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

**16 September 2024**



## **ECONOMY**

### **ADB recommends Pakistan adopt India's ULLAS Scheme to revamp education system:**

The Asian Development Bank (ADB) has advised Pakistan to adopt India's "Understanding of Lifelong Learning for All in Society" (ULLAS) scheme to address its struggling education sector, according to a report by The Express Tribune. The recommendation comes as Pakistan seeks financial support from the ADB to overhaul its education system and bring millions of out-of-school children back into formal education. Launched by the Government of India in July 2023, the ULLAS scheme aims to provide foundational literacy and numeracy skills to non-literate adults and those who missed out on formal education. It also covers essential life skills such as financial and digital literacy, health care, child care, and family welfare. The ADB believes Pakistan could benefit from adopting a similar multi-stakeholder approach, incorporating best practices from the Indian model to ensure greater access to quality education.

***(Moneycontrol)***

**PM Modi lauds change in agri export policy, says will boost farmers income:** Prime Minister Narendra Modi on Saturday lauded recent changes in agricultural export policies, stating that easing export norms on basmati rice and onions, and increasing import duties on some edible oils will boost farmers' incomes and create rural jobs. On Friday, the government scrapped a \$ 950 per tonne minimum export price (MEP) for basmati rice and removed a \$ 550 per tonne MEP on onions, according to government statements. The government on Saturday raised import duty on crude palm oil to 20 per cent and on refined sunflower oil to 32.5 per cent, aiming to support domestic oilseed farmers and processors.

***(Business Standard)***

**Qcomm data may turn key input for new GDP maths:** The government is considering tapping into purchases made through quick commerce platforms such as Zepto, Blinkit, Instamart and BigBasket to understand changes in consumption patterns and pace of economic activity as part of an



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exercise to revise the base year for national accounts and various other official statistics, said officials. Quick commerce now accounts for 5-6% of household grocery spending and is growing rapidly. The Ministry of Statistics plans to revise the base year for national accounts to 2022-23 or 2023-24.

*(Economic Times)*

## **BANKING & FINANCE**



**Banking liquidity to dip this week amid advance tax and GST payments:** After remaining in surplus for over two months, banking system liquidity is expected to shift into deficit mode this week due to advance tax payments and goods and services tax (GST) outflows, said market participants. Surplus liquidity in the banking system stood at Rs 1.96 trillion on Thursday, according to the latest data by the RBI. In August, liquidity in the system remained in surplus at Rs 1.46-2.86 trillion. This prompted the central bank to conduct multiple variable-rate reverse repo (VRRR) auctions to manage the surplus. On August 4, the liquidity improved to a year high of Rs 2.77 trillion, on the back of government spending. Bond market participants said the fall in liquidity might not have a major effect on short-term bond yields. This is because market sentiment has been upbeat since the supply cut in treasury bills for September.

*(Business Standard)*

**State-owned banks target JanDhan accounts to boost deposit mobilisation:** State-owned banks are increasingly targeting JanDhan accounts to mobilise deposits as they face growing pressure to mop up deposits to manage credit growth amid an increasing shift of household savings towards higher-yielding financial instruments. These accounts are primarily being used for distributing government schemes. Both the Reserve Bank of India (RBI) and Finance Ministry have expressed concerns on numerous occasions over the sluggish pace of deposit growth compared to credit growth. This may lead to asset-liability management problems for banks. Additionally, they have instructed banks to employ innovative methods to accrue deposits.

*(Business Standard)*

**Banks should adapt to changing customer needs to remain competitive: CEA:** Chief Economic Advisor to the Centre, V Anantha Nageswaran has said banks should adapt to changing customer preferences and market dynamics in order to remain competitive. He highlighted the crucial role of agriculture in driving economic growth at an event organised by public sector Indian Bank



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here on Saturday. In his remarks on the topic 'Indian Economy and Banking: Growth and Trends', Nageswaran stressed on the importance of technological advancements in driving growth and innovation in the industry. The CEA, in a press release issued by the Bank, emphasised the need for banks to adapt to changing customer preferences and market dynamics to remain competitive.

***(Business Standard)***

**Indian Overseas Bank bags Rajbhasha Kirti Puraskar for 2nd consecutive time:** Public sector Indian Overseas Bank has secured the Rajbhasha Kirti Pratham Puraskar first prize for the second consecutive year in the Official Language Implementation category for 2023-24 by the Ministry of Home Affairs. The recognition underscores the commitment of the city-headquartered bank in promoting the use of Hindi language and enhancing the implementation of official language policies across its operations.

***(Business Standard)***

**Fixed deposits growth outpace savings deposits growth for last two years, raising cost of funds:** Growth in banks' fixed deposits, also known as term deposits, which are much costlier than demand deposits, have outpaced the savings bank deposit growth for the past two consecutive fiscal years, latest data from Reserve Bank of India showed. This pushed banks' cost of funds up and put pressure on their net interest margin, senior bank executives said. Savings deposit rates for the five large banks ranged between 2.7% and 3% while their terms deposit rates for over one year tenure remained over 6% to 7.25% a year. Term deposits mobilised by the banking sector jumped 18.64% to Rs 116 lakh crore at the end of March 2024 over what it was a year back, according to data published in the Handbook of Statistics on Indian Economy, released by the central bank on September 14. By contrast, savings deposits at the sectoral level rose by 6% to Rs 63 lakh crore over the same period.

***(Economic Times)***

## INDUSTRY OUTLOOK



**Reliance Industries makes final call for unpaid dues on partly paid shares; sets September 20 deadline:** Reliance Industries Ltd has issued a final call for payment of any instalments due on the partly-paid shares issued in 2021. The partly paid shares face the risk of forfeiture if dues are not paid by September 20, the company said. The shareholders whose partly-paid shares will be forfeited will not be eligible for the recently announced bonus issue on those shares and for the shares of Jio Financial Services, Reliance Industries said in a notice. "The Board of



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Directors of the Company at its meeting held on September 5, 2024 have approved forfeiture of partly paid-up equity shares on which call money (First Call or Second & Final Call or both) remains unpaid. The forfeiture of the said partly paid-up equity shares will be effected in case the payment of call money along with interest thereon is not made on or before September 20, 2024," RIL said in the notice of forfeiture dated September 6.

### ***(Moneycontrol)***

**ICRA ESG Ratings gives its first rating to InCred Financial Services:** CRA ESG Ratings Limited has assigned its first Environmental, Social, and Governance (ESG) rating to InCred Financial Services, a non-banking financial company. ICRA ESG received registration as a Category-I ESG Rating Provider (ERP) from the Securities and Exchange Board of India (SEBI) earlier this fiscal. ICRA ESG was formerly known as Pragati Development Consulting Services Limited (PDCSL). "InCred Financial Services Limited, a Non-Banking Financial Company (NBFC) focused on personal loans, student loans, and business loans, has been assigned a rating of [ICRA ESG] Impact 57, Moderate," said ICRA ESG Ratings Limited (ICRA ESG), a wholly-owned subsidiary of ICRA, in a release.

### ***(Business Standard)***

**Banks may get power to auction ships in case of loan defaults:** Banks may be empowered to hold security interest in shipping vessels, with the government considering removing special exemption for fishing vessels under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act, 2002, said people familiar with the matter.

### ***(Economic Times)***



## **REGULATION & DEVELOPMENT**

**GST evasion doubles to Rs 2.01 lakh crore in FY24:** Tax evasion under the Goods and Services Tax (GST) regime has surged to Rs 2.01 lakh crore for the financial year 2023-24, nearly doubling from Rs 1.01 lakh crore in the previous fiscal year, according to data released by the Directorate General of GST Intelligence (DGGI) on Saturday. The increase in detected evasion highlights a growing challenge in GST enforcement. The DGGI report identified the online gaming and banking, financial services, and insurance (BFSI) sectors as the most prone to GST evasion. The online gaming sector alone accounted for Rs 81,875 crore in evasion, while the BFSI sector saw Rs 18,961 crore.





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Among goods, the iron, copper, scrap, and alloys sectors faced Rs 16,806 crore in evasion, with pan masala, tobacco, cigarette, and beedi following at Rs 5,794 crore.

***(Moneycontrol)***

**Tax remission benefits extended to e-commerce exports:** To boost exports through e-commerce, the government on Friday extended the tax remission benefits available to other exporters for shipments made by courier. The schemes that e-commerce exports through courier will be eligible for are Remission of Duties or Taxes on Export Products (RoDTEP), Rebate of State and Central Taxes and Levies (RoSCTL) and Drawback. The decision was conveyed to exporters at the meeting of the Board of Trade in Mumbai on Friday by officials from the Central Board of Indirect Taxes and Customs. RoDTEP provides refunds of central, state, and local taxes and levies on exported products that are not covered by other schemes. The scheme covers a range of sectors, including marine, leather, gems and jewellery, agriculture, electrical, electronics, automobiles, machinery, and plastics. The RoSCTL scheme covers the entire textile value chain, including apparel and made-ups. However, RoDTEP is not available for apparel and made-ups that are covered under RoSCTL. Drawback scheme refunds customs and central excise duties charged in imported and excisable material when used as inputs for goods to be exported, "Plans to extend these benefits to postal route exports are also in the pipeline, creating a more equitable environment for E-Commerce exporters utilising the courier and postal mode," the officials of the CBIC said at the meeting of BoT.

***(Financial Express)***

**Infrastructure, agriculture key focus areas of 100 days of Modi 3.0:** The BJP-led NDA government has approved infrastructure projects worth Rs 3 lakh crore, including linking 25,000 unconnected villages to road networks and building a mega port at Wadhawan in Maharashtra, during its first 100 days in office. Besides infrastructure, the focus of the government has also been on agriculture by increasing the minimum support price (MSP) for Kharif crops, removing of minimum export price (MEP) on onions and basmati rice and hiking the duty on the import of crude palm, soybean and sunflower oils.

***(Business Standard)***



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# FINANCIAL TERMINOLOGY

## Analysis of Variance (ANOVA)

- ❖ Analysis of variance (ANOVA) is an analysis tool used in statistics that splits an observed aggregate variability found inside a data set into two parts: systematic factors and random factors. The systematic factors have a statistical influence on the given data set, while the random factors do not. Analysts use the ANOVA test to determine the influence that independent variables have on the dependent variable in a regression study.
- ❖ Analysis of variance, or ANOVA, is a statistical method that separates observed variance data into different components to use for additional tests.
- ❖ A one-way ANOVA is used for three or more groups of data, to gain information about the relationship between the dependent and independent variables.



### 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 : 83.9180  
INR / 1 GBP : 110.2235  
INR / 1 EUR : 92.9537  
INR /100 JPY: 59.4900

### EQUITY MARKET

Sensex: 82890.94 (-71.77)  
NIFTY: 25356.50 (-32.40)  
Bnk NIFTY: 51938.05 (+165.65)

### 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.
- ❖ Advance Certificate Course on FinTech

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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 2<sup>nd</sup> Edition)  
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### TEAM BFSIB

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