



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)**
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DAILY NEWS DIGEST BY BFSI BOARD

23 Dec, 2023

BANKING & FINANCE



Sebi proposes optional T+0, instantaneous settlement for equity cash segment: The market regulator has proposed optional T+0 and instantaneous settlement of trades, in addition to T+1 settlement cycle, in the equity cash segment. In a consultation paper released on December 22, the Securities and Exchange Board of India (Sebi) stated, "In today's age, reliability, low cost and high speed of transactions are key features that attract investors to particular asset classes. To that extent, reducing settlement time and hence increasing operational efficiency of dealing in Indian securities can further draw and retain investors into this asset class." It added, "In this regard, it is envisaged that for equity cash segment, in addition to the existing T+1 settlement cycle, a shorter settlement cycle may be introduced as an option."

(Moneycontrol)

World Bank provides \$300 million loan to Tamil Nadu to help 21 Urban Local Bodies:

The World Bank's Board of Executive Directors has approved a new program to support Tamil Nadu and provide around 2 million people with more and better access to water and sewerage services in cities. The \$300 million Tamil Nadu Climate Resilient Urban Development Program will help 21 Urban Local Bodies (ULBs) update their delivery systems and provide quality and efficient water supply and sewerage services to consumers, says a World Bank release. The \$300 million loan from the International Bank of Reconstruction and Development (IBRD) will use the blended financing instrument of Program-for-Results (PforR) with Investment Project Financing (IPF) to link disbursement of funds directly to the achievement of results while providing technical assistance. The Program loan has a maturity of 32 years with a grace period of 7 years.

(Business Line)

Policymakers open to looking into AIF circular concerns: The Indian Venture and Alternate Capital Association (IVCA) lobby group has approached the government, concerned that the



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measure will impact the flow of funds to the startup sector, ET reported on Friday. The RBI had been keeping a close watch on these practices for the past several months and clamped down after investments rose sharply, said a person familiar with the details. India's policymakers are open to looking at the industry's concerns relating to the Reserve Bank of India (RBI) circular on December 19 that imposed restrictions on investments in Alternative Investment Funds (AIFs) by banks and NBFCs.

(Economic Times)

Hiring trends in BFSI sector: Use of AI, machine learning, social media to play vital

role: With the Banking, Financial Services and Insurance (BFSI) sector expected to surge to \$16 billion by 2025 in India, Instahyre's ebook highlights that almost 41 per cent of the jobs in data science and analytics maestros belonged to the BFSI sector. Given the surge for niche-specific skilled talent, the hiring managers in this market are switching to AI-powered solutions to streamline recruitment and identify top candidates more efficiently, the ebook said. Machine Learning (ML) is actively transforming hiring practices in the BFSI landscape, with 46 per cent companies leveraging it to detect fraud, according to Instahyre's ebook. Additionally, the ebook highlighted that 49 per cent of organisations are using ML and AI in their marketing and sales processes to identify sales prospects. On the contrary, 48 per cent are using it to gain insight into their prospects and customers, contributing towards improvement in productivity, decision-making, product and service innovation, and even the customer journey.

(Financial Express)



ECONOMY

India could be among fastest-growing nations in 2024-25, says Fitch: Rating agency Fitch expects India to be among the fastest-growing nations in the world in the next fiscal, with resilient GDP growth of 6.5 percent in 2024-25. In the current fiscal, Fitch pegs India's GDP to grow 6.9 percent. "Demand will remain strong for cement, electricity, and petroleum products, with high-frequency data in 2023 sustained at well above pre-Covid-19 pandemic levels," Fitch Ratings said in a report released on December 22. "India's rising infrastructure spending will also boost steel demand. Car sales will continue to rise, despite our expectation of moderation after robust growth in 2023,"

(Moneycontrol)



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Govt extends import duty exemption on masur dal by one year to March 2025: Amid persistently high inflation, the Centre, on December 22, further extended the exemption given to masur dal by one year, as per an order issued by the Central Board of Indirect Taxes and Customs (CBIC). This exemption, effective since October 2021, will now last until March 31, 2025, as opposed to the earlier notification of March 31, 2024. India's food inflation surged to 8.7 percent in November, up from 6.61 percent in October. The inflation rate on pulses was recorded at 20 percent in November, according to data available from the Statistics Ministry. High food inflation has been a key concern for the government. The Centre has already extended its free grain distribution programme, PM Garib Kalyan Anna Yojana, by five years to 2028, providing 5 kg of grains monthly to impoverished households.

(Moneycontrol)

Centre releases ₹72,961 crore as tax devolution to States: The Centre said it had released ₹72,961.21 crore as tax devolution to States. Earlier, an instalment of ₹ 72,961.21 crore was released on December 11, 2023. This is in addition to the tax devolution which is due to the States on January 10, 2024. "In view of the forthcoming festivities and the New Year, the Union Government has authorised the release of an additional installment of tax devolution amounting to ₹72,961.21 crore to strengthen the hands of State Governments for financing various social welfare measures and infrastructure development schemes," an official release from Finance Ministry said. Of this latest ₹72,961.21 crore installment disbursed, the largest share has gone to Uttar Pradesh at ₹13,088.51 crore, followed by Bihar at ₹7,338.44 crore; Madhya Pradesh at ₹5,727.44 crore; West Bengal at ₹5,488.88 crore; Maharashtra at ₹4,608.96 crore; Rajasthan at ₹4,396.64 crore and Odisha at ₹3,303.69 crore. The remaining States' share has been lower than ₹3,000 crore and ranged from ₹281.63 crore (Goa) — ₹2,976.10 crore (Tamil Nadu). The Finance Commission had recommended that states be given 41 per cent of the divisible tax pool of the Centre during the five-year period 2021-22 to 2025-26.

(Business Line)

FinMin clears stance on IMF's report on govt debt, says it has declined: The Union finance ministry on Friday noted that the general government debt, comprising both central and state debt, as a share of gross domestic product declined from about 88 per cent of gross domestic product (GDP) in 2020-21 to 81 per cent in 2022-23. Stating its position on the International Monetary Fund's (IMF's) latest Article IV consultations, the ministry asserted that the Centre was on track to achieve its stated fiscal consolidation target. The IMF earlier had warned that India's general government debt could exceed 100 per cent of GDP in the medium term. The Fund also cautioned that long-term debt sustainability risks were high due to the significant investment required to meet India's climate change mitigation targets. The finance ministry in a press statement noted that among the various favourable and unfavourable scenarios presented by the IMF, under one extreme possibility, like the



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once-in-a-century Covid-19 pandemic, it stated that the general government debt could be “100 per cent of debt-to-GDP ratio” under adverse shocks by FY28. Stating its position, the finance ministry underscored that India’s general government debt was overwhelmingly rupee-denominated, with external borrowings from bilateral and multilateral sources contributing a minimal amount.

(Business Line)

INDUSTRY OUTLOOK



Ola Electric files DRHP with Sebi; first ever by an Indian EV firm: One of the most eagerly awaited public offerings in the Indian stock market moved one step closer to a market debut as Ola Electric filed its draft red herring prospectus with market regulator Sebi, multiple industry sources in the know told Moneycontrol. The IPO would set a precedent as this is the first attempt at a public listing by an Indian EV (electric vehicle) firm. "The e-filing of the draft papers has been done with Sebi and its a significant moment for the Indian EV ecosystem. Ola Electric is looking to raise a combined amount of around Rs 7250 crore." said one of the persons above .

(Moneycontrol)

Maruti Suzuki signs MoA with Haryana government to set up fourth JIM: Maruti Suzuki India (MSIL) on Friday said it has signed a memorandum of agreement (MoA) with the government of Haryana to set up second Japan-India Institute for Manufacturing (JIM), at Kansala, in Rohtak. Spread over five acres, the existing ITI Kansala will be upgraded to a JIM with an investment of ₹5.8 crore as a CSR activity of the company, the company said in a statement.

(Business Line)



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REGULATION & DEVELOPMENT

Rural Development Ministry inks MoU with JioMart to grow reach of self-help groups' products: The Ministry of Rural Development (MoRD) has signed a memorandum of understanding (MoU) with Reliance Retail's JioMart as part of its efforts to enhance the outreach of the products of self-help groups (SHGs) of Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM). This will bring SHGs under MoRD's SARAS collection brand onto JioMart offering a range of handlooms and handicrafts products from traditional textiles to pantry, home décor and beauty products.

(Business Line)

NFRA's points irregularities in audit quality inspection of Big four firms: The National Financial Reporting Authority (NFRA) has found deficiencies in the audit processes of BSR & Co, Deloitte Haskins & Sells, SRBC & Co, and Price Waterhouse Chartered Accountants (PwC) in its inspection report 2022, released on Friday. In its firm-wide review of audit control systems of BSR & Co, the NFRA found the firm's claim to being independent of KPMG India entities was unacceptable. The NFRA said BSR did not provide details of its leadership structure, KPMG Network entities, and non-audit services provided by those entities to audit clients of the firm during inspection..

(Business Standard)

Government of India and ADB sign \$100 million loan agreement to improve urban services and tourism facilities in Tripura: The Government of India today signed an agreement with Asian Development Bank (ADB) to avail a USD 100 million loan to improve urban services and tourism facilities in the northeastern state of Tripura. The project will upgrade urban water supply systems by installing 42-km of new transmission and distribution pipes, establish 4 new water treatment plants, and improve 55-km of stormwater drains.

(PiB)



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FINANCIAL TERMINOLOGY

80-10-10 Mortgage

- ❖ An 80-10-10 mortgage is a loan where first and second mortgages are obtained simultaneously. The first mortgage lien is taken with an 80% loan-to-value (LTV) ratio, meaning that it is 80% of the home's cost; the second mortgage lien has a 10% LTV ratio, and the borrower makes a 10% down payment.
- ❖ This type of mortgage scheme reduces the down payment of a home without having to pay private mortgage insurance (PMI), helping borrowers obtain a home more easily with the up-front costs.
- ❖ However, borrowers will face relatively larger monthly mortgage payments and may see higher payments due on the adjustable loan if interest rates increase.



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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 : 83.2493
INR / 1 GBP : 105.6223
INR / 1 EUR : 91.5559
INR /100 JPY: 58.4900

EQUITY MARKET

Sensex: 71106.96 (+241.86)
NIFTY: 21349.40 (+94.40)
Bnk NIFTY: 47491.85 (-348.35)

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.**

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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 2nd Edition)**
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TEAM BFSIB

Banking, Financial Services & Insurance Board
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