

DAILY NEWS DIGEST BY BFSI BOARD

16 March 2024

BANKING & FINANCE



Government gives nod for 17% wage hike for LIC employees, to benefit over 1 lakh staff:

Life Insurance Corporation of India (LIC), has announced that the government has approved a 17% wage revision for its staff, effective from August 2022. As a result of this, the overall hike in the wage bill will be 17% and will benefit over 110,000 LIC employees. In a statement, the firm said that the revision will positively affect both current and former LIC employees, while also enhancing LIC's appeal as an employer for future generations. LIC expressed gratitude to the Government of India for this wage revision, which will benefit all LIC employees and their families nationwide.

(Financial Express)

RBI steps up scrutiny of retail lending, targets top-up home loans: RBI tightens supervision on retail lending, focusing on mortgage top-ups, algo-based credit models, and co-lending. It aims to manage risks in the financial system amid rapid credit expansion and global economic uncertainty. The RBI typically uses moral suasion - speeches, calls to bank executives, individual meetings - as initial steps to prod banks, before considering more assertive enforcement. The RBI has taken a string of measures over the past six months to rein in some retail lending by banks and non-bank financial firms, and publicly warned them against "all forms of exuberance".

(Economic Times)

Private investment push to quicken economic growth pace just around the corner: SBI

Chairman: Much-needed private investments to quicken the pace of economic expansion are just 'around the corner', State Bank of India (SBI) chairman Dinesh Kumar Khara tells Joel Rebello and MC Govardhana Rangan, pointing to aggregate capacity utilisation reaching thresholds that have historically prompted corporate boards to draw up expansion plans. Khara told ET that India's focus on building manufacturing muscle would further strengthen the growth capex trend and, in turn, banks that are expected to help finance India's spectacular and exciting journey along the competitiveness gradient.

(Economic Times)

Bankers in India to get higher salary increases than Singapore, Hong Kong: Finance professionals in India are in line for higher salary hikes than those in Hong Kong and Singapore this year, underscoring how firms are tapping the nation's economic boom as China slows, according to Bloomberg Intelligence. Salaries in India could rise by 10% in 2024, analyst Sarah Jane Mahmud wrote in a note Friday, citing survey data from consulting firm Aon. That compares with 4% in the two financial hubs.

(Economic Times)



ECONOMY

Windfall tax on crude petroleum hiked to Rs 4,900/tonne from Rs 4,600/tonne: The government on March 15 increased windfall tax on crude petroleum to Rs 4,900/tonne from Rs 4,600/tonne. The tax is levied in the form of Special Additional Excise Duty (SAED). SAED on export of diesel, petrol and jet fuel or ATF has been retained at nil. The tax rates are reviewed every fortnight based on average oil prices in the previous two weeks. India imposed a windfall tax on crude oil producers in July 2022 amid soaring crude oil prices and extended the levy on exports of gasoline, diesel and aviation fuel as private refiners wanted to sell fuel overseas to make gains from robust refining margins instead of selling locally. Windfall tax is levied by governments when an industry unexpectedly earns large profits. A windfall tax is levied on domestic crude oil if rates of the global benchmark rise above \$75 per barrel. Export of diesel, ATF and petrol attract the levy if product cracks (or margins) rise above \$20 per barrel.

(Moneycontrol)

FinMin notifies 15 pc duty on e-vehicle imports: The finance ministry on Friday notified the lower 15 per cent duty rate on the import of electronic vehicles (EV) of a minimum value of USD 35,000, subject to certain conditions, announced under the EV policy. Currently, EV imports attract 100 per cent Customs duty. Earlier in the day, the Heavy Industries Ministry had notified a 'Scheme to promote manufacturing of electric passenger cars in India', under which import duty concessions would be given to companies setting up manufacturing units with a minimum investment of USD 500 million.

(Economic Times)

India's forex reserves jump to over two-year high of \$636.1 bn: India's foreign exchange reserves jumped by \$10.47 billion to \$636.1 billion for the week ending on March 8, latest data by the Reserve Bank of India (RBI) showed on Friday. This is the biggest surge since the week ended July 14, 2023. Previously, forex reserves expanded by \$6.55 billion to \$625.63 billion for the week ended on March 1, 2024. According to the Weekly Statistical Supplement released by the RBI, Foreign currency assets (FCAs) increased by \$8.12 billion to \$562.35 billion. Expressed in dollar terms, the FCAs include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

(Economic Times)

INDUSTRY OUTLOOK



Ratan Tata awarded PV Narasimha Rao Memorial Award for philanthropy work: Ratan Tata, an eminent personality in the business world, has been recognized for his remarkable and relentless efforts in the field of philanthropy. His contributions have positively impacted numerous communities across the country. The PV Narasimha Rao Memorial Award, named after the former Prime Minister of India, is an award of recognition for individuals who have demonstrated exceptional dedication to social welfare and humanitarian causes. Ratan Tata, who has donated more than half of his income to charity, has given generous donations at an individual level as well as under Tata Trusts.

(Moneycontrol)

Tamil Nadu has the highest number of factories but lags in industrial output, Gujarat leads the pack: With a whopping 39,512 factories in FY22, Tamil Nadu had the highest number of factories in India, according to the Annual Survey of Industries, recently released by the Ministry of Statistics and Programme Implementation. However, regarding industrial output, Gujarat emerges as the frontrunner, relegating Tamil Nadu to a modest third position nationally. The ASI data shows that 15.8 per cent of India's factories are in Tamil Nadu, while 11.9 per cent are in Gujarat. However, the latter leads in industrial prowess, as 18.01 per cent of the total factory output in the country comes from the state (worth ₹21.48 lakh crore). It is followed by Maharashtra, which accounts for 13.97 per cent. Tamil Nadu's factory output is worth ₹11.6 lakh crore, 9.73 per cent of the country's total output.

(Business Line)

Public insurance companies running Ayushman Bharat scheme in only Tamil Nadu, three more states: Sources: Only four states, including Tamil Nadu and Jharkhand, are implementing the Ayushman Bharat scheme through public-sector insurance companies, sources said. Instead, a few states are engaging private sector insurance companies while most have set up trusts to run the Pradhan Mantri Jan Arogya Yojana (AB PMJAY), the government's flagship health insurance scheme. The remaining have opted for the Hybrid model (a combination of insurance model and trust model). As per the data assessed by ANI, three states are running the scheme on the insurance model and six on the hybrid model. Out of these nine states, only four, namely--Tamil Nadu, Maharashtra, Rajasthan and Jharkhand, have opted for public-sector general insurance companies.

(Economic Times)



REGULATION & DEVELOPMENT

Electoral bonds case: Supreme Court questions SBI over non-disclosure of bond numbers, issues notice: The Election Commission has published details of the electoral bond data received from the State Bank of India (SBI) on its website. According to the Election Commission, the data has been shared in two parts. The first set of data shows the name of the purchaser and denomination of the bonds while the other shows the political parties and denomination of the bonds encashed by them. However, the data does not show any correlation between the donor and beneficiary. Thus, it is not possible to link the donor to the receiver. Future Gaming and Hotel Services PR has emerged as the top purchaser of electoral bonds at Rs 1,368 crore, with Megha Engineering and Infrastructures Ltd at the second spot with Rs 966 crore. Bharatiya Janata Party (BJP) has emerged as the top beneficiary of electoral bonds, encashing bonds worth Rs 6,060.5 crore between April 12, 2019, and January 24, 2024. All India Trinamool Congress (TMC) secured the second spot, receiving Rs 1,609.50 crore via electoral bonds. Congress occupied the third spot, collecting Rs 1,421.9 crore through this route.

(Moneycontrol)

Government approves E- Vehicle policy to promote India as a manufacturing destination for EVs: On Friday, the Centre approved the E-Vehicle (EV) policy to promote India as a manufacturing destination for EVs. A minimum investment of ₹4,150 crore is required, and there is no maximum investment cap. The policy is designed to attract investments in the e-vehicle space by



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reputed global EV manufacturers. This will provide Indian consumers with access to the latest technology, boost the 'Make in India' initiative, and strengthen the EV ecosystem by promoting healthy competition among EV players, leading to high volume of production, economies of scale, lower cost of production, reduce imports of crude Oil, lower trade deficit, reduce air pollution, particularly in cities, and will have a positive impact on health and environment, Ministry of Commerce & Industry said in a statement. Apart from a minimum investment requirement of ₹4,150 crore (\$500 million), the policy entails three years for setting up manufacturing facilities in India, starting commercial production of EVs, and reaching 50 per cent domestic value addition (DVA) within five years at the maximum. Also, DVA during manufacturing would include a localisation level of 25 per cent by the third year and 50 per cent by the fifth year will have to be achieved, it said.

(Business Line)



B2C: Business-to-Consumer

- ❖ The term business-to-consumer (B2C) refers to the process of selling products and services directly between a business and consumers who are the end-users of its products or services. Most companies that sell directly to consumers can be referred to as B2C companies.
- ❖ As a business model, business-to-consumer differs significantly from the business-to-business (B2B) model, which refers to commerce between two or more businesses.
- ❖ B2C typically refers to online retailers who sell products and services to consumers through the internet.
- ❖ Online B2C became a threat to traditional retailers, who profited from adding a markup to the price.
- ❖ However, companies like Amazon, eBay, and Priceline have thrived, ultimately becoming industry disruptors.



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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 : 82.8919
INR / 1 GBP : 105.5877
INR / 1 EUR : 90.1676
INR /100 JPY: 55.9000

EQUITY MARKET

Sensex: 72643.43 (-453.85)
NIFTY: 22023.35 (-123.30)
Bnk NIFTY: 46594.10 (-195.85)

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