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+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723



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DAILY NEWS DIGEST BY BESI BOARD

23 February 2024

BANKING & FINANCE



Russia managed to use up most of its rupee balance in Indian banks:: Russia has managed to use up most of its rupee balance, estimated by the industry at over \$8 billion that had piled up in special vostro accounts of Indian banks on account of payments made largely for Russian defence purchases, and the matter is not a major concern now, officials have said. The rupee balance has been used up by Russia through multiple avenues that include payments for Indian imports, which increased about 39 per cent to \$4.05 billion in 2023, investments in infrastructure projects, investments in the equity market and purchase of government securities, the official added. “Till a few months ago, the Russians were worried about the piling up of rupee payments in their vostro accounts in India as they received payments for their defence sales, and some other items, in Indian currency due to the West’s economic sanctions. The Indian government and the RBI then worked with Moscow to create suitable avenues for investment and also increase Indian exports to Russia.

(Business Line)

Bandhan Bank hires Citi India executive Rajeev Mantri as its chief financial officer: Bandhan Bank has hired Citi India executive Rajeev Mantri as its chief financial officer. Mantri, a veteran banker with over 25 years of experience across India, Singapore and UAE, will also be the key managerial personnel at the Kolkata-based private lender. andhan board, at its meeting held Thursday, approved the appointment of Mantri as the CFO and KMP with effect from February 22. Mantri replaced Abhijit Ghosh who was acting as the Interim CFO and KMP. Ghosh will continue as head for finance & accounts.

(Economic Times)

IFFCO ranked first among top 300 cooperatives globally: IFFCO, one of the leading fertiliser players in the country, has been ranked first among top 300 cooperatives in the world. Indian Farmers Fertiliser Cooperative Ltd (IFFCO) has again been ranked as top cooperative among top 300 cooperatives in the world, sustaining its position from the last year, according to a statement on

Thursday. The ranking is based on the ratio of turnover over Gross Domestic Product (GDP) per capita. It relates to the turnover of the enterprise to the wealth of the country according to the 2023 edition of the 12th Annual World Cooperative Monitor (WCM) report published by International Cooperative Alliance (ICA).

(Economic Times)

Mubadala leads Rs 1100 crore funding round in Avanse: Abu Dhabi's Mubadala Investment Co, Kotak Pre-IPO Opportunities Fund and Avendus Future Leaders Fund are all set to deploy Rs 1100 crore of primary capital into Warburg Pincus backed Avanse Financial Services, said people aware of the developments. The proposed deal will value the Warburg Pincus-owned NBFC at Rs 8,000 crore, underlying rising interests among alternative asset managers in the space. Avanse is the second largest domestic private sector NBFC in the education loan segment with assets under management (AUM) of Rs 8,646 crore in FY23. The firm's total disbursement in FY23 stood at Rs 6,143 crore, a 2.1x increase over the previous financial year. The company has disbursed loans to over 3.5 lakh students and provided working capital to 1200 institutions.

(Economic Times)



ECONOMY

India Ratings pegs FY25 GDP growth at 6.5%, says signs 'bullish' for private capex: India's GDP is expected to grow by 6.5 percent in 2024-25, according to India Ratings and Research. While this would represent a decline from the statistics ministry's first advance estimate of 7.3 percent for the current financial year, the prospect of the private investment cycle bodes well for the economy. "Private corporate sector investment has been down and out for nearly a decade," said Sunil Kumar Sinha, principal economist at India Ratings, on February 22. "But when we look at lead indicators, all of them are indicating that at the current juncture the private corporate sector is once again becoming more bullish about investments. It may or may not be happening on the ground in the way we would like it to, but some flavour of that has already started becoming clearer at least in terms of intentions and the way they (corporates) are now approaching banks to finance their projects," Sinha added.

(Moneycontrol)



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MPC member warns against high real interest rate, calls for cautious approach to inflation and growth: The Monetary Policy Committee's external member, Jayanth R. Varma, cautioned that a real interest rate of 2 per cent creates the very real risk of turning growth pessimism into a self-fulfilling prophecy. The Professor of the Indian Institute of Management, Ahmedabad, was the lone member of the six-member MPC to vote to reduce the repo rate by 25 basis points and to change the stance to neutral. The real interest rate is the difference between the current policy repo rate of 6.5 per cent for FY25 and the projected CPI inflation of 4.5 per cent. The MPC, which met on February 6, 7, and 8, decided by a 5 to 1 majority to keep the policy repo rate unchanged at 6.50 per cent. The MPC also decided, by a majority of 5 out of 6 members, to remain focussed on the withdrawal of accommodation to ensure that inflation progressively aligns with the target while supporting growth.

(Business Line)

Flash composite PMI rises to 7-month high in February at 61.5: With better performance in both manufacturing and services, the HSBC Composite Purchasing Managers' Index (PMI) rose to a seven-month high of 61.5 in February, up from 61.2 in January. However, there is not-so-good news on the job front. "New export orders rose sharply, particularly for goods producers. Input prices rose at the slowest pace in three-and-a half-years. Producers were able to do both – lower the rate of increase in output prices and improve margins," Pranjul Bhandari, Chief India Economist at HSBC said. The Flash Manufacturing PMI touched 60.4 in February, compared to 59.7 of January. Simultaneously, the Flash Services PMI climbed to 62 from 60.4. Normally, PMI data is released during the first week of the month. However, flash data is now being prepared to ascertain the trends of private business in India. Manufacturing and services, together, have a share of around 70 per cent in Gross Value Added (GVA).

(Business Line)

INDUSTRY OUTLOOK



Sugar mills to sell potash to fertiliser cos for additional revenue: Food secy: Sugar Mills will now be able to sell Potash Derived from Molasses (PDM) to fertiliser companies as an additional source of revenue and also get nutrient-based subsidies on it, Food and Public Distribution Secretary Sanjeev Chopra said on February 22. "A Rs 4,263/tonne is the price decided for selling PDM by sugar mills to fertiliser companies with immediate effect. With this we are looking at 10-12 LMT potash

manufacturing in the next 3 years,” Chopra told reporters at a briefing. This would be another source of revenue for sugar mills with distilleries, he added. The Cabinet Committee on Economic Affairs, on February 21, approved a hike in the Fair and Remunerative Price (FRP) of sugarcane to Rs 340 per quintal from Rs 315 per quintal for the 2024-25 (October-September) season. The Rs 25-per-quintal increase in the FRP of sugarcane is significantly higher than what was announced last year.

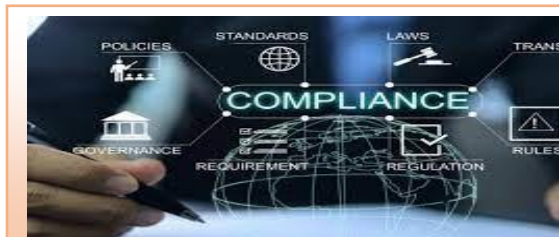
(Moneycontrol)

In a first, Bengaluru Metro will use AI to monitor tracks: Bengaluru Metro is set to use artificial intelligence (AI) to monitor tracks on the Yellow Line, which runs from RV Road to Bommasandra. The Yellow Line connects RV Road with Electronics City—home to major companies such as Infosys and Biocon—and is expected to be operational by September 2024.

(Moneycontrol)

Govt allows onion exports to Bangladesh, Mauritius, Bahrain, Bhutan: The government on Thursday permitted traders to export 54,760 tonnes of onion to Bangladesh, Mauritius, Bahrain and Bhutan till March 31. "We have allowed export of 50,000 tonnes of onion to Bangladesh, 1,200 tonnes to Mauritius, 3,000 tonnes of Bahrain and 560 tonnes to Bhutan with immediate effect," Consumer Affairs Secretary Rohit Kumar Singh told PTI. Traders are allowed to export this quantity till March 31. The modalities are being worked out, he said.

(Economic Times)



REGULATION & DEVELOPMENT

PFRDA amends trustee bank and CRA regulations for subscriber protection, enhancing ease of doing business: Pension regulator PFRDA has amended its Trustee Bank (TB) and Central Recordkeeping Agency (CRA) Regulations as part of its overall effort at ensuring subscriber protection and enhancing the ease of doing business in the NPS ecosystem. The latest amendments, among others, introduced the concept of ‘fit and proper’ criteria for CRA and its key personnel. A trustee bank is an intermediary that is responsible for the day-to-day flow of funds and banking facilities in accordance with the guidelines and directions issued by the Pension Fund Regulatory and Development Authority (PFRDA) under the National Pension System (NPS). CRAs are responsible for centralised recordkeeping, administration, and customer service functions for all NPS subscribers. Currently, there are three licensed CRAs in the country.



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The latest amendments to the trustee bank regulations seek to simplify and strengthen the provisions related to the implementation of a fraud prevention and mitigation policy, compensation to the subscriber, invitation of applications for new registration, and surrender of certificates of registration. On the other hand, amendments to CRA Regulations seek to simplify and strengthen the provisions related to the governance of CRA in line with the Companies Act, 2013 and enhance the disclosure of information by CRA. Some of the notable amendments to CRA regulations include the implementation of a fraud prevention and mitigation policy by CRA to protect the interests of subscribers and the inclusion of a certificate by the CEO in the annual report with respect to the adequacy and effectiveness of internal controls, compliance, and audit processes.

(Business Line)

Dubai introduces 5-year multiple-entry visa for Indians: Dubai has introduced a five-year multiple-entry visa to enhance travel between India and Dubai, reflecting the commitment to sustained economic collaborations and encouraging tourism and business ties. The visa, issued within two to five working days, allows a 90-day stay, extendable once, with a total stay not exceeding 180 days in a year, it said at the travel event SATTE.

(Business Line)



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FINANCIAL TERMINOLOGY

VALUE ADDED NETWORK

- ❖ A value-added network (VAN) is a private, hosted service that provides companies with a secure way to send and share data with its counterparties.
- ❖ Value-added networks were a common way to facilitate electronic data interchange (EDI) between companies. As the internet created competition for this service with the advent of secure email, VANs responded by expanding their service offerings to include things like message encryption, secure email, and management reporting.
- ❖ A value-added network simplifies the communications process by reducing the number of parties with which a company needs to communicate. The VAN accomplishes this by acting as an intermediary between business partners that share standards-based or proprietary data.



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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 : 82.9240
INR / 1 GBP : 104.8828
INR / 1 EUR : 89.8692
INR /100 JPY: 55.2000

EQUITY MARKET

Sensex: 73158.24 (+535.15)
NIFTY: 22217.50 (+162.50)
Bnk NIFTY: 46919.80 (-99.90)

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