000 by the end of FY24, according to the latest annual reports of banks. "Following the merger of some public sector banks four years ago, there has been a noticeable slowdown in hiring activity as lenders have begun to optimise the use of their existing human resources," said a senior official of a public sector bank. "The influx of additional workforce from the merger has lessened the need for new hirings, with these banks are now making use of the larger pool of employees to handle daily operations," he added.

(Financial Express)

SBI aims to sell its Yes Bank stake worth Rs 18, 420 cr by end-March: State Bank of India (SBI), the country's largest lender, aims to strike a deal by end-March for the sale of its 24% stake



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worth 184.2 billion rupees (\$2.2 billion) currently in smaller rival Yes Bank, four sources with direct knowledge said. Japanese lender Sumitomo Mitsui Banking Corp and Dubai-based Emirates NBD are in advanced talks to acquire a majority stake in Yes Bank, two of these sources said. Sumitomo Mitsui is a unit of Sumitomo Mitsui Financial Group, Japan's second-biggest bank. "Both the bidders are interested in acquiring a majority 51% stake in Yes Bank to get sizeable control of the bank's business," one of the sources said. "The Reserve Bank of India (RBI) has verbally okayed the proposal and due diligence is on."

(Economic Times)

RBI's Michael Debabrata Patra urges deposit insurers, other such entities to enhance crisis preparedness: The Reserve Bank of India deputy governor Michael Debabrata Patra has urged deposit insurers and other financial safety net participants to enhance crisis preparedness and put a framework to improve their ability to manage the failure of deposit taking institutions so that the potential contagion effect can be avoided. The central banker has also cautioned them about the use of central bank digital currencies (CBDC) as "safe haven" and therefore the bank deposits can become more prone to sudden withdrawal at the time of crisis.

(Economic Times)

INDUSTRY OUTLOOK



Railways cancels tender for 100 Vande Bharat trains over failed price negotiations: The Indian Railways has cancelled its Rs 30,000-crore tender for manufacturing and maintenance of 100 aluminium body Vande Bharat trains, Olivier Loison, Managing Director, Alstom India, told Moneycontrol. "Indian Railways has cancelled the tender. However, with our strong local knowledge and investments in industrial and human capital over the years, we are well-positioned and committed to support the realisation of this vision [of the railways] in the future, should the opportunity arise," Loison said. According to railway officials, the tender panel found the French multinational company's (MNC) bidding price of Rs 150.9 crore per train set to be too high and urged it to cap it at Rs 140 crore. However, Alstom India wanted to seal the deal at around Rs 145 crore per train set. The French company had emerged as the lowest bidder for the Rs 30,000-crore tender, which was opened on May 30, 2023.

(Moneycontrol)

RBI approves Tata Capital's conversion into NBFC investment credit company: The Reserve Bank of India has approved Tata Capital's conversion into an NBFC – Investment Credit



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Company (ICC) from an NBFC – Core Investment Company (CIC). Tata Capital, an important subsidiary of Tata Sons, recently completed a merger involving Tata Cleantech Capital and Tata Capital Financial Services, as reported in Tata Capital's filings with the bourses. "This has reference to our letter dated January 1, 2024, informing of the Scheme becoming effective from January 1, 2024, and TCFSL and TCCL having amalgamated with TCL. We wish to inform you that consequent to the Scheme becoming effective and in line with the no-objection letter of the Reserve Bank of India ("RBI") received for the Scheme, the Company had made an application to RBI for conversion of TCL into NBFC-ICC from NBFC - Core Investment Company ("CIC") and the Certificate of Registration issued to TCFSL and TCCL were surrendered to RBI and cancelled. The Company has today received the Certificate of Registration from RBI as NBFC-ICC," the company informed the bourses on Aug 8.

(Business Today)

India, US ink 'landmark' agreement on cooperation in MSMEs sector: India and the US on Tuesday signed a "landmark" agreement that provides a framework for both sides to explore cooperation in the micro, small and medium enterprises (MSME) sector. External Affairs Ministry Spokesperson Randhir Jaiswal said the Memorandum of Understanding (MoU) would enable MSMEs of the two countries to foster trade. MoU The MoU will enable MSMEs of the two countries to participate in global markets, drive innovation, foster trade, and support women entrepreneurs

(Business Standard)



REGULATION & DEVELOPMENT

TRAI orders telcos to disconnect all unregistered telemarketers making spam calls: Following exhaustive deliberations and open house discussions (OHDs) on spam or unsolicited commercial communication (UCC) and SMSs, Telecom Regulatory Authority of India (TRAI) on Tuesday directed telcos to disconnect all telecom resources of unregistered telemarketers found making spam calls and to blacklist them for up to two years.

(Business Line)

BIS launches environment department, aims to set global benchmark: The Bureau of Indian Standards (BIS) on Monday announced the launch of a new Environment and Ecology Department (EED), aiming to set global benchmarks in sustainability and environmental



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standardisation. The national standards body organised a workshop to mark the department's creation, with over 100 experts attending from across the country, an official statement said.

(Business Standard)

Insolvency Board mandates unique identification number for valuation reports: The Insolvency and Bankruptcy Board of India will provide a unique identification number for each valuation report prepared under the insolvency law to ensure authenticity, the board said in a circular on Monday. IBBI is the designated authority for registration, monitoring and development of valuers under the Companies Act, 2013. As per the current practice, Registered Valuer (RV)/ Register Valuers Entity (RVE) submit the valuation reports with or without mentioning any reference number leading to potential issues concerning verification. "In order to ensure authenticity and to have a unique reference number of the valuation reports, it has been decided to provide a Valuation Report Identification Number (VRIN) for each valuation conducted under the Code," the IBBI circular said.

(Economic Times)



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FINANCIAL TERMINOLOGY

COMMAND ECONOMY

- ❖ A command economy is a key aspect of a political system in which a central governmental authority dictates the levels of production that are permissible and the prices that may be charged for goods and services. Most industries are publicly owned.
- ❖ Proponents of command economies argue government control rather than private enterprise can ensure the fair distribution of goods and services.
- ❖ The main alternative to a command economy is a free market system in which demand dictates production and prices.
- ❖ Cuba, North Korea, and the former Soviet Union all have command economies. China maintained a command economy until 1978 when it began its transition to a mixed economy that blends communist and capitalist elements. Its current system has been described as a socialist market economy.



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 : 83.9696
INR / 1 GBP : 107.5309
INR / 1 EUR : 91.8224
INR /100 JPY: 56.8000

EQUITY MARKET

Sensex: 78956.03 (-692.89)
NIFTY: 24139.00 (-208.00)
Bnk NIFTY: 49831.85 (-746.10)

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 - ❖ BFSI Chronicle (quarterly issue of BFSIB)
 - ❖ Handbook on Stock & Book Debts Audit (Revised and Enlarged 2nd Edition)
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TEAM BFSIB

**Banking, Financial Services & Insurance Board
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