



ICMAI
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DAILY NEWS DIGEST BY BFSI BOARD

16 July 2024



ECONOMY

Rising EPFO and NPS subscribers signal surge in formal jobs: Formal employment in India seems to have gained pace as data from Employees Provident Fund Organisation (EPFO) and National Pension System (NPS) has shown significant increase. According to EPFO, despite a drop in Fiscal Year 2023-24 on year-on-year basis, number of new subscribers doubled in the said year as compared to Fiscal Year 2018-19. It was 61.1 lakhs in FY 19 which surged to over 1.31 crore in FY24. The net addition of subscribers during last six and half years (since September, 2017 to March, 2024) is more than 6.2 crore. It may be noted that organisations with 20 or more employees are mandatorily required to enroll their workers under EFP. It is voluntary for organisations with less than 20 employees. Also, EPF account registration is mandatory for salaried employees with an income of up to ₹ 15,000.

(Business Line)

India's goods exports post 2.6% rise to \$35.2 billion in June: India's goods exports inched upwards in June growing 2.6 per cent (year-on-year) to \$35.2 billion fuelled by sectors such as engineering goods, electronics, chemicals, and pharmaceuticals sectors as global conditions supporting trade showed some improvement. Import growth steeper during the month leading to higher trade deficit of \$20.98 billion.

(Business Line)

India's wholesale inflation surges to 16-month high of 3.36 per cent in June: India's wholesale inflation, measured using the Wholesale Price Index, surged to a 16-month high of 3.36 per cent on an annual basis in June as against a 15-month high of 2.61 per cent last month, government data showed on Monday. The inflation rate for primary articles stood at 8.80 per cent as against 7.20 per cent in May. The fuel and power inflation witnessed moderated to 1.03 per cent from 1.35 per cent in the previous month. Manufactured products' inflation rate rose to 1.43 per cent in June from 0.78



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per cent in May. Rate of inflation in the food articles index stood at 8.68 per cent as against 7.40 per cent in May.

(Economic Times)

BANKING & FINANCE



RBI issues fresh circular to all banks, HFCs on classifying accounts as fraud: The RBI has issued a master circular on fraud risk management for all banks, HFCs and NBFCs to strengthen the internal audit and controls of the boards, and also seeks the use of data analytics in fraud detection. The RBI has now mandated the need for a board-approved policy to lay down roles and responsibilities of the board and senior management, when it comes to fraud risk management. REs shall ensure compliance with the principles of natural justice in a time-bound manner before classifying Persons / Entities as fraud, duly taking into account the Hon'ble Supreme Court Judgment dated March 27, 2023 (Civil Appeal No. 7300 of 2022 in the matter of State Bank of India & Ors. Vs. Rajesh Agarwal & Ors.)", the circular said. The revised circular said a reasonable time of not less than 21 days shall be provided to the Persons /Entities on whom the Show cause notice was served to respond to the said notice. The Fraud Risk Management Policy shall be reviewed by the Board at least once in three years, or more frequently, as may be prescribed by the Board. Banks must constitute a Committee of the Board to be known as 'Special Committee of the Board for Monitoring and Follow-up of cases of Frauds' (SCBMF) with a minimum of three members of the

(Moneycontrol)

Bank of Baroda, BoM float special deposit schemes to fund credit demand: Over a week after Reserve Bank of India (RBI) governor Shaktikanta Das highlighted persistent gap in deposit and credit growth in a meeting with CEOs of public and private sector banks, two state-run lenders — Bank of Baroda (BoB) and Bank of Maharashtra (BoM) — have floated special schemes to garner deposits to fund credit demand. Country's largest lender SBI is set to unveil a new 444-day monsoon special retail deposit scheme with 7.25 per cent interest to boost its deposit mobilisation, a senior SBI executive confirmed. Issuing a statement, BoB said its special scheme dubbed "the bob Monsoon Dhamaka Deposit Scheme" comes with two tenor buckets — offering interest rates of 7.25 per cent per annum for 399 days and 7.15 per cent per annum for 333 days. The scheme opened on Monday and it would be for retail deposits below Rs 3 crore. Pune-based BoM also floated a special scheme with four



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buckets for deposits up to Rs 10 crore. For 200 days, it would offer 6.90 per cent rate, for 400 days, the rate is 7.1 per cent, for 666 days it's 7.15 per cent and for 777 days the rate is 7.25 per cent, according to the bank's website.

(Business Line)

Bank of Maharashtra's Q1 net profit jumps 47% to Rs Rs 1,293.5 cr; stock up 6%: Bank of Maharashtra on July 15 reported a significant increase in its Q1 net profit, which rose by 46.6 percent to Rs 1,293.5 crore, compared to Rs 882 crore in the same period last year, the lender said in an exchange filing. The bank's net interest income (NII) also saw a robust growth of 20 percent, reaching Rs 2,799 crore from Rs 2,340 crore year-on-year (YoY). The bank's asset quality showed slight improvement, with gross non-performing assets (NPA) at 1.85 percent, down from 1.88 percent quarter-on-quarter (QoQ). However, the Net NPA remained unchanged at 0.20 percent during the same period. In absolute terms, gross NPA stood at Rs 3,873 crore compared to Rs 3,833 crore in the previous quarter, while net NPA was Rs 415 crore against Rs 409 crore QoQ.

(Moneycontrol)

INDUSTRY OUTLOOK



43% of equity MF schemes fail to beat benchmark indices: Multi-cap and Focused funds were the best performers with 75 per cent and 64 per cent or 18 each of the 24 and 28 schemes beat their respective benchmark. Notwithstanding the buoyant market and record inflows, only 57 per cent or 159 open-ended equity diversified funds out of 281 have managed to beat their respective benchmark indices. According to a PL Wealth Management, a subsidiary of Prabhudas Lilladher, large -cap was the worst performer with only 10 out of 32 schemes managed to beat their benchmarks and it was followed by 55 per cent or 23 out of 42 equity linked savings schemes returning more than the benchmark indices. Multi-cap and Focused funds were the best performers with 75 per cent and 64 per cent or 18 each of the 24 and 28 schemes beat their respective benchmark.

(Business Line)

At least 33 major health insurance companies join govt's centralised claims-related info exchange: Of the major health insurance companies in India, at least 33 have joined the National Health Claims Exchange (NHCE), a centralized platform developed by the government for the exchange of insurance claims-related information, ToI reported on July 15. This new system aims to expedite the insurance claims process and make it more transparent, with real-time access to claims



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settlement status by the Insurance Regulatory Development Authority of India (IRDAI). Citizens will also be able to monitor their insurance claim status through their mobile devices

(Economic Times)



REGULATION & DEVELOPMENT

Govt implements uniform 5% tax for all aircraft, airplane engine parts: India will tax all imports of aircraft components and aircraft engine parts at 5%, the civil aviation minister said on Monday, unifying the tax rate which earlier varied between 5% and 28%. The uniform rate, effective from Monday itself, was recommended by India's Goods and Services Tax (GST) Council in June and will apply to imports of "parts, components, testing equipment, tools and tool-kits of aircrafts". It was deemed necessary because of "challenges" created by varying tax rates and will be a boost for local maintenance, repair and overhaul (MRO) businesses, Civil Aviation Minister Kinijrapu Rammohan Naidu said, at a time when Indian airlines have placed record orders for jets.

(Business Standard)

Centre hikes windfall tax on crude oil to Rs 7,000 per tonne: The central government on Monday hiked windfall tax on domestically produced crude oil to Rs 7,000 per tonne from 6,000 per tonne with effect from July 16. The tax is levied in the form of Special Additional Excise Duty (SAED). In the previous revision on July 1, the government had raised the windfall tax on petroleum crude to Rs 6,000 per metric ton from Rs 3,250. This measure was introduced to control private refiners who preferred selling fuel internationally to capitalize on strong refining margins instead of supplying it domestically.

(Economic Times)



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FINANCIAL TERMINOLOGY

LEVERAGE RATIO

- ❖ Basel III's leverage ratio is defined as the "capital measure" (the numerator) divided by the "exposure measure" (the denominator) and is expressed as a percentage.
- ❖ A bank's leverage ratio is calculated by dividing its Tier 1 capital by its total leverage ratio exposure measure, which includes its assets and off-balance-sheet items, irrespective of how risky they are.
- ❖ BASEL III introduced leverage ratio to serve as a safety net. Leverage ratio is the relative amount of capital to total assets (not risk-weighted).
- ❖ Basel III established a 3% minimum requirement for the Tier 1 leverage ratio, while it left open the possibility of increasing those threshold for certain systematically important financial institutions. As per RBI guidelines the minimum Leverage Ratio shall be 4% for Domestic Systemically Important Banks (DSIBs) and 3.5% for other banks in India.



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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 : 83.5658
INR / 1 GBP : 108.3603
INR / 1 EUR : 90.9931
INR /100 JPY: 52.8500

EQUITY MARKET

Sensex: 80664.86 (+145.52)
NIFTY: 24586.70 (+84.55)
Bnk NIFTY: 52455.90 (+177.00)

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- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

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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)**
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TEAM BFSIB

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