



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

22 Dec, 2023

BANKING & FINANCE



Profit booking, Covid scare drag down markets with selling across the board: The stock markets ended Wednesday's session on a losing note with profit booking at higher levels. The Nifty50 ended 1.4 per cent down at 21,150.15 points. There was selling across the board with all sectors ending in the red. The VIX, which measures the India volatility index spiked 4 per cent to 14.45. The broader market indices fell even more than the Nifty with the advances to decline ratio falling to 0.11 to 1, the lowest in almost a year. Cash market volumes on the NSE were below ₹1 lakh crore. The Nifty Midcap 100 fell 3.3 per cent, the Nifty smallCap 500 was down 3.3 per cent, while the Nifty 500 ended 2 per cent lower, indicating the broad-based sell-off. The Bank Nifty fell sharply throughout the day to close at 47,445, down 426 points. The 30-scrip Sensex ended 1.3 per cent or 930.88 points lower at 70,506.31 points. The equity markets have run up over 12 per cent in the last seven weeks and the steep fall is being seen as a much-needed correction and consolidation. This is the biggest one-day fall in the Nifty index in a year. "We expect market to consolidate in the near term as investor resort to profit booking and access the potential risk of rising Covid cases especially in Kerala and Karnataka, making them cautious in the market," said Siddhartha Khemka, Head - Retail Research, Motilal Oswal Financial Services.

(Business Line)

World Bank sets up task force to study experts group report on MDB reforms: The World Bank has set up a task force to study the recommendations made by the Independent Experts Group, formed under India's G20 Presidency, for strengthening multilateral development banks (MDBs), the Group's President Ajay Banga said on Wednesday. His remark on this issue came at an interaction he had with Union Finance and Corporate Affairs Minister Nirmala Sitharaman in the capital. Sitharaman suggested that the World Bank, which other MDBs looked up to, must take the lead in carrying forward the reform roadmap for MDBs so as to make these global institutions bigger.

(Business Line)



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RBI introduces card tokenisation facility at bank level: The RBI on Wednesday introduced a Card-on-File (CoF) token facility at the level of banks and other institutions to provide convenience for cardholders to get tokens created and linked to their existing accounts with various e-commerce applications. At present, a CoF token can only be created through the merchant's application or webpage. For a CoF, a token is a 16-digit number unique for a combination of card, token requestor and merchant. Through tokenisation, the actual card details are replaced with token credentials that can be used only with the intended merchant. "It has been decided to enable Card-on-File Tokenisation (CoFT) directly through card-issuing banks/institutions also. This will provide cardholders with an additional choice to tokenise their cards for multiple merchant sites through a single process," the RBI said in a circular.

(Economic Times)

Safe harbour extended to outbound intra-group loans: The Central Board of Direct Taxes (CBDT) has extended the provisions of safe-harbour rules to outbound transactions involving an Indian company lending to foreign one. Currently, the safe harbour norms only applied to inbound intra-group loans. The amendments, notified on Tuesday, have tweaked the definition of intra-group loans and also removed the condition of sourcing the loan only in Indian rupees. The amendments will come into effect from April 1, 2024. "Safe Harbour" means circumstances in which the IT authorities shall accept the transfer price declared by the assessee. Thus, 'safe harbour rules' are the rules which obliges authorities to accept the transfer price declared by the assessee. In a transfer-pricing (TP) regime, safe harbour is a provision that applies to a defined category of taxpayers or transactions and that relieves eligible taxpayers from certain obligations otherwise imposed by a jurisdiction's general TP rules, according to the IT Department. Often, eligible taxpayers complying with the safe harbour provision will be relieved from burdensome compliance obligations.

The amended rules say that 'intra-group loan' means loan advanced to an associated enterprise being a non-resident, where the loan is not advanced by an enterprise, being a financial company including a bank or a financial institution or an enterprise engaged in lending or borrowing in the normal course of business. Also, such loan doesn't include credit line or any other loan facility which has no fixed term for repayment.

(Financial Express)



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ECONOMY

RBI releases draft Framework for recognising Self-Regulatory Organisations for regulated entities:

RBI) on December 21 released a draft Omnibus Framework for recognising Self-Regulatory Organisations for its Regulated Entities. The draft omnibus framework contains broad parameters applicable to any Self-Regulatory Organisation (SRO) viz., objectives, responsibilities, eligibility criteria, governance standards, application process and other basic conditions for grant of recognition to the SRO, RBI said in a release. In October monetary policy, the central bank decided to issue an omnibus framework for recognising SROs for various Regulated Entities (REs) of the Reserve Bank. The RBI has asked for comments or feedback from the stakeholders and members of the public on the draft omnibus framework, which may be submitted by January 25, 2024, through e-mail. As per the draft circular, SRO is expected to operate with credibility, objectivity and responsibility under the oversight of the regulator, to improve regulatory compliance for healthy and sustainable development of the sector.

(Moneycontrol)

Govt grants one-time exemption to LIC to achieve 25% MPS in 10 yrs: The government has granted a one-time exemption to Life Insurance Corporation of India (LIC) to achieve 25 per cent Minimum Public Shareholding (MPS) within 10 years, the state-owned insurer said on December 21. The country's largest insurer LIC was listed in May 2022. The government had sold over 22.13 crore shares, or a 3.5 per cent stake in LIC, through an Initial Public Offering (IPO). The government currently holds 96.5 per cent stake in the company. In a stock exchange filing, the state-owned insurer said the Department of Economic Affairs has decided to grant a "one-time exemption to LIC to achieve 25 per cent MPS within 10 years from the date of listing i.e., till May 2032". Earlier this year, the government had amended the regulation so that listed state-run companies, including banks, will not need to comply with the rule requiring an MPS of 25 per cent even after their privatisation, if the government decides so "in public interest". The exemption to the MPS rule was earlier available only to government-controlled companies.

(Moneycontrol)

RBI to offer higher amount to banks at VRR auction on Dec 22: The Reserve Bank of India has stepped up the amount it is willing to offer the banking system in the 7-day variable rate repo



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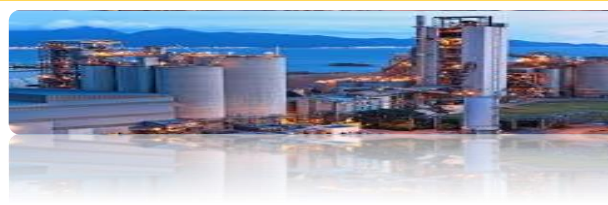
(VRR) auction, scheduled on Friday (December 22), to ₹1.75-lakh crore against ₹1-lakh crore offered last week to help banks overcome liquidity deficit. As on December 20, banking system liquidity deficit was near 8-year-high of ₹2.27-lakh crore (without adjusting for daily cash reserve ratio imbalances), per Nuvama Wealth Management's assessment. The central bank will be conducting the 7-day VRR auction even as ₹1,00,006 crore it infused into the banking system via the 7-day VRR auction on December 15 will be returned by banks on Friday (December 21). "In the overnight segment, the weighted average rate continues to be slightly above 6.75 per cent (the marginal standing facility/MSF rate). Hence, huge bidding interest can be expected in the forthcoming VRR auction.

(Economic Times)

LRS outflows fall sharply in October after TCS regime takes effect: Outward remittances by resident Indians declined 37% in October, the first month after the government stepped up tax deductions at source on such expenses, data from the Reserve Bank of India (RBI) showed. In October, outward remittances under the liberalised remittances scheme, or LRS, fell to \$2.1 billion from \$3.5 billion in September. "The new 20% TCS requirement has surely affected spends on international travel given the additional cash flow impact. In addition to this, several resident individuals have LRS accounts overseas with accumulated funds," said Moin Ladha, legal services partner, Khaitan and company. "Further, with the new requirement for repatriation of unused funds under LRS accounts within 180 days, resident individuals are utilizing their accumulated funds and dividends in their overseas LRS accounts for international travel instead of directly making remittances under LRS for travel purposes."

(Economic Times)

INDUSTRY OUTLOOK



Big Billion Day: Walmart infuses \$600 million in Flipkart as part of \$1 billion round: Flipkart, the e-commerce giant, is preparing to raise \$1 billion in a fresh funding round, people in the know told Moneycontrol. Of the planned \$1 billion fundraise, Walmart has already committed \$600 million, DealStreet Asia reported earlier on December 21, citing regulatory filings. Other internal stakeholders and a few external investors will put in the remaining \$400 million, they added. Flipkart will use the money to expand its operations, strengthen its supply chain and bolster its tech capabilities. To be sure, this is not a pre-IPO round and another fundraise can be expected next year, sources said.



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(Financial Express)

Microsoft ending support for Windows 10 could send 240 million PCs to landfills:

Microsoft Corp's plan to end support for Windows 10 operating system could result in about 240 million personal computers (PCs) being disposed, potentially adding to landfill waste, Canalys Research said. The electronic waste from these PCs could weigh an estimated 480 million kilograms, equivalent to 320,000 cars. Microsoft announced a plan to provide security updates for Windows 10 devices until October 2028 for an undisclosed annual price. Microsoft aims to discontinue support for Windows 10 by October 2025. The next generation of the OS, anticipated to bring advanced artificial intelligence technology to PCs, could potentially boost the sluggish PC market.

(Economic Times)



REGULATION & DEVELOPMENT

More than 10,000 crores disbursed to 60.49 lakh beneficiaries through 1.52 lakh establishments under Aatmanirbhar Bharat Rojgar Yojana:

The Aatmanirbhar Bharat Rojgar Yojana (ABRY) was launched with effect from 1st October, 2020 to incentivize employers for creation of new employment and restoration of loss of employment during Covid-19 pandemic. The terminal date for registration of beneficiaries was 31.03.2022. As on 05.12.2023, an amount of Rs. 10,043.02 crore has been disbursed to 60.49 lakh beneficiaries through 1.52 lakh establishments. This information was given in a written reply in the Rajya Sabha.

(PiB)

Udyam Sakhi Portal provides information for making women entrepreneurs self-reliant:

The Udyam Sakhi Portal provides information on various financial schemes, policies & programmes and the supporting institutions functioning under the administrative control of the Ministry of MSME to make women entrepreneurs self-reliant. The Udyam Sakhi portal provides the following services to women:

1. Financial Schemes of Ministry of MSME and other central Ministries/Departments such as PMEGP; CGTMSE; MUDRA; TReDS etc.
2. Policies and Programmes of Ministry of MSME & other Central Ministries.
3. Information about preparation of Business plan.



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4. Details of Nodal offices / supporting organisations of the Ministry of MSME in the respective States/UTs.

5. Information about exhibitions, trade fairs & international events organised by the Ministry of MSME.

(PiB)



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FINANCIAL TERMINOLOGY

SHREYAS (Scholarships for Higher Education for Young Achievers) SCHEME

The umbrella scheme of "SHREYAS" comprises 4 central sector sub- schemes namely "Top Class Education for SCs", "Free Coaching Scheme for SCs and OBCs", "National Overseas Scheme for SCs" and "National Fellowship for SCs".

- 1. Free Coaching Scheme for SCs and OBCs:** The objective of the Scheme is to provide coaching of good quality for economically disadvantaged SCs and OBC candidates. The ceiling of the total family income under the scheme is 8 lakhs per annum. 3500 slots are allotted per annum. The scheme is implemented by DAF (Dr. Ambedkar Foundation) through empanelled Central Universities.
- 2. Top Class Education for SCs:** The Scheme will cover selected meritorious SC students for pursuing studies beyond 12th class. The ceiling of the total family income under the scheme is 8 lakhs per annum. Presently, 266 higher education institutes, which includes IIMs, IITs, NAAC A++ accredited institutes and top 100 National Institutional ranking Framework (NIRF) ranking institutes. Under the scheme, (i) full tuition fee and non-refundable charges (there is ceiling of Rs. 2.00 lakh per annum per student for private sector institutions (ii) Academic allowance of Rs. 86,000 in the first year of study and Rs. 41,000 in every subsequent year, to take care of living and other expenses is provided.
- 3. National Overseas Scheme for SCs:** Financial assistance is provided to the selected students from SCs (115 slots); De-notified, Nomadic and Semi-Nomadic Tribes (6 slots); landless agricultural labourers and traditional artisan categories (4 slots), for pursuing masters and Ph.D. level courses abroad. Such students can be benefitted under the scheme whose total family income including the candidate is less than Rs. 8 lakhs per annum, having more than 60% marks in the qualifying examination, below 35 years of age and secured admission in top 500 QS ranking foreign Institutes/ Universities. Under the scheme, total tuition fee, maintenance and contingency allowance, visa fee, to and fro air passage etc. are provided to the awardees.
- 4. National Fellowship for SC Students:** Under the scheme fellowship is provided to SC students for pursuing higher education leading to M.Phil./Ph.D. degrees in Sciences, Humanities and Social Sciences in Indian Universities. The scheme is being implemented by National Scheduled Castes Finance and Development Corporation. The rates under the scheme have been revised i.e. Rs. 37,000/- p.m. for JRF and Rs. 42,000/- p.m. for SRF w.e.f. 01.01.2023.



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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 : 83.2729
INR / 1 GBP : 105.2281
INR / 1 EUR : 91.1572
INR /100 JPY: 58.2100

EQUITY MARKET

Sensex: 70865.10 (+358.79)
NIFTY: 21255.00 (+104.80)
Bnk NIFTY: 47840.20 (+394.90)

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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.**

For details please visit
BFSIB portal of the ICMAI
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 - ❖ **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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