



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**28 March, 2023**

### **SC RULING ON LOAN DEFAULTERS A SETBACK FOR BANKS, SAY EXPERTS:**

The Supreme Court's (SC) ruling on March 27 that said banks must give borrowers an opportunity to be heard before classifying their loan account as fraud, will result in delay in the loan recovery process since legal cases are prone to get prolonged, said banking industry experts. Borrowers have the right to be heard before banks classify their accounts as fraud, the Supreme Court ruled on March 27. Earlier in the day, the SC said that borrowers have the right to be heard before banks classify their accounts as fraud and that principles of natural justice must be followed and read into the Reserve Bank of India's (RBI) 2016 master circular on fraud.

The court held that when an account is classified as fraud, it results in civil and criminal consequences for the borrower. It amounts to "blacklisting" a borrower from availing any credit. Hence, a hearing must be granted under the Master Directions on Fraud, the country's top court said.

In 2016, the RBI issued a circular allowing banks to unilaterally classify accounts of wilful defaulters as fraudulent, a move that was challenged in several high courts.

***(Moneycontrol)***

**GLOBAL ECONOMY FACES 'LOST DECADE', SAYS WORLD BANK:** The global economy faces the prospect of a "lost decade" on account of nearly all drivers of economic progress in recent history fading, the World Bank has said. Writing in a report titled 'Falling Long-Term Growth Prospects: Trends, Expectations, and Policies', released on March 27, the World Bank's staff warned that the global economy's 'speed limit' is on track to crash to a three-decade low by 2030. The 'speed limit' refers to the maximum long-term growth rate without sparking inflation concerns. "In the decade before COVID-19, a global slowdown in productivity...was already adding to concerns about long-term economic prospects," the report said, adding that investment growth is weakening, global labour force is growing sluggishly, human capital reversals have been triggered by the coronavirus pandemic, and growth in international trade is barely matching GDP growth.

***(Moneycontrol)***

### **BANKS TO GAIN \$36 BILLION IN DEPOSITS AS DEBT FUNDS GET TAXED:**

India's decision to tax returns from fixed-income mutual funds is set to bolster its lenders' efforts to lure deposits for financing a resurgent credit growth and boost profits. The nation scrapping tax incentives for some debt mutual funds has paved the way for banks to garner as much as \$36 billion in deposits from the asset managers, according to Sunil Mehta, chief executive officer of Indian Banks' Association, a lenders' lobbying body. The move comes as a



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respite for the financiers as the widening gap between credit off-take and deposits has sparked risks of asset-liability mismatches and pushed up funding costs.

*(Moneycontrol)*

### **HDFC TO RAISE ₹57,000 CRORE, UPS BORROWING POWER BY ₹50,000**

**CRORE:** The board of Housing Development and Finance Corporation (HDFC) on Monday approved raising ₹57,000 crore through the issue of unsecured, redeemable, non-convertible debentures on a private placement basis, in various tranches. It also approved increasing the overall borrowing powers of the company to ₹6.5-lakh crore from ₹6-lakh crore, outstanding at any point of time. The same is subject to shareholders' approval via postal ballot.

*(Business Line)*

### **FINANCE MINISTRY ASKS STATE-RUN BANKS TO MONITOR TOP LOAN**

**ACCOUNTS:** Govt. has asked state-run lenders to adopt stricter monitoring of top corporate loan accounts and submit a plan to deal with business risks in key areas within two weeks, three banking sources said on Monday.

*(Mint)*

### **GUARANTEES AMOUNTING TO RS. 4,06,310 CRORE APPROVED UNDER CREDIT GUARANTEE SCHEME FOR MSEs TILL FEBRUARY 2023:**

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) provides credit guarantee to its Member Lending Institutions (MLIs) for the loans extended by them to Micro and Small Enterprises (MSEs) without any collateral security or third party guarantee. From inception in 2000 till 28th February 2023, 69,04,649 number of guarantees amounting to Rs. 4,06,310 crore have been approved under Credit Guarantee Scheme for Micro and Small Enterprises. As on 28th February 2023, out of the total number and amount of guarantees approved under Credit Guarantee Scheme for Micro and Small Enterprises, 21 percent by number and 14 percent by amount is constituted by women owned MSEs. As on 28th February 2023, out of the total number and amount of guarantees approved under Credit Guarantee Scheme for Micro and Small Enterprises, 6 percent by number and 3 percent by amount is constituted by SC/ST owned MSEs.

*(PiB)*

**INDIA TO PUSH FOR RUPEE TRADE IN G-20 MEETINGS: OFFICIAL:** India will be looking to push the rupee trade agenda in the G-20 meetings it is organising as part of its ongoing presidency of the forum, a senior bureaucrat said on Monday. Commerce Secretary Sunil Barthwal said rupee trade will be of help, especially with those countries whose currencies are under pressure. Commerce Secretary Sunil Barthwal said rupee trade will be of help, especially with those countries whose currencies are under pressure. It can be noted that



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as of now, India has been successful in forging agreements with 18 countries since embarking on the agenda of settling trade in the rupee amid currency volatility last year. India is the President of G-20 in the current term.

*(Economic Times)*

### **S&P KEEPS INDIA'S ECONOMIC GROWTH FORECAST UNCHANGED AT 6%**

**FOR FY24:** According to S&P Global Ratings, India's economic growth is projected to be at 6% in the fiscal year starting April, rising to 6.9% in the following fiscal year. In a quarterly update for the Asia-Pacific region, the agency saw inflation rate easing to 5% in 2023-24 fiscal, from 6.8% in the current financial year. The agency's projections for the country's GDP saw the indicator growing by 7% in the current financial year (ending March 31), later slowing down to 6% in 2023-24. "India leads, with average growth of 7% in 2024-2026," the update said. S&P expects the subcontinent's GDP to rise to 6.9% in 2024-25 and 2025-26 and later to 7.1% in 2026-27.

*(Economic Times)*

### **IDFC FIRST BANK PARTNERS CRUNCHFISH TO DEMONSTRATE OFFLINE RETAIL PAYMENTS:**

IDFC First Bank on Monday said it has partnered with Swedish company Crunchfish to pilot a project to demonstrate offline retail payments. IDFC First Bank, is set to be a part of RBI's pilot project to enable offline payments, the private sector lender said, adding that the project will give access to digital payments even when there is no network. The unique digital payment solution was designed by Crunchfish for merchants and customers under the RBI's Regulatory Sandbox Program, IDFC First Bank said in a release. "This project will provide support for offline retail payments based on a Digital Cash platform to the payment ecosystem of India. IDFC FIRST Bank will be one of the first few banks to be a part of this pilot project by HDFC Bank," it said.

*(Financial Express)*

### **FIRST CITIZENS NEARS DEAL TO ACQUIRE SILICON VALLEY BANK:**

First Citizens BancShares Inc. is in advanced talks to acquire Silicon Valley Bank after its collapse earlier this month, according to people familiar with the matter. First Citizens could reach a deal as soon as Sunday to acquire Silicon Valley Bank from the Federal Deposit Insurance Corp., said the people, who asked to not be identified because the matter isn't public. No final decision has been made and talks could fall through, the people added.

*(Financial Express)*

### **MFs REOPEN OVERSEAS INVESTMENT FOR INVESTORS TO GET LONG-TERM CAPITAL GAINS BENEFIT:**

Mutual fund houses are re-opening their international funds for investment due to the potential loss of long-term capital gains tax benefits if invested



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after the end of March. Edelweiss has re-opened seven of its international funds for investment. The fund house had suspended fresh investments in these schemes in February as it was closer to the threshold limit set for each mutual fund by the Association of Mutual Funds in India.

***(Business Line)***

### **PARLIAMENT PASSES FINANCE BILL AFTER LOK SABHA APPROVES AMENDMENT RECOMMENDED BY RAJYA SABHA:**

Parliament on Monday approved the Finance Bill 2023 after the Lok Sabha approved an amendment recommended by the Rajya Sabha to correct a typographical error that had crept into the Bill on Friday, as regards the hike in securities transaction tax (STT) on options contracts put through stock exchanges. (to ₹6,250 for every ₹ 1 crore turnover of options contracts, from the earlier rate of ₹5,000 for every ₹1 crore turnover)

***(Business Line)***



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## ***FINANCIAL TERMINOLOGY/CONCEPTS***

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### **Account Information Service Provider (AISP)**

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- ❖ Account Information Service Provider (AISP) or a company with an AISP license, is a type of financial institution providing access to the financial information of the user on the accounts that are held with other institutions.
- ❖ Account information service providers (AISPs) and payment initiation service providers (PISPs) are essential to open banking. Whether it's enabling a host of new financial products or providing a better way to accept payments, open banking is changing the way that consumers and businesses alike manage their money. Essentially, open banking lets approved companies access bank accounts with the account holders' permission.
- ❖ AISPs offer account information services (AIS) by gathering read-only financial information. They can compile data from multiple bank accounts, but they can't initiate activity such as payments from those accounts.
- ❖ AISP stands for Account Information Services Provider. AISP status is awarded and regulated by the Financial Conduct Authority (FCA), and accredited firms can help customers to access account information from separate bank accounts via a single portal.
- ❖ Examples of AISPs often include: financial institutions, consumer credit companies, such as Experian, financial software providers etc.



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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 : 82.3358  
INR / 1 GBP : 100.6761  
INR / 1 EUR : 88.5786  
INR /100 JPY : 62.7600

### **EQUITY MARKET**

Sensex: 57653.86 (+126.76)  
NIFTY: 16985.70 (+40.70)  
Bnk NIFTY: 39431.30 (+36.00)

### **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 ICAI 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)**

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### **TEAM BFSIB**

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