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## **DAILY NEWS DIGEST BY BFSI BOARD**

**15 July 2024**



## **ECONOMY**

**Non-tariff barriers: Centre readies steps to ease exporters' woes:** The government is working towards a strategy to tackle non-tariff barriers faced by exporters by setting up a committee and launching a portal, a senior official said. Typically, non-tariff barriers take several years to resolve. The development comes at a time when India is negotiating free-trade agreements (FTAs) with several developed economies, where non-tariff measures related to environment and sustainability have become a cause for concern for Indian exporters. During a recent review meeting, exporters had urged Commerce and Industry Minister Piyush Goyal to develop a strategy to tackle non-tariff barriers imposed by trade partners.

***(Business Standard)***

**India, Korea to meet this week for FTA review:** India and Korea will hold the next round of talks this week to review and upgrade the bilateral Comprehensive Economic Partnership Agreement (CEPA), a senior official said. The talks are scheduled in Seoul from July 17-19 and it will be the 11th meeting on the review. The review of CEPA – which was signed in 2009 and came into force in 2010 – was agreed to in 2016. Since then ten rounds of talks have been held but pace had picked up in recent months. Some Korean officials have been on record saying that talks may finally conclude in 2024. Both sides have exchanged the list of 'request' where they are seeking further opening up of trade.

***(Financial Express)***

**RBI will revisit its “withdrawal of accommodation” policy stance around September 2024:** State Bank of India's economic research department said RBI will revisit its “withdrawal of accommodation” policy stance around September 2024, in line with its expectations. The decline in June 2024 US inflation by 0.1 per cent (month-on-month) puts the 12-month rate at 3 per cent (around its lowest level in more than three years), creating grounds for Fed rate cut rate by September, said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI. “We, therefore, feel RBI will revisit the policy stance round that time....” he said in the Bank's “Ecowrap” report. The RBI had



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changed its stance from “accommodative” to “to remain accommodative while focussing on withdrawal of accommodation” in its bi-monthly monetary policy review on April 8, 2022. In the June 08, 2022, bi-monthly monetary policy review.

***(Business Line)***

## **BANKING & FINANCE**



**ARC’s growth moderates to 15% in FY24:** The asset reconstruction sector’s growth moderated to 15% in the previous financial year, down from nearly 32% in 2022-23, impacted by the continuous decline in gross non-performing assets (NPAs) in the banking system and the absence of major bad loan sale deals. The value of NPAs acquired by Asset Reconstruction Companies (ARCs) reached Rs 9.7 trillion as of March this year from Rs 8.48 trillion as of March 2023, according to Association of ARCs data. However, aided by strong economic growth, the redemption of security receipts by ARCs has risen by 30% in the previous fiscal. Lenders sell stressed loans to ARCs at a discount, in exchange for either cash or a mix of cash and security receipts. The security receipts are redeemable when the ARC recovers the loan.

***(Financial Express)***

**SBI hikes benchmark MCLR rate:** State Bank of India has hiked its benchmark marginal cost of fund based lending rate (MCLR) by 5 to 10 basis points in majority of tenures effective Monday. In an update on its website the country’s largest lender said MCLR on one month to three years has been hiked by 5 to 10 basis points. One basis point is 0.01 percentage point. Following the hike, interest rates on loans linked to MCLR will likely go up by a similar quantum. The benchmark rate on one month MCLR has been hiked by 5 basis points to 8.35% while the three month MCLR has been hiked by 10 basis points to 8.40%. Similarly MCLR rates for the six month, one year and two years tenures have been hiked by 10 basis points each to 8.75%, 8.85% and 8.95% respectively. The three year MCLR has been hiked by 5 basis points to 9%. All the rates are effective from July 15.

***(Business Line)***

**Kotak Mahindra Bank says it has to do more to leverage technology:** Facing a RBI ban on tech related loopholes, the newly appointed chief of Kotak Mahindra Bank, Ashok Vaswani in his maiden annual letter to shareholders has said that technology will be at the centre of the lender’s efforts to transform and scale further. Addressing the RBI order Vaswani added that the bank had



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much more to do to leverage technology. “It is evident that we have more to do... Changing customer expectations, the dramatic pace of business growth and the emerging risk landscape have meant that we have to move at a much faster pace,” Vaswani said.

*(Economic Times)*

## INDUSTRY OUTLOOK



**Surrender of Exemption by Establishments Increases as EPFO Streamlines Compliance Procedures:** In the last two years, 27 establishments have surrendered their exemption, adding about 30,000 employees and an amount of Rs. 1688.82 crores to the Fund under the Employees’ Provident Fund Organisation (EPFO). Due to improved services, more establishments are surrendering their exemptions granted by EPFO. These establishments prefer to let EPFO manage their employees’ Provident Fund (PF) directly. This allows them to focus on their core business activities. With faster claim settlement, higher rates of return, strong monitoring, and ease of engagement, services provided to both establishments and members by EPFO are continuously improving. EPFO, under the Ministry of Labour and Employment, has taken multiple steps in the last year to streamline compliance procedures for establishments exempted under the EPF Act. In an effort towards standardizing procedures, EPFO has, for the first time, published elaborate Standard Operating Procedures (SOPs) and manuals encompassing all procedures relevant for exempted establishments. Furthermore, in a major step towards digitization, a new software and portal will be launched shortly to simplify the process of surrendering exemptions. Establishments that wish to manage the PF corpus of their employees need to seek exemption under Section 17 of the EPF Act. This allows EPFO to permit them to manage their own PF Trust without making statutory contributions. Such exempted establishments are statutorily mandated to provide benefits that are at least on par with those provided by EPFO to subscribers and comply with the notified conditions of exemption as outlined in the Act.

*(PiB)*

**VRRR auction gets tepid response from banks:** The Reserve Bank of India’s move to absorb excess liquidity from the banking system got a lukewarm response from the lenders. The banking regulator received bids worth Rs 9,500 crore from banks against the notified amount of Rs 1 trillion at the variable rate reverse repo (VRRR) auction held on Friday, reflecting reluctance from the lenders to parking funds with the central bank. “Banks are cautious on blocking their funds for two weeks in this 14-day VRRR auction. Lenders are also careful because GST payments are also due next week,” head of treasury of a public sector bank told FE. The RBI has resumed conducting VRRR auctions



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after liquidity in the banking system has returned to surplus in July. Liquidity surplus stood at Rs 1.3 trillion on Thursday and Rs 1.07 trillion on Wednesday. -

***(Financial Express)***



## REGULATION & DEVELOPMENT

**FSSAI's food labelling norms: The need for loud and clear food labels:** The food safety regulator is proposing display of information on salt, sugar & saturated fat content prominently on packaged food. Anviti Rai looks at how better food labelling norms can nudge consumers and brands towards healthier options. THE FOOD SAFETY and Standards Authority of India (FSSAI) has approved a proposal to display nutritional information regarding total sugar, salt and saturated fat in bold letters and bigger font size on labels of packaged food items. The decision to approve the amendment in the Food Safety and Standards (Labelling and Display) Regulations, 2020 regarding nutritional information labelling was taken at its 44th meeting recently. With the amendment, packaged food brands will have to display the information regarding per-serve percentage contribution to recommended dietary allowances (RDAs) in bold letters for total sugar, total saturated fat and sodium content. Current regulations require that the name and description of the food product, ingredients list, nutritional information, information about allergens, the FSSAI logo and licence number, and other information like a "best before" or "use by" date, net quantity, country of origin, storage conditions, and instructions for use be declared on the packaging of the product.

***(Financial Express)***

**Tax authorities bowl a GST googly to AIFs:** India's \$100-billion private equity and venture capital world is in the crosshairs of the goods and services tax (GST) office. About a dozen such alternative investment funds (AIFs) have recently received notices, with the revenue department questioning why their schemes, housing the fund pools, are not registered under GST. These funds raise huge money every year and bankroll thousands of startups and listed companies. Amid spiralling assets under management of AIFs, the apex body, the Central Board of Indirect Taxes & Customs (CBIC), which levies and collects GST, it appears, wants to have a better grip and visibility on these fund entities. The fund industry, however, is trying to put across the point that the schemes or the funds do not provide any 'service' and their earnings do not attract GST. In an AIF, the 'service' is provided by the fund manager - with the funds serving as pooling vehicles for the money received from investors - while the earning streams of AIF funds are not subjected to GST.

***(Economic Times)***



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## FINANCIAL TERMINOLOGY

### Indo-Nepal Remittance Facility scheme

- ❖ The scheme was launched by RBI in May 2008 to provide a safe and cost-efficient avenue to migrant Nepalese workers in India to remit money back to their families in Nepal.
- ❖ One can remit upto ₹2 lakhs per transaction to the beneficiary residing in Nepal; provided the sender maintains account with any NEFT enabled bank branch in India.
- ❖ Walk-in / Non-customer can remit upto ₹50,000 per transaction to Nepal residing beneficiary.
- ❖ There is no limit on remittances if the sender is maintaining account with any NEFT enabled bank-branch in India. Walk-in / Non-customers are allowed to remit 12 remittances in a year with ceiling of ₹50,000 per remittance.
- ❖ It is not mandatory that, the beneficiary need to maintain an account with a bank branch in Nepal. It would, however, be ideal if the beneficiary maintains an account with a bank branch in Nepal to which the credit could be afforded. In Nepal, the INRF Scheme is handled by Nepal SBI Ltd. (NSBL).
- ❖ The bank branches originating the Indo-Nepal remittance transactions under the NEFT will process it like any other NEFT transaction, the only difference being that these transactions will subsequently be pooled / collected at the designated branch of SBI in India.
- ❖ Charges: For transactions up to Rs.50000/-, Originating bank – Maximum ₹5/- per transaction. State Bank of India – ₹20/- per transaction. SBI would share this ₹20/- with NSBL at ₹10 each. In case the beneficiary does not maintain an account with NSBL then, an additional amount would be charged- ₹50/- for remittances up to ₹5,000/- and ₹75/- for remittance above ₹5,000/-. For transactions above Rs.50000/-, charges prescribed by SBI shall apply



### 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 : 83.5385  
INR / 1 GBP : 107.8270  
INR / 1 EUR : 90.7685  
INR /100 JPY: 52.4900

### EQUITY MARKET

Sensex: 80519.34 (+622.00)  
NIFTY: 24502.15 (+186.20)  
Bnk NIFTY: 52278.90 (+8.25)

### Courses conducted by BFSI Board

- ❖ Certificate Course on Concurrent Audit of Banks
- ❖ Certificate Course on Credit Management of Banks
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- ❖ Certificate Course on Investment Management
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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.
  - ❖ 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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