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COST ACCOUNTANTS OF INDIA (ICMAI)**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

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
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

15 Dec, 2023

BANKING & FINANCE



Scheduled banks' deposits and advances surge over ₹2-lakh cr each in Dec 1 fortnight:

Deposits and advances of all scheduled banks soared by over ₹2-lakh crore each in the reporting fortnight ended December 1, 2023, per RBI's Scheduled Banks' Statement of Position in India. Deposits and advances jumped by ₹2,30,727 crore and ₹2,15,584 crore, respectively. In the preceding fortnight ended November 17, 2023, while deposits declined by ₹60,496 crore, advances rose by ₹37,309 crore.

(Business Line)

IRDAI proposes limit on surrender charges for non-linked plans: The Insurance Regulatory and Development Authority of India (Irdai) has released a set of draft product regulations that will force insurers to review their profit margins and rejig distributor commissions. In this draft circular, the regulator has suggested changes in surrender value rules for non-linked life insurance policies. In the draft regulations, Irdai has proposed the concept of a premium threshold for each product. Beyond this threshold, no surrender charges would be levied on the remaining premium, irrespective of when the policy is surrendered. Stakeholders are requested to submit any comments or suggestions on the proposed regulations by January 3.

(Economic Times)

HDFC Bank in talks for infra bond sale worth Rs 10,000 crore: HDFC Bank, India's largest private lender, is looking to raise up to Rs 10,000 crore through the issuance of infrastructure bonds, marking the first such debt sale by the financial sector heavyweight after its merger with Housing Development Finance Corporation in July. The bank may opt for infrastructure bonds of a 10-year maturity with a base size of Rs 5,000 crore and a greenshoe option of Rs 5,000 crore, sources said to ET.

(Economic Times)



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Kotak Mahindra Bank ties up with IIT Kanpur to launch Kotak School of Sustainability:

IIT Kanpur and Kotak Mahindra Bank Ltd announced the launch of Kotak School of Sustainability. Termed India's first fully integrated school of sustainability, it will have dedicated centres of excellence (COEs) covering different aspects of sustainability such as clean energy, environment, ecology, circular economy, climate finance, sustainable societies and policy. Kotak Mahindra Bank is funding IIT-K through its CSR programme, Kotak Karma, to establish the school with a vision to promote pedigree education, research and outreach.. "The total project cost is around Rs 200 crore. Kotak will be contributing Rs 70 crore in the first phase," said Shanti Ekambaram, whole-time director of Kotak Mahindra Bank. "The Kotak School of Sustainability marks our commitment to contribute to growing India's skilled workforce towards achieving the goal of long-term sustainable development, including its net-zero target by 2070."

(Economic Times)



ECONOMY

Sensex, Nifty soar to new highs on dovish Fed, investors richer by Rs 4 lakh crore: The surprisingly dovish stance by the US Federal Reserve triggered a global rally that catapulted Indian equity benchmark to new highs on December 14, with most sectoral indices closing in the green. Investor wealth, reflected by total market cap of BSE-listed companies, rose Rs 3,91 lakh crore, rising to Rs 355.10 lakh crore. The Sensex closed 929.60 points, or 1.34 percent, higher at 70,514.20, and the Nifty ended 256.40 points, or 1.23 percent, up at 21,182.70. The US Fed overnight hinted it would cut interest rates earlier than was expected by the market. It is likely to start cutting rates as early as March 2024, and market observers say the Reserve Bank of India will follow suit shortly.

(Moneycontrol)

Wholesale inflation at 8-month high in Nov, food prices on fire: Food prices pushed producer inflation, based on Wholesale Price Index (WPI), into positive territory in November, data released by Commerce & Industry Ministry on Thursday showed. The latest print was 0.26 per cent, as against the negative 0.52 per cent of October. The last positive WPI inflation was recorded in March at 1.41 per cent. The November number is an eight-month high. However, experts do not foresee much rise in WPI-based inflation during the coming months. It may be noted that food prices, especially vegetables and fruits, pushed Consumer Price Index (CPI)-based retail inflation to three months of 5.5 per cent in November.



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(Business Line)

At Rs 10.6 trillion, net direct tax collection rises 23.4% in Apr-Nov: Net direct tax collection in the eight months of the current fiscal touched 58.34 per cent of Budget Estimates (BE) at Rs 10.64 trillion. The net tax collection for April-November stood at Rs 10.64 trillion, which is 23.4 per cent higher than the corresponding period of last year, the Ministry of Finance said. Gross collections, before issuing refunds, grew 17.7 per cent to Rs 12.67 trillion in the April-November period. Refunds amounting to Rs 2.03 trillion issued from April to November of the current fiscal. Special initiative was taken for cases where refunds had failed initially and subsequently issued to validated bank accounts, the ministry said. In the current fiscal, Rs 18.23 trillion is expected to be collected in direct taxes (personal income tax and corporate tax), and Rs 15.38 trillion from indirect taxes (GST, customs, excise).

(Business Standard)

BOE holds rates with warning of a ‘way to go’ on inflation: The Bank of England kept interest rates at the highest level in 15 years as its policy makers persisted with their higher-for-longer message despite growing market bets on a wave of cuts in 2024. The Monetary Policy Committee voted 6-3 to keep its key policy rate at 5.25% for the third consecutive meeting, according to minutes of the decision released Thursday. Policymakers split along the same lines as in their previous meeting in November, with three still supporting a hike. The panel maintained its guidance that rates would need to be “sufficiently restrictive for sufficiently long” to rein in inflation. That stood in stark contrast with fresh signals from the Federal Reserve that US policymakers were preparing to ease rates next year.

(Economic Times)

INDUSTRY OUTLOOK



Government body pulls up Amazon India for ‘dark’ practices forcing consumers to sign up for Prime membership: The Central Consumer Protection Authority (CCPA) has sent notices to retail giant Amazon over the alleged use of dark patterns on its website to trick customers into purchasing an Amazon Prime membership. One of the notices, sent in the last week of November, was based on complaints received by the consumer protection body on Amazon’s prime subscription model.

(Moneycontrol)



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Bengaluru declared 'cake capital' after placing 8.5 million orders on Swiggy: Bengaluru residents showed a heightened interest towards ordering cakes on online delivery platform Swiggy, so much that the Karnataka capital was honoured as "cake capital" of 2023. A blog post on the Swiggy website named "How India Swiggy'd in 2023" said that Bangaloreans ordered 8.5 million cakes in 2023, displaying an affinity for the dessert over other foods and deservedly getting the honour of being called the "cake capital" of the country. "Bangalore believed in having its cake and eating it too. With 8.5 million orders placed for everyone's favourite chocolate cake, the city was honoured as the 'Cake Capital'," the blog said.

(Moneycontrol)



REGULATION & DEVELOPMENT

Government says no to subsidy on import duty on EVs into India: There is no proposal to provide subsidy on import duty on imports of electric vehicles into the country, the Parliament was informed on Wednesday, December 13. Minister of State for Commerce and Industry Som Parkash said the government has taken a series of policy initiatives and measures to create a conducive ecosystem to promote industrialisation and domestic value addition and to make India globally competitive. The government has also taken various steps to boost domestic and foreign investments in India to enhance local value addition under the 'Make in India' initiative, the minister said in a written reply to the Lok Sabha.

(Moneycontrol)

GST on expat salary: CBIC asks officers not to apply SC order mechanically: The Central Board of Indirect Taxes and Customs (CBIC) has asked its field officers to not treat every case of expat salary by Indian subsidiaries of multinationals like Northern Operating System (NOS), which drew a GST notice following a Supreme Court verdict. The Board, in a circular, asked officers to not apply the court verdict mechanically. The move may provide relief to the companies facing notices from GST (Goods and Services Tax) authorities and approached High Courts over the issue. However, experts said the board should have specified the cases where the GST would not apply. "... The decision of the Supreme Court in the NOS judgement should not be applied mechanically in all the cases," said the circular. Investigation in each case requires careful consideration of facts, including the terms of the contract between an overseas company and an Indian entity, to determine taxability or its extent under GST and the applicability of the principles laid by the Supreme Court's judgment in NOS case,



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said the circular. The Supreme Court said in the NOS case last year the deputation of employees from a foreign group to an Indian entity constitutes “manpower supply service” and is liable for service tax under the reverse charge mechanism.

(Business Standard)

CGTMSE approved and extended guarantees of more than Rs 5 lakh crore for Micro and Small Enterprises: The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) provides guarantee for the credit extended by Member Lending Institutions (MLIs) to Micro and Small Enterprises (MSEs), without collateral and third-party guarantee. Since inception in 2000 till 30.11.2023, CGTMSE has approved and extended guarantees to 79,53,694 Micro and Small Enterprises amounting to Rs 5,33,587 crore under Credit Guarantee Scheme for Micro and Small Enterprises. This information was given by the Minister of State for Micro Small and Medium Enterprises, Shri Bhanu Pratap Singh Verma in a written reply to the Lok Sabha

(PiB)



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FINANCIAL TERMINOLOGY

BUY-IN

- ❖ A buy-in in the financial markets is an occurrence in which an investor is forced to repurchase shares of security because the seller of the original shares did not deliver the securities in a timely fashion or did not deliver them at all.
- ❖ A buy-in can also be a reference to a person or entity buying shares or a stake in a company or other holding. In psychological terms, the buy-in is the process of someone getting on board with an idea or concept that is not their own but nonetheless appeals to them.
- ❖ In a forced buy-in, shares are repurchased to cover an open short position, as opposed to a traditional buy-in.
- ❖ Beyond the financial markets, a buy-in is an act of agreeing with or accepting the terms that someone is offering, such as in a job or organization.



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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 : 83.3500
INR / 1 GBP : 105.3522
INR / 1 EUR : 90.8593
INR /100 JPY: 58.8200

EQUITY MARKET

Sensex: 70514.20 (+929.60)
NIFTY: 21182.70 (+256.40)
Bnk NIFTY: 47732.30 (+640.00)

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 - ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
 - ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
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TEAM BFSIB

Banking, Financial Services & Insurance Board
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