

DAILY NEWS DIGEST BY BFSI BOARD

28 February 2024

BANKING & FINANCE



RBI ask banks, NBFCs to strengthen risk data reporting, changes timeline for filing: RBI on February 27 asked banks and non-banking finance companies to strengthen reporting of risk data in their domestic and overseas bank units, besides changing timeline for filing risk data report by different lenders. In its master direction on the filing of supervisory returns for supervised entities released today the RBI said the idea behind the circular is to bring clarity, brevity and harmonization for banks and NBFCs for submission of returns and improve compliance. The central bank in the revised guidelines said all audited returns of commercial banks should be filed within 5 working days from the date of signing of the Auditor's report. In the earlier guidelines, the timeline was with 7 days. RBI said regulated entities needs to file alance Sheet Analysis (BSA) – Annual Return within 5 working days from the date of signing of the Auditor's report. Interest Rate Sensitivity Return (IRS) for all the month shall be submitted within 15 days for commercial banks, RBI said. Half yearly/ Quarterly Review of Accounts of Public Sector Banks – Review Report by Statutory Central Auditors (SCAs) should be submitted Within 21 days from the date of receipt of the report from the SCAs in the matter, RBI said.

(Moneycontrol)

GIFT City taps RBI for RTGS-like dollar payment system: Officials from the GIFT City have reached out to the Reserve Bank of India (RBI) for consultations in setting up a dollar payment system mechanism that aims to bring about greater efficiency in transactions conducted in the US currency, sources aware of the developments told.

(Economic Times)

SBI will grow at 14–15% in FY25, says Chairman Dinesh Khara: Confident of growing ahead of the India's GDP, Dinesh Khara, Chairman of India's largest bank State Bank of India, said the bank is on course to record 14–15 per cent loan growth in the coming fiscal. Speaking exclusively to businessline, he said that growth is a function of GDP and if the nominal GDP growth is around at 7.5

per cent and inflation is pegged at 5.5 per cent, delivering 14–15 per cent growth in FY25 is an achievable target for SBI. “For a balance sheet of this size and we are already at ₹37-lakh crore, it’s a decent growth. The other aspect which I must highlight is not merely the number but the quality of the number,” said Khara. “As a commercial call of the organisation, we cannot lose sight of quality and we are conscious that if we have to have the best quality pricing has to be competitive, for which we have to raise deposits at reasonable cost”.

(Business Today)

Big change in lending landscape: Fintech powers banks to storm NBFC bastion: The lending landscape in India is undergoing a change with the spread of digitisation and the advent of fintechs. In the past, banks were hobbled by the lack of infrastructure and costs involved in expanding their geographic footprint into the hinterland. But fintechs and advancements in technology enabled banks to extend their reach without significant inflation in fixed costs.

(Economic Times)

RBI lifting curbs on forex non-deliverable forward arbitrage by banks: India's central bank is easing restrictions on banks' arbitrage trades between the outright foreign exchange over-the-counter (OTC) and the non-deliverable forward (NDF) markets, four people familiar with the matter said. The Reserve Bank of India (RBI) has allowed banks, that have made requests, to resume such trades, a person directly familiar with the central bank's thinking said. "There have been banks who have called and asked whether they can start doing it," and the central bank has approved, this person said. At least two public-sector banks and a private-sector lender have been allowed to recommence arbitrage trades, according to three bankers.

(Business Standard)



ECONOMY

WTO MC13: India says developing nations need fish subsidies for livelihood, development needs: India has emphasised that a comprehensive agreement on fisheries subsidies, which is being negotiated at the on-going 13th WTO Ministerial Conference in Abu Dhabi, should be built on the principles of ‘common but differentiated responsibilities and respective capabilities’ (CBDR- RC). It must also incorporate special and differential treatment (S&DT) to protect the livelihood and growth needs of the fishing community in developing countries. “India stressed that

historically, while subsidies to the fisheries sector has led to over exploitation, subsidies are also vital for developing countries and small economies to develop and diversify their fisheries sector as well as to protect the food security and livelihood security of their fishermen,” per an official statement issued by the Commerce Department on Tuesday.

(Business Line)

Global rupee trade off to a good start: India’s exports to Russia in the April-December period of 2023 was \$ 3.1 billion. This may not look like a big number, but the perspective changes when you see that the exports were up 41 per cent over the corresponding period of the previous year. The jump is attributed to the new mechanism of trade settlement in rupees. Going by this experience, it is tempting to think that India’s efforts towards internationalizing the rupee will prove to be substantially beneficial. Ever since the Reserve Bank of India brought out the circular on ‘International Trade Settlement in Indian Rupees’ on July 11, 2022, the arrangement has got off to a good start —as illustrated by the experience with Russia. Since the circular, India is said to have settled \$2.5 billion worth of trade, in rupees. Before July 2022, India’s trade in rupee was limited to Nepal and Bhutan only. In December 2022, India reportedly saw its first settlement of foreign trade in rupee with Russia. In March 2023, the RBI put in place the mechanism for rupee trade settlement with as many as 18 countries. Banks from these 18 countries — Botswana, Fiji, Germany, Guyana, Israel, Kenya, Malaysia, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka, Tanzania, Uganda, and the United Kingdom have been allowed to open Special Vostro Rupee Accounts (a foreign bank’s account in an Indian bank) for settling payments in Indian Rupees.

(Business Today)

States' borrowing cost decline marginally to 7.44 per cent: The borrowing cost for states continued to fall for the third week in a row, with the weighted average price falling to 7.44 per cent in the debt auction on Tuesday. The cost had remained at a two-year high throughout January sniffing at 7.8 per cent. However, the overall cost has been falling since the interim Union Budget, which forecast a lower than anticipated borrowing and a fiscal deficit target of 5.8 per cent for this fiscal and 5.1 per cent for the next financial year. The weighted average cut-off rate eased by 2 basis points to 7.44 per cent on Tuesday, with issuance trailing the indicated amount for the fifth consecutive week, Icria Rating said in a note.

(Economic Times)

INDUSTRY OUTLOOK



Vodafone Idea plans to raise about Rs 45,000 crore through equity, debt:

Vodafone Idea's board on Tuesday greenlit plans to raise up to Rs 45,000 crore in equity and debt, and use the funds to expand its 4G coverage, roll out a 5G network, and increase capacity. The fundraising plan, the cash-strapped telecom firm in a statement said, includes a capital raise of Rs 20,000 crore through a mix of equity and equity-linked instruments by bringing in an external investor as early as next quarter. A

(Business Standard)

Operation clean-up: MCA plans next round of shell companies' crackdown: Corporate Affairs Ministry (MCA) may in June or July this year go in for another round of crackdown on non-functional (shell) companies, official sources said. This will be on top of the nearly five lakh companies struck off in the recent years and to weed out firms that were used to funnel black money, sources added. This would mean that MCA wants to keep alive the drive (of removing non-functional firms) that had gained unprecedented traction in the immediate aftermath of the 2016 demonetisation exercise. MCA sources also noted that government have set up a separate centre that would aid in voluntary winding up of companies within 100-odd days and the previous timeframe of taking about two years for voluntary winding up of companies is now passé.

(Business Line)

CCI proposes changes to confidential info sharing: The Competition Commission of India (CCI) has proposed to amend the so-called "confidentiality ring" regime that governs the treatment of confidential information in its proceedings, seeking to streamline the processes and prevent any delays in disposal of cases. The regime, introduced in 2022, allows parties involved in a case to have access to confidential information or documents relating to other parties in an investigation to better defend themselves, subject to riders.

(Economic Times)



REGULATION & DEVELOPMENT

Former Supreme Court judge A M Khanwilkar appointed new Lokpal chairperson:

Former Supreme Court judge A M Khanwilkar was appointed as the chairperson of the anti-corruption ombudsman Lokpal on Tuesday, nearly two years after the post fell vacant. The Lokpal has been working without its regular chief after Justice Pinaki Chandra Ghose completed his term on May 27, 2022. Justice Pradip Kumar Mohanty, a judicial member of the Lokpal, is currently the acting chairperson.

(Moneycontrol)

Sebi asks small, mid-cap funds to disclose more information about risks: India's market regulator has asked the country's asset managers to give investors more information about the risks associated with their small and mid-cap funds, according to a fund manager and two people with knowledge of the matter. Small and mid-sized funds have seen high inflows, causing concern among authorities about how they would hold up in the event of a sharp market selloff. The Securities & Exchange Board of India (SEBI) has also been reviewing stress tests conducted by such funds, sources have previously said. The funds are being asked to disclose how long it might take to accommodate large redemptions, what impact large outflows could have on the value of the portfolio and how much cash and liquid assets the fund holds to meet outflows, the people said.

(Financial Express)

Nagaland govt announces universal life insurance scheme: Nagaland government on Tuesday announced a fully-funded universal life insurance scheme to mitigate financial hardship due to untimely demise of a family's breadwinner. The comprehensive scheme is part of the Budget tabled in the state assembly on Tuesday by Chief Minister and Minister in Charge Finance Neiphiu Rio. The Chief Minister's Universal Life Insurance Scheme will be fully funded by the state government.

(Economic Times)

PFRDA notifies amendments to Retirement Adviser (RA) regulations for Good Governance and ease of compliance: The Pension Fund Regulatory and Development Authority (PFRDA) has notified the Retirement Adviser (RA) (Amendment) Regulations, 2023 on 20.02.2024. The amendments to Retirement Adviser Regulations simplify the provisions related to eligibility criteria, timelines to expedite the process of registration and removal of the requirement of

submission of security deposits with an objective of Ease of Doing Business. The notable amendments inter alia include: Non-Individual applicants regulated by other financial regulators are made eligible, Security deposit is not required and Applications to be disposed of within 30 days.

(PiB)



JUST COMPENSATION

- ❖ Just compensation refers to the compensation individuals receive when their property gets seized by the government for public use. For example, when the national highway system was constructed in the 1950s, many homeowners had their property seized because the government needed the land to build the interstate highway system.
- ❖ The idea behind just compensation is to repair the individual's estate, as if the property taking did not occur. This means paying the fair market value for the property.
- ❖ However, individuals who lose their homes through an act of eminent domain may not consider the fair market value of the property to be just compensation for their loss, because it does not take into account the time, stress and cost of moving to a new property. Just compensation also fails to consider the loss of neighborhood social ties or the emotional connection the owner may have to the property. Fair value is often disputed in eminent domain cases.



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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 : 82.8915
INR / 1 GBP : 105.1020
INR / 1 EUR : 89.9395
INR /100 JPY: 55.0700

EQUITY MARKET

Sensex: 73095.22 (+305.99)
NIFTY: 22198.30 (+76.30)
Bnk NIFTY: 46588.05 (+11.55)

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