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+91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**22 March 2024**

### **BANKING & FINANCE**



**RBI issues requirements for SRO recognition, sets minimum benchmark:** The Reserve Bank on Thursday issued an omnibus framework for recognising Self-Regulatory Organisations (SROs) for its regulated entities, under which SROs would be required to establish minimum benchmarks for their members. The RBI said SROs enhance the effectiveness of regulations by drawing upon the technical expertise of practitioners and also aid in framing/ fine-tuning regulatory policies by providing inputs on technical and practical aspects. With the growth of regulated entities (REs) in terms of number as well as scale of operations, increase in adoption of innovative technologies and enhanced customer outreach, the RBI had felt the need to develop better industry standards for self-regulation. The framework said, SROs will be expected to operate with credibility, objectivity and responsibility under the oversight of the regulator, with the objective to improve regulatory compliance.

The central bank also said a SRO is expected to be an ally of the Reserve Bank in ensuring better compliance with the regulatory guidelines, protection of stakeholder interests, foster innovation and detection of early warning signals. The SROs would be a not-for-profit company registered under Section 8 of the Companies Act, 2013. The membership of SRO shall be voluntary. Existing SROs already recognised by the Reserve Bank would continue to be governed by the terms and conditions under which they were recognised, unless this framework is specifically extended to such SROs.

***(Business Standard)***

**Banks' export credit at Rs 20,489 crore surges to 12-month high amid global demand:** Bank loans to exporters have reached a 12-month high, driven by renewed global demand for Indian goods despite the Red Sea crisis. Outstanding export credit for Indian banks stood at Rs 20489 crore, up 5% this financial year, the highest since February last year. India's merchandise exports surged 11.9% year-on-year in February to \$41.4 billion, the fastest growth since June 2022, indicating



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sustained momentum. Exports of drugs, pharmaceuticals, engineering goods, and chemicals saw significant growth, while gems and jewellery exports declined.

***(Economic Times)***

**Central Bank of India chief executive M V Rao elected as Indian Banks' Association Chairman:** Indian Banks Association (IBA) has a new Chairman in M V Rao, Managing Director and CEO, Central Bank of India. Rao has been elected as IBA Chairman for the term 2023-24 at a meeting of the Managing Committee of IBA held on Thursday. Three Deputy Chairmen for IBA would be Dinesh Kumar Khara, Chairman, State Bank of India (SBI); S L Jain, MD and CEO , Indian Bank and N Kamakodi, Managing Director and CEO, City Union Bank.

***(Business Line)***

**SBI Card and Titan launch 'Titan SBI Card':** SBI Card, country's largest pure play credit card issuer, has partnered Titan Company Ltd (Titan) to launch 'Titan SBI Card'. This one-of-its-kind shopping credit card is designed for addressing the consumers' aspirational spending needs. With features that include cashbacks, Titan gift vouchers and Reward Points, cardholders can avail exclusive benefits of over ₹ 2,00,000 worth per annum., according to SBI Card.

***(Business Line)***

**Public sector banks doing better in managing NPAs vis-a-vis their private counterparts: FICCI-IBA survey:** Public sector banks in India are doing better in comparison to their private sector counterparts in terms of non-performing assets, a survey conducted by industry body FICCI and banking association Indian Banks' Association (IBA) found. According to the survey, a large majority (77 per cent) of the respondent banks reported a decrease in the NPA levels in the last six months. All responding public sector banks have cited a reduction in NPA levels, while amongst participating private sector banks, 67 per cent banks have cited a decrease. None of the respondent public sector banks and foreign banks have stated an increase in their NPA levels over the last six months while 22 per cent private banks reported an increase.

***(Economic Times)***



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## ECONOMY

### **Capping of interest subsidy for exporters to continue in Q1 of new fiscal:**

The Centre has notified an interest subsidy cap of ₹2.5 crore for individual export units in the first quarter of the forthcoming fiscal 2024-25 under the popular interest equalisation scheme (IES) for identified sectors and MSMEs. But the government is not yet ready to consider the demand made by exporters to increase the subsidy rates despite several submissions by exporters. The DGFT issued a notification on Wednesday clarifying that a cap of ₹2.50 crore per IEC is imposed till June 30, 2024, for the quarter starting from April 1, 2024. "Last May, the government introduced a cap of ₹10 crore per importer exporter code (IEC) on the annual net subvention amount. All disbursements made from April 1, 2023, onwards were counted towards the IEC for the current financial year. The latest notification is to clarify that the cap will continue in the new fiscal as well. As the extension of the scheme is till first quarter of 2024-25, the cap has been calibrated accordingly," the official said. The rates of subsidy were at 3 per cent for MSME sectors and 2 per cent for the rest.

***(Business Line)***

### **Gold price jumps by Rs 1,193/10 grams, hits fresh lifetime high on dovish Fed**

**commentary:** Gold prices jumped by Rs 1,193 per 10 grams on the MCX in Thursday's trade following US Federal Reserve's dovish commentary and its sticking to the possibility of at least three rate cuts this year. The yellow metal contract hit a fresh lifetime high of Rs 66,943, gaining nearly 1.8% over the previous closing. May silver contracts on the MCX were trading with an equal fervour rising by Rs 3,010 or 4% per kg to Rs 78,323 on the intraday basis. Around 3:20 pm, it was trading at Rs 76,243, up by Rs 930 or 1.23%. In the international markets, the prices shot up above the \$2,200 per troy ounce mark. The Fed action dented the demand for the US dollar. The dollar index (DXY) fell sharply to 103.22 against a basket of the top six currencies.

***(Economic Times)***

**China under cyberattack, 100s of govt units and firms compromised: Report:** Citing a recent case where an unnamed Chinese technology company was targeted by a foreign hacking group for cyber extortion, China's Ministry of State Security (MSS) on Thursday warned that the networks of "hundreds" of other Chinese businesses and government units have also been infiltrated by these overseas hackers, in preparation for "larger scale criminal activities". The warning was issued by the



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MSS on Thursday through a message on its official WeChat account. The intention of the message was to raise public awareness about hacking and cyber-ransom risks from overseas, which the state security authority said could cause "huge economic losses and leakage of sensitive information", especially given the "rampant" cyberattacks by foreign agencies in recent years.

***(Business Standard)***

## INDUSTRY OUTLOOK



**TCS signs 7-year deal to transform IT infrastructure for Denmark's Ramboll:** Tata Consultancy Services (TCS) has signed a multimillion-dollar strategic partnership with Ramboll, a Danish global architecture, engineering and consultancy company. TCS will carry out information technology (IT) "transformation" for the company. TCS did not disclose the size of the deal, but analysts said it falls under the large deal category for the IT services exporter. A large deal for TCS is typically in the \$100 million and above category. The new agreement, spread over seven years, will modernise and streamline Ramboll's IT operating model to drive business growth and optimise costs. As a part of the partnership, TCS will induct more than 300 Ramboll IT employees in 12 countries.

***(Business Standard)***

**Banks should pass reasoned orders while declaring entity/person wilful defaulter, says Bombay HC:** The Bombay High Court has said banks and financial institutions should pass reasoned orders before declaring an entity or person a wilful defaulter under the Reserve Bank of India's Master Circular. A division bench of Justices B P Colabawalla and Somasekhar Sundaresan, in its order on March 4, noted that wilful defaulters are ostracized from access to the financial sector and hence, the discretion given to banks under the circular should be exercised with caution as mandated by the RBI. "Banks and financial institutions that seek to invoke the Master Circular to declare occurrence of wilful default, must share the reasoned orders passed by its Identification Committee and Review Committee," the HC said.

***(Economic Times)***





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## REGULATION & DEVELOPMENT

**SEBI issues framework for beta version of T+0 settlement; to start with 25 scrips and limited trade timing:** The Securities and Exchange Board of India (Sebi) on March 21 issued framework for implementing the beta version of same-day or T+0 settlement on an optional basis, in addition to the T+1 settlement cycle. To start with, this option will be available in the equity cash segment for 25 scrips and through a limited set of brokers. All investors will be allowed to participate in this segment and trade timing for will be between 9.15 am and 1.30 pm. "Pursuant to deliberations and approval of the Board, it has been decided to put in place a framework for introduction of the Beta version of T+0 settlement cycle on optional basis in addition to the existing T+1 settlement cycle in equity cash market, for a limited set of 25 scrips and with a limited number of brokers,"

**(Moneycontrol)**

**ECI uploads electoral bonds data provided by SBI, including unique numbers:** The Election Commission of India (ECI) has uploaded the data on Electoral Bonds provided by the State Bank of India (SBI) on March 21, as per the directions of the Supreme Court. One of the two documents uploaded by ECI link the donors to the unique alphanumeric bond number while the other one provides information about the political party that has encashed the bond. Earlier today, the chairperson of SBI filed a compliance affidavit in the Supreme Court, saying that the lender has disclosed all details related to electoral bonds to the ECI. SBI submitted details such as name of the purchaser of the bond, denomination and specific number of the bond, name of the party that encashed the bond, last four digits of the bank account of the political parties, denomination and number of the bond that has been encashed.

**(Moneycontrol)**

**SEBI directs AMFI to stop inflows into overseas schemes of MFs from April 1:** Capital market regulator SEBI has directed the Association of Mutual Funds to stop inflows into overseas exchange traded funds from April 1 as it is approaching the overall limit of \$1 billion set by the RBI. In January 2022, SEBI stopped mutual fund houses from taking fresh subscriptions in schemes investing in overseas stocks. After the recent fall in overseas market, it eased with the strict overall industry cap of \$7 billion. The mutual fund industry has overseas schemes which invest directly in overseas market and the other avenue is through overseas exchange-traded funds (ETFs), which



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subscribes into schemes managed by foreign fund houses. Currently, there are 77 mutual fund schemes in India that invest overseas.

***(Business Line)***



## FINANCIAL TERMINOLOGY

### HONEYPOT

- ❖ A honeypot is a network-attached system set up as a decoy to lure cyber attackers and detect, deflect and study hacking attempts to gain unauthorized access to information systems.
- ❖ The function of a honeypot is to represent itself on the internet as a potential target for attackers; usually, a server or other high-value asset and to gather information and notify defenders of any attempts to access the honeypot by unauthorized users.
- ❖ Large enterprises and companies involved in cybersecurity research are common users of honeypots to identify and defend against attacks from advanced persistent threat (APT) actors. Honeypots are an important tool that large organizations use to mount an active defense against attackers or for cybersecurity researchers who want to learn more about the tools and techniques attackers use.



**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 : 83.1308  
INR / 1 GBP : 106.3614  
INR / 1 EUR : 90.9118  
INR /100 JPY: 55.0600

**EQUITY MARKET**

Sensex: 72641.19 (+539.50)  
NIFTY: 22011.95 (+172.85)  
Bnk NIFTY: 46684.90 (+374)

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- ❖ BFSI Chronicle (quarterly issue of BFSIB)
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