



**THE INSTITUTE OF
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

16 February 2024

BANKING & FINANCE



HDFC Bank's mortgage book grew 18-20% incrementally post merger, says senior executive: HDFC Bank's home loan business grew by 18-20 percent on an incremental basis post merger, said Arvind Kapil, Country Head, Mortgage Banking, Home Loan, LAP, HDFC Bank. The country's largest private sector bank, on February 15 said that it recorded a stable and healthy double-digit year-on-year (YoY) growth post merger till December 31, 2023.

(Moneycontrol)

RBI directs Visa to halt business payment solution provider for corporate payments:

RBI has asked card network Visa to stop its business payment solution provider (BPSP) in commercial and business payments through corporate credit cards. BPSP started around 2017 as a solution to let small businesses accept card payments without having a card terminal in their account. Before BPSP, these payments were often made by the corporates through their RTGS and NEFT account transfers, which are debit transactions. BPSP allowed them to make credit payments. According to the regulator, under this arrangement, the intermediary accepts card payments from corporates for their commercial payments and then remits the funds via IMPS/RTGS/NEFT to non-card accepting recipients. This arrangement was without specific legal sanction from RBI. "On closer scrutiny, it was observed that this arrangement qualified as a payment system. Under the provisions of Payment and Settlement Systems (PSS) Act, 2007, such a payment system requires authorisation under Section 4 of PSS Act, which has not been obtained in the instant case. The activity was, therefore, without legal sanction," the statement issued by the central bank said.

(Moneycontrol)

Credit growth in India expected to moderate to 14% in FY25: S&P Global: Credit growth in India is expected to moderate to 14 per cent in FY25 from the existing 16 per cent as deposit growth is unable to keep pace with loans, a global rating agency said in a report. "Deposit tightness will remain a system overhang. Our base case is for loan growth to slightly moderate, leading to manageable



**THE INSTITUTE OF
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

competition for deposits. Indian banks will have to strike a fine balance between maintaining strong loan growth and paying more for deposits to fund that growth," S&P Global Ratings said.

(Business Standard)

RBI and Nepal Rastra Bank to integrate their respective fast payment systems: The Reserve Bank of India (RBI) and Nepal Rastra Bank (NRB) are planning to integrate their respective fast payment systems for facilitating cross-border remittances between India and Nepal. Towards this end, the two central banks on Thursday signed and exchanged Terms of Reference. The fast payment systems (FPSs) of India and Nepal are called the Unified Payments Interface (UPI) of India and the National Payments Interface (NPI). RBI, in a statement, said the integration of UPI and NPI is aimed at facilitating cross-border remittances between India and Nepal by enabling users of the two payment systems to make instant, low-cost fund transfers.

(Business Line)

Reserve Bank of India orders card network to stop unauthorized B2B payment system: India's central bank said on Thursday it has ordered a card network, without naming the company, to stop using an unauthorized route to make business-to-business card payments. The Reserve Bank of India said certain commercial payments were being routed through third-party intermediaries, which did not comply with its payment and customer identification rules. As the matter is under detailed examination, the card network has been advised to keep all such arrangements under abeyance, till further orders, the RBI said.

(Economic Times)

At Rs 6.84 lakh crore, HDFC Bank's home loan book closes gap with SBI's: HDFC Bank on Thursday said its home loan book reached Rs 6.84 lakh crore in the December quarter, closing the gap with its public sector rival State Bank of India. SBI, the country's largest lender, has a home loan book of Rs 6.94 lakh crore. SBI overtook HDFC in home loan assets in February 2021 when its book crossed the Rs 5 lakh crore-mark with a market share of 23.5 per cent as against HDFC's 17 per cent. Before merger, HDFC Bank's parent firm HDFC was the market leader in the segment for several decades. In the December quarter, SBI added 13.6 per cent to its home loan book on-year to reach Rs 6.94 lakh crore, and 3.22 per cent sequentially from Rs 6.72 lakh crore.

(Economic Times)



**THE INSTITUTE OF
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



ECONOMY

Govt raises windfall gains tax on crude oil, diesel: The government has revised its windfall gains tax on crude petroleum with effect from February 16. As per the revisions, Special Additional Excise Duty (SAED) on crude petroleum will increase to Rs 3,300/tonne, from Rs 3,200/tonne earlier; while tax on diesel will increase to Rs 1.50/litre from nil/litre. Further, SAED on petrol and aviation turbine fuel (ATF) will continue to be nil. Earlier this month, the government had hiked windfall tax on domestically produced crude oil to Rs 3,200 per tonne from Rs 1,700 per tonne. The tax is levied in the form of Special Additional Excise Duty (SAED). The government levies tax on windfall profits made by oil producers on any price they get above a threshold of \$75 per barrel.

(Moneycontrol)

Mumbai accounts for largest share of electoral bonds, shows data: Mumbai accounts for the largest share of electoral bonds sold since inception; the donation route was ruled unconstitutional by the Supreme Court (SC) on Thursday. The total value of bonds sold in Mumbai was Rs 4,009.4 crore, according to data from New Delhi-based Association for Democratic Reforms (ADR). The data is from March 2018 to January 2024. It is followed by Hyderabad, Kolkata, and New Delhi. The four cities together account for over Rs 13,222 crore worth of bonds sold.

(Business Standard)

India's exports rise 3.12% in Jan despite Red Sea crisis, global slowdown:

The Red Sea disruptions and recessionary trends in the West notwithstanding, India's goods exports inched upwards in January 2024, posting a 3.12 per cent growth (year-on-year) to \$36.92 billion, propped by sectors such as electronics, engineering goods and pharmaceuticals. Imports increased 2.99 per cent to \$54.41 billion in January 2024, with crude oil, electronics, coal and gold shipments contributing significantly to the rise. Trade deficit of \$17.49 billion during the month was marginally higher than \$17.03 billion in January 2023, per data released by the Commerce Department on Thursday. "Despite red sea crisis, recession in the Western economies and falling commodity prices, we have been able to achieve growth, which is significant and not marginal. Our congratulations to the exporters (for their resilience)," Commerce Secretary Sunil Barthwal said at a press briefing.

(Business Line)



**THE INSTITUTE OF
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

INDUSTRY OUTLOOK



Google rolls out updated AI model capable of handling longer text, video:

Alphabet Inc's Google is rolling out a new version of its powerful artificial intelligence model that it says can handle larger amounts of text and video than products made by competitors. The updated AI model, called Gemini 1.5 Pro, will be available on Thursday to cloud customers and developers so they can test its new features and eventually create new commercial applications. Google and its rivals have spent billions to ramp up their capabilities in generative AI and are keen to attract corporate clients to show their investments are paying off.

(Moneycontrol)

RBI may relax evergreening rules for strategically important AIFs: The Reserve Bank of India may create a carve-out for strategically important funds from the restrictions imposed by the evergreening circular issued in December. This may include NIIF funds, SIDBI Fund of Funds, SBICap Venture's Self Reliant India Fund (SRI) and SWAMIH Investment Fund (SIF) and any new funds that the government may launch in the future or considered as "strategically important", said a person in the know. Equity funds are expected to see some leeway but not much relaxation may be granted to debt funds. A cap on the exposure of an NBFC into an AIF may also be introduced.

(Business Line)

NARCL, Omkara ARC in fray for Wind World debt: State-owned National Asset Reconstruction Company (NARCL) and Manish Lalwani-promoted Omkara Assets Reconstruction Company (ARC) are in the fray to acquire the debt of wind turbine manufacturer Wind World (India) that has been under corporate insolvency process for over five years. NARCL has offered ₹670 crore to lenders, which mainly includes government-owned banks, while Omkara ARC has offered ₹550 crore as upfront cash, people aware of the developments told ET.

(Economic Times)



**THE INSTITUTE OF
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



REGULATION & DEVELOPMENT

Electoral Bond Scheme: Rs 16,518 crore collected till date, Centre told LS:

Electoral Bonds worth Rs 16,518 crore have been sold in 30 tranches via the State Bank of India (SBI), the Centre had told the Lok Sabha on February 5, days before the Supreme Court called them "unconstitutional". In reply to a question asked by Congress member of Parliament Manish Tewari, Pankaj Chaudhary, minister of state for Finance, said, "The total value of Electoral Bonds purchased (Phase-I to Phase –XXX) from State Bank of India is about Rs 16,518 crore." Chaudhary added that the Centre has paid a commission of Rs 8.57 crore to the SBI for the issuance and redemption of Electoral Bonds for the first 25 phases. Moreover, it has paid Rs 1.90 crore to Security Printing & Minting Corporation of India Ltd (SPMCIL) to date.

(Business Standard)

SC declares electoral bonds scheme ‘unconstitutional’: The Supreme Court on Friday struck down the electoral bonds scheme, which provides blanket anonymity to financial contributions to political parties, and amendments made to the law allowing rich corporations to make unlimited political donations “unconstitutional and manifestly arbitrary”. A five-judge Bench headed by Chief Justice of India DY Chandrachud, in a unanimous judgment, held that the electoral bonds scheme and preceding amendments made to the Representation of People Act, Companies Act and the Income Tax Act violate the voters’ right to information about political funding under Article 19(1)(a) of the Constitution. The apex court ordered the State of Bank of India to stop issuance of electoral bonds herewith. The bank was directed to submit details of bonds purchased from April 12, 2019, till date to the Election Commission of India (ECI). On April 12, 2019, the top court had ordered the ECI to submit, in a sealed cover, the records of bonds purchased till then. The “details” would include date of purchase of each bond, the name of the buyer and the denomination of the bond. The bank would make a full disclosure to the ECI of political parties that had received contributions and encashed the electoral bonds from April 12, 2019.

(Business Line)

Tax free premature redemption of Sovereign Gold Bond (SGB) is allowed only within this 21-day annual window: If a retail individual investor wants to encash his Sovereign Gold Bond (SGB) investment prematurely and not pay any income tax on the capital gains, then the way to do so is to apply for premature redemption with the RBI. However, this premature redemption



**THE INSTITUTE OF
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

window opens typically for 21 days and only after a specified interval. The RBI opens the SGB buyback window every year starting from the fifth year of the said SGB tranche. "Though the tenor of the bond is 8 years, early encashment/redemption of the bond is allowed after the fifth year from the date of issue on coupon payment dates," said the RBI in a frequently asked question (FAQ) about SGB on its website.

(Economic Times)



**THE INSTITUTE OF
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



FINANCIAL TERMINOLOGY

What is MSP and why farmers demanding for legalization of MSP?

- ❖ Minimum Support Price (MSP) MSP in India is a price floor set by the government to ensure that farmers receive a minimum price for their agricultural produce, thereby safeguarding their income and encouraging agricultural production.
- ❖ The government announces MSPs for 22 mandated crops and Fair and Remunerative Prices (FRP) for sugarcane. The mandated crops are 14 crops of the kharif season, 6 rabi crops and two other commercial crops. Presently, MSPs are notified for 23 crops, but procurement is done for wheat and paddy, which meets the requirements of the public distribution system.
- ❖ The government maintains that the MSP was fixed at a level of at least 1.5 times of the all-India weighted average Costs of Production (CoP), but it calculates this cost as 1.5 times of A₂+FL.
- ❖ However, sometimes to overcome the various formalities and delay in procurement of the crops by FCI, Farmers have to sell the crops at local Mandis at a price below MSP.
- ❖ This time, MSP's legal guarantee as per the Swaminathan Commission formula is the primary demand of the agitating farmers. The legalisation of MSP is a long-pending demand of farmers from Punjab and Haryana since they are usually the biggest beneficiaries of procurement under this mechanism.
- ❖ But government and several experts say that legalising MSP may not be sustainable due to several hurdles such as limited procurement infrastructure, potential wastage of stock, distorted cropping patterns and lack of effective market access.



**THE INSTITUTE OF
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

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 : 83.0119
INR / 1 GBP : 104.3249
INR / 1 EUR : 89.0640
INR /100 JPY: 55.2700

EQUITY MARKET

Sensex: 72050.38 (+227.55)
NIFTY: 21910.80 (+70.80)
Bnk NIFTY: 46218.90 (+310.60)

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.