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# DAILY NEWS DIGEST BY BFSI BOARD

***27 April 2024***

## ECONOMY

**NPS assets surge 27.85% y-o-y as of April 20 at ₹11.73 lakh crore:** Aided by roaring equity markets, National Pension System (NPS) assets under management (AUM) recorded a robust 27.85 per cent y-o-y growth as of April 20 at ₹ 11.73 lakh crore (₹ 9.17 lakh crore), latest PFRDA data showed. The overall AUM, including that of Atal Pension Yojana (APY), was flat compared to the end March 2024 level of ₹ 11.73 lakh crore. The number of new NPS and APY subscriber registrations in the first twenty days of this month stood at just 51,331, data showed. On a y-o-y basis, the number of subscribers in the non-government sector as of April 20 grew by 8.75 lakh, while the increase in the government sector was just 7.11 lakh. In 2023-24, as many as 9.47 lakh new subscribers onboarded NPS from the non-government sector. Of this 9.47 lakh new subscribers, as many as 8.10 lakh subscribers were from 'all citizen model ' and 1.37 lakh were Corporate employees. The overall robust NPS assets growth in recent years has been driven by both buoyant equity markets and widening NPS subscriber base as more working age Indians take up to retirement planning in a serious manner. ***(Business Standard)***

**Commercial paper issuances touch a 4-year high of Rs 1.2 lakh crore:** Issuances of commercial papers (CP) have hit a four-year high, touching Rs 1.2 lakh crore, a level seen last in July-Sept 2019, as companies seek to diversify funding sources. Higher CP issuances follow RBI's November mandate to increase risk weights on bank loans given to higher rated NBFCs, said a Crisil report. CP issuances are still not as high as 2018 levels when they touched Rs 3.1 lakh crore in July-September, as NBFCs look for other funding avenues like securitisation, where volumes peaked in FY24 at Rs 1.9 lakh crore. CPs are short-term, unsecured debt instruments issued by corporates. ***(Economic Times)***

**Need dedicated commercial bank to ease credit flow to MSMEs: Industry body to govt:** An industry body representing micro, small and medium enterprises has pitched for a dedicated commercial bank to ease credit flow to the sector. It has also recommended introduction of a law to address the issue of delayed payments faced by such units. The Federation of Indian Micro and Small & Medium Enterprises (FISME), which represents about two million MSMEs in the country, has in a submission to the government also suggested setting up an equity guarantee fund trust to cover the risks related to equity financing for the sector. It said the proposals, if implemented, will resolve "the Indian malady of 'missing middle' because of which small businesses fail to graduate to medium-sized enterprises and remain 'dwarfs'". The submission noted that equity financing can be another route for raising capital, as MSMEs, saddled with unhealthy balance sheets and choked cash flow, find it difficult to raise capital through equity.

***(Economic Times)***

# BANKING & FINANCE


**RBI says eligible SFBs can apply to become universal banks under on-tap licensing:** The Reserve Bank of India on April 26 said eligible small finance banks (SFBs) can apply with the regulator to become universal banks in accordance with the on-tap licesning norms. Eligible SFBs need to have a minimum net worth of Rs 1,000 crore as at the end of the previous quarter and should meet the prescribed CRAR requirements for SFBs, the central bank said. According to the central bank, the SFBs aspiring to become a universal bank needs to have scheduled status with a satisfactory track record of performance for a minimum period of five years. Also, the shares of the bank should have been listed on a recognised stock exchange, the RBI said. Further, these SFBs also need to have a net profit in the last two financial years besides having gross NPA and net NPA of less than or equal to three percent and one percent respectively in last two financial years.

The RBI said there is no mandatory requirement for an eligible SFB to have an identified promoter. However, the existing promoters of the eligible SFB, if any, need to continue as the promoters on transition to Universal Bank. Also, the addition of new promoters or change in promoters need not be permitted for an eligible SFB while transitioning to Universal Bank, the RBI said. The RBI said there shall be no new mandatory lock-in requirement of minimum shareholding for existing promoters in the transitioned Universal Bank

***(Moneycontrol)***

**FPI limit in G-sec unchanged at 6% of outstanding stocks of securities: RBI:** The Reserve Bank on Friday said the limits for FPI investment in government securities, state development loans and corporate bonds will remain unchanged at 6 per cent, 2 per cent and 15 per cent, respectively, of outstanding stocks of securities for the current fiscal. As of now, all investments by eligible investors

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in the 'specified securities' will be reckoned under the fully accessible route (FAR), the RBI said in a notification. "The limits for FPI investment in government securities (g-secs), state government securities (SGSs) and corporate bonds shall remain unchanged at 6 per cent, 2 per cent and 15 per cent, respectively, of the outstanding stocks of securities for 2024-25," it said. The allocation of incremental changes in the g-sec limit (in absolute terms) over the two sub-categories 'General' and 'Long-term' will be retained at 50:50 for 2024-25, it added. The notification further said the aggregate limit of the notional amount of Credit Default Swaps (CDS) sold by foreign portfolio investors (FPIs) will be 5 per cent of the outstanding stock of corporate bonds. Accordingly, an additional limit of Rs 2,54,500 crore is set out for 2024-25.
***(Business Standard)***

**RBI proposes 'digital-view' of loans to ensure transparency to borrowers:** RBI) has come out with draft guidelines for 'Digital Lending — Transparency in Aggregation of Loan Products from Multiple Lenders.' This is to ensure that lending service providers (LSPs) provide a digital view of the loans they offer to customers in partnership with other entities. It is set to bring in the much-needed transparency in the system. The banking regulator, in a draft circular on digital lending, said the identity of a potential lender may not be known to a borrower in cases where an LSP has arrangements with multiple lenders. This comes on the back of the RBI's observation that many LSPs offering aggregation services for loan products have outsourcing arrangements to multiple lenders. A digital view will provide a host of details to ensure that customers have prior information about potential lenders to make an informed decision on a loan product.
***(Business Standard)***

**Bank of Maharashtra Q4 PAT UP 45%; higher NII, other income boosts profit:** Public sector lender Bank of Maharashtra on Friday reported 45% year-on-year (y-o-y) increase in its net profit for the quarter ended March 31 at Rs 1,218 crore, driven by robust growth in core income. In Q4FY24, the bank's net interest income surged by 18% y-o-y to Rs 2,584 crore. Additionally, the net interest margin (NIM) expanded by 2 basis points quarter-on-quarter (q-o-q) to 3.97% in Q4. Other income, encompassing fees from third-party services and treasury gains, among others, also saw a notable increase of 24% y-o-y to Rs 1,022 crore in Q4, contributing to the growth in bottom line. Furthermore, the bank witnessed a 16% y-o-y rise in overall advances, reaching Rs 2.03 trillion as of March 2024, with retail, agriculture, and MSME (RAM) loans constituting 61%, while the corporate sector comprised the rest. On the liabilities side, the bank's total deposits increased by 16% y-o-y to Rs 2.70 trillion as of March 31. Bank of Maharashtra's asset quality showed improvement in the reporting quarter, with gross and net NPA declining to 1.88% and 0.20%, respectively, as of March 2024, compared to 2.04% and 0.22% in the previous quarter.
***(Financial Express)***

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# INDUSTRY OUTLOOK

**Google parent Alphabet reclaims spot in $2 trillion valuation club:** Alphabet breached the $2 trillion market value mark for the first time since November 2021 on Friday, as investors cheered the Google parent announcing its first-ever dividend and a $70 billion stock buyback. The stock was last trading up 11.7% at $173.55, after hitting a record high moments after the market opened.
***(Moneycontrol)***

**Maruti Suzuki India's Q4 net profit surges 47% to ₹3,952 crore, highest-ever dividend recommended:** Higher sales volume, favourable commodity prices, and higher non-operating income led Maruti Suzuki India (MSIL) to grow its consolidated net profit 47 per cent year-on-year to ₹3,952 crore in the fourth quarter that ended on March 31, compared to ₹2,687 crore in the same period last year. Consolidated total income also rose by 20 per cent YoY to ₹39,654 crore in the fourth quarter as against ₹33,015 crore in January-March quarter in 2023. The company sold 5,84,031 vehicles during the quarter, higher by 13.4 per cent compared to 5,14,927 units in the same period previous year.
***(Business Line)***

**Deregister Go First aircraft in five days, Delhi High Court tells DGCA:** The Delhi High Court on Friday directed the civil aviation regulator to deregister planes leased to Go First within five working days, giving respite to the lessors.This means that the airline will have to give back all 54 aircraft to the lessors if its resolution professional (RP) does not challenge the order or ask for a stay. Justice Tara Vitasta Ganju also refused the request of the RP, represented by advocate Diwakar Maheshwari, to keep the operation of the order in abeyance for a week to enable them to file an appeal before the division Bench of the court.
***(Business Line)***

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# REGULATION & DEVELOPMENT

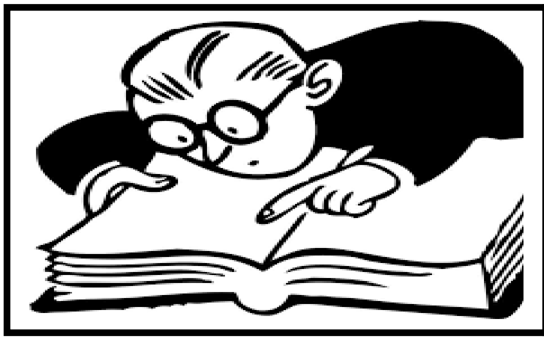
**BSE may see a big jump in regulatory fee; Sebi asks it to calculate annual turnover based on notional value:** BSE may have to pay a huge bill for its regulatory fee, going by a letter it has received from the market regulator on April 26. As per the letter, BSE has been asked to pay its regulatory fee to the Securities and Exchange Board of India (Sebi) based on annual turnover calculated from the "notional value" of options contracts. The regulator's letter says that BSE has been calculating the annual turnover based on premium value for options contracts. Notional value is much higher than the premium value, since notional value is calculated by multiplying the contract size with the underlying's price. Through a filing with the National Stock Exchange (NSE) on April 26, BSE shared the market regulator's letter on payment of differential regulatory fee for the past periods along with applicable interest.
***(Moneycontrol)***

**Nearly half of population now have PAN, male-female ratio coming down, show I-T dept data:** Nearly half of India's population has not got Permanent Account Number (PAN), latest data from the Income Tax Department showed. Though the gap between the number of male and female PAN holders still exists, but that is closing now. The data also showed that over 14 crore PANs are facing the threat of becoming in-operative as they have not been linked with Aadhaar (as on March 31). According to the data, over 74.67 crore PANs have been issued till March 31, 2024 which is 10 per cent higher that 67.67 crore as of March 31, 2023 which is nearly 2500 per cent over 2.76 crore as of March 31, 2014. Nearly 97-98 per cent of PAN holders were individuals and the number of male holders was higher than that of female holders. According to the data, male-female ratio is coming down. It was 1.96 in FY14. It was dropped to 1.69 at the end of FY19 and it was further dipped to 1.35 at the end of FY24.
***(Business Line)***

**Companies Act tweak, IBC among MCA's 100-day plan:** The ministry of corporate affairs (MCA) has chalked out a plan for the first 100 days of the new government to assume office after the elections. Besides a clutch of changes to the Insolvency and Bankruptcy Code (IBC) aimed at expediting the resolutions and expanding the ambit of the mechanism, the action plan includes streamlining of the existing rules under the Companies Act, 2013 and bolstering the National

Company Law Tribunal (NCLT). "The MCA will engage in increasing the number of members at NCLT beyond the current sanctioned strength. Besides, the proposal by the industry to create separate benches for IBC (insolvency and bankruptcy code), and company law-related matters within the NCLT will also be taken up," said an official source. The official said that plan also covers finalising a stricter governance framework for large unlisted firms, especially in the backdrop of alleged irregularities at firms like Byju's As per the action plan, the MCA will fast-track the process of amendments to IBC under the new government. "It's top priority for the ministry..

***(Financial Express)***



# FINANCIAL TERMINOLOGY

## NORMAL TRANSIT PERIOD (Related to Export Credit)

- Normal transit period comprises of the average period normally involved from the date of negotiation/purchase/discount till the receipt of bill proceeds. It is not to be confused with the time taken for the arrival of the goods at the destination. Normal transit period for different categories of export business are laid down as below.
- **Fixed Due Date:** In the case of export usance bills, where due dates are fixed or are reckoned from date of shipment or date of bill of exchange etc., the actual due date is known. Therefore, in such cases, normal transit period is not applicable.
- **Bill drawn on DP/At Sight Basis and not under Letter of Credit (LC):** (i) Bill in Foreign Currencies – 25 days. (ii) Bills in Rupees not under Letter of Credit– 20 days.
- In case of extending finance beyond above prescribed NTP, maximum period is restricted up to 90 days from the date of shipment.

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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 : 83.3395
INR / 1 GBP : 104.2560
INR / 1 EUR : 89.4288
INR /100 JPY: 53.4300

## EQUITY MARKET

Sensex: 73730.16 (-609.28)
NIFTY: 22419.95 (-150.40)
Bnk NIFTY: 48201.05 (-293.90)

## *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 BFSIB portal of the ICMAI website

## *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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