



**ICMAI**  
THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**21 May 2024**



## **ECONOMY**

**IFSC regulator looking to allow NBFCs operate as risk aggregators:** At a time when trade in offshore interest rate derivatives in Gujarat International Finance Tec-City (GIFT City) is gaining momentum, the International Financial Services Centres Authority is working on a proposal to let non-bank financial players set up shop as risk aggregators for small customers, the head of the regulatory body told ET.

***(Economic Times)***

**DAHD and UNDP signs MoU on Digitalization of Vaccine Cold Chain Management, Capacity Building, and Communication Planning:** The Department of Animal Husbandry & Dairying (DAHD), Ministry of Fisheries, Animal Husbandry & Dairying signed a Memorandum of Understanding (MoU) today with the United Nations Development Programme (UNDP) India on Digitalization of Vaccine Cold Chain Management, Capacity Building, and Communication Planning. The MOU was signed today at “We the People Hall”, UNDP Country office, Lodhi Estate, New Delhi between Smt. Alka Upadhyay, Secretary, Department of Animal Husbandry & Dairying and Ms. Caitlin Wiesen. UNDP Resident Representative in India. This strategic partnership aims to enhance the digitalization of vaccine cold chain management, capacity building, and communication planning in India.

***(PiB)***

**EPFO adds 14.41 lakh net members during March 2024:** EPFO’s provisional payroll data released on 20th May, 2024 highlights that EPFO has added 14.41 lakh net members in the month of March, 2024. The data indicates that around 7.47 lakh new members have been enrolled during March, 2024. A noticeable aspect of the data is the dominance of the 18-25 age group, constituting a significant 56.83% of the total new members added in March 2024 indicating the majority of individuals joining the organized workforce are youth, primarily first-time job seekers. The payroll data highlights that approximately 11.80 lakh members exited and subsequently rejoined EPFO.



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These members switched their jobs and re-joined the establishments covered under the ambit of EPFO and opted to transfer their accumulations instead of applying for final settlement thus, safeguarding long-term financial well-being and extending their social security protection.

**(PiB)**

## **BANKING & FINANCE**



**Ujjivan SFB board to decide universal bank transition timelines in FY25:** Ujjivan Small Finance Bank (SFB), which has become eligible for a universal bank status after reporting its FY24 earnings over the weekend, has said its board will consider the timeframe for such a conversion in the current financial year. “We are eligible based on all the numbers, but we are not rushing into it. We have just completed a reverse merger,” Ittira Davis, managing director and chief executive of the Bengaluru-based lender, told Business Standard in a telephonic interaction.

**(Business Standard)**

**No merger but PSB privatization still on cards:** The Centre doesn't have any plans to merge public sector banks (PSBs) in FY25, though it will not ditch plans to privatize PSBs during the fiscal, two people aware of the matter said. Last week, Informist media reported that the government was contemplating a different strategy to strengthen the banking sector, with the finance ministry looking to merge certain state-owned banks if the incumbent Bharatiya Janta Party (BJP) retains power.

**(Mint)**

**Banks want to regain power to issue lookout notices, to move Finance ministry:** Banks primarily issued LOCs to fraudulent borrowers and wilful defaulters - who they suspected could run off to take the residency or even citizenship of another country. However, last month, the Bombay High Court struck down the powers of chairmen, managing directors and CEOs of all public sector banks to issue LOCs on the grounds that the 'right to travel abroad' cannot be taken away by an executive action and the powers given to bank chiefs is arbitrary and unreasonable.

**(Economic Times)**

**FSIB to interview candidates for SBI Chairman post on Tuesday:** FSIB, the headhunter for directors of state-owned banks and financial institutions, is scheduled to interview eligible candidates for the post of SBI chairman on Tuesday, sources said. Financial Services Institutions Bureau (FSIB) will interview the eligible MDs of the bank to select a replacement for Dinesh Khara, who will be



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superannuating on August 28, when he turns 63, the upper age limit for the SBI Chairman position. As per the convention, the chairman is appointed from a pool of serving managing directors of SBI, the country's largest lender. FSIB would recommend the name and the final decision would be taken by the Appointments Committee of the Cabinet headed by Prime Minister Narendra Modi.

*(Economic Times)*

## INDUSTRY OUTLOOK



**Centre to conduct second round of consultation for new EV schemes:** The Centre plans to conduct a second round of consultations with the automotive industry stakeholders for its flagship scheme to promote investments in electric vehicle (EV) manufacturing through import concessions, the Scheme to Promote the Manufacturing of Electric Passenger Cars in India, within a month. The Ministry of Heavy Industries will release policy guidelines and start accepting applications after July 15. "The policy guidelines provide a window of 120 days or more to publish the guidelines and open the application process. The second round of consultations is expected to conclude by the end of this month," government officials said. In its first official engagement with the Indian government, Elon Musk-led Tesla and other global automotive manufacturers sought clarification on the new EV policy, specifically regarding investment guidelines and the timeline for the domestic value addition (DVA) requirement.

*(Moneycontrol)*

**Go First's creditors to auction pledged land parcel in Thane:** Creditors are set to auction a prime 94-acre land parcel in Thane near Mumbai, previously collateral for loans taken by Go First Airlines. The auction process involves major creditors and potential bidders amidst evolving legal challenges and financial considerations.

*(Economic Times)*

**Tata Steel signs grid agreement to make its UK project green:** Tata Steel has signed an agreement with National Grid Plc's Electricity System Operator to build the power infrastructure required to switch its Port Talbot site to a green steel project. The deal will see the British grid operator build the new electrical framework capable of powering the Indian company's 3.2 million-ton electric arc furnace by the end of 2027. "This will help us replace our aging and carbon-intensive



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blast furnaces with a state-of-the-art electric arc furnace capable of producing our customers' most demanding steel products," said Rajesh Nair, chief executive of Tata Steel UK, in a website statement.

***(Economic Times)***



## REGULATION & DEVELOPMENT

**Govt mulls new farm law to facilitate inter-State agriculture produce sale:** The Centre is considering a new farm law that will take care of inter-state trading and help farmers sell their produce online at distant places, outside their State boundary. The plan is to set up an independent regulatory authority to frame rules and regulations, including fees, for facilitating all inter-state trading. However, the trade within the state will be untouched and the local government will have complete control over it, sources said.

***(Business Line)***

**Women voters new centre of gravity in Indian politics, says SBI research department:** For every 100 incremental male voters, there were 110 incremental female voters voting at any point of time in the first four phases of the 2024 General Elections, cementing their position as the new centre of gravity in Indian politics, according to State Bank of India's economic research department (ERD). This comes in the backdrop of women-centric schemes extending a host of benefits for women, ensuring their vocal participation in the elections, it added. "There are three women-centric schemes, namely, Ujjwala Yojana, Matru Vandana Yojana, and PM Awas Yojana, which have significant ground-level impact in rural areas, which may be resulting in increased women's participation," said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI. The ERD assessed that the first four phases of the 2024 General Elections saw close to 45.1 crore voters casting their votes (as compared to 42.6 crore voters in the same Parliamentary Constituencies/PCs in 2019), aggregating to a voter turnout of 66.95 per cent.

***(PiB)***

**Clarification likely on GST on NBFC co-lending:** The government, led by Vivek Joshi, addresses concerns around GST levy on co-lending arrangements with NBFCs, raising issues of distortion and increased lending costs. Banks, tax authorities, FIDC, MFIN, CRISIL, partner banks discuss the growth of co-lending model, NBFCs' loan book reaching ₹1 lakh crore.

***(Economic Times)***



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## FINANCIAL TERMINOLOGY

### X-EFFICIENCY

- ❖ X-efficiency refers to the degree of efficiency maintained by firms under conditions of imperfect competition. Efficiency in this context means a company getting the maximum outputs from its inputs, including employee productivity and manufacturing efficiency.
- ❖ In a highly competitive market, firms are forced to be as efficient as possible to ensure strong profits and continued existence. This is not true in situations of imperfect competition, such as with a monopoly or duopoly.
- ❖ When calculating x-efficiency, a data point is usually selected to represent an industry and then it is modeled using regression-analysis. For example, a bank might be judged by total costs divided by total assets to get a single data point for a firm. Then, the data points for all the banks would be compared using regression analysis to identify the most x-efficient and where the majority fall.



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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 : 83.4815  
INR / 1 GBP : 105.7226  
INR / 1 EUR : 90.6832  
INR /100 JPY: 53.6300

### **EQUITY MARKET**

Sensex: 74005.94 (+88.91)  
NIFTY: 22502.00 (+35.90)  
Bnk NIFTY: 48199.50 (+83.85)

### **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  
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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)**
- To purchase please visit  
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### **TEAM BFSIB**

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