



ICMAI
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DAILY NEWS DIGEST BY BFSI BOARD

28 August 2024



ECONOMY

RBI, European market regulator close to resolving bond settlement deadlock: RBI and the European Securities and Markets Authority (ESMA) are close to ironing out differences over the treatment of the former's bond trading platform, a senior government official said, adding that there will be no roadblocks to trading even as the two sides look for a resolution. "The regulators are in talks and are working towards a solution," the official said. The matter dates back to October 2022, when ESMA said it plans to de-recognise the Clearing Corporation of India – an RBI-supervised entity that hosts the platform for trading domestic government bonds. The European regulator cited the lack of permit rights for audit and inspection over the local clearing house as the reason behind the move. According to ESMA regulations, any service utilised by European banks from non-European entities needs to be vetted by ESMA. However, India is said to have refused to give the European regulator supervisory powers over Indian clearing corporations. Now with the deadline of October 2024 to stop transactions with CCIL around the corner, there is an urgency to find a solution.

(Moneycontrol)

Paddy sowing increases 4.29% so far in 2024-25 kharif season: Report: Paddy acreage increased by 4.29 per cent to 39.42 million hectare so far in the ongoing 2024-25 kharif (summer) season, the agriculture ministry said on Tuesday. In the year-ago period, the area under paddy was 37.8 million hectare. Sowing of paddy, the main kharif crop, begins with the onset of the southwest monsoon in June, and harvesting takes place from October. Additionally, the area sown to pulses increased to 12.21 million hectare till August 27 of the ongoing season against 11.55 million hectare in the same period last year, the ministry said in a statement. The coverage of 'arhar' rose to 4.57 million hectare from 4.07 million hectare. Arhar (tur) sowing has been completed. The area sown to 'urad' was 2.9 million hectare against 3.08 million hectare.

(Business Standard)



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BANKING & FINANCE



Canara Bank mops up Rs 3,000 crore in additional Tier-I bonds at 8.27%: State-owned Canara Bank on Tuesday raised ~3,000 crore through the issuance of additional tier-1 (AT-1) bonds at an 8.27 per cent coupon rate, people familiar with the transaction revealed. The coupon rate came in slightly below market expectations, signalling favourable conditions for other banks considering similar issuances. This marks the first AT-1 bond issuance by a major bank in 2024-25, as well as the first issuance of its kind since the markets regulator, Securities and Exchange Board of India (Sebi), allowed mutual funds to value these papers as per “yield to call (YTC)”, instead as 100-year papers.

(Business Standard)

30 million new accounts: FM Sitharaman's PMJDY expansion plan for FY25: On the eve of the 10th anniversary of Pradhan Mantri Jan-Dhan Yojana (PMJDY), Union Finance Minister Nirmala Sitharaman announced that the government aims to open over 30 million new PMJDY accounts during 2024-25. Briefing reporters, Sitharaman revealed that as of August 14, 2024, a total of 531.3 million Jan-Dhan accounts have been opened since the scheme's launch a decade ago, with a cumulative deposit balance of Rs 2.3 trillion. The average balance per account has increased from Rs 1,065 in March 2015 to Rs 4,352 as of August 16, 2024. Roughly 80 per cent of these accounts are currently active. “PMJDY has played a crucial role during the pandemic, especially for women,” said Sitharaman. Despite the allowance for zero balance and the absence of a minimum balance requirement, only 8.4 per cent of the accounts maintain a zero balance. The scheme has been particularly effective in rural and semi-urban areas, where 66.6 per cent of the accounts are located. As of August 14, 2024, women account holders represent 55.6 per cent of the total accounts, amounting to 295.6 million accounts, according to the Ministry of Finance.

(Business Standard)

Financial institutions face operational challenges due to new Trai mandate: While most banks indicated that they may not be affected by the Telecom Regulatory Authority of India's (Trai) mandate to block messages with unregistered URLs, OTT links, and APKs—since they typically do not send marketing content—financial institutions that do send promotional messages are expected to face operational challenges. These challenges include the need to whitelist every communication link, coordinate with telecom operators, and update systems to ensure seamless customer communication



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after registration. Trai has mandated telecom companies to block messages containing unregistered URLs, OTT links, APKs, or call-back numbers starting September 1.

(Business Standard)

INDUSTRY OUTLOOK



Hindenburg Research's latest report targets Nasdaq-listed Super Micro over 'accounting manipulation': Hindenburg Research has come out with a new report - this time targeting Silicon Valley-based Super Micro Computer Inc - over alleged accounting manipulation and sanctions evasion, sending shares of the Nasdaq-listed company down by nearly 8 percent in pre-market trade on August 27. The report is based a three-month investigation by Hindenburg, which it says has revealed 'accounting red flags, evidence of undisclosed related party transactions, sanctions and export control failures, and customer issues'. The company was temporarily delisted from Nasdaq for failing to file financial statements in 2018, and later charged by the SEC for “widespread accounting violations,” the Hindenburg note said, which were relating to “\$200+ million in improperly recognized revenue and understated expenses”, resulting in inflated sales, earnings and profit margins.

(Moneycontrol)

Airtel, Apple sign pact for content: Bharti Airtel on Tuesday said it has tied up with Apple to integrate Apple Music and Apple TV+ as part of the telco's consumer offerings. The partnership comes amidst a surge in consumption of video content in India. As part of the partnership, Airtel XStream customers can now watch Apple TV+ content as part of the telco's video streaming platform. The service is included for premium Airtel WiFi customers and postpaid plans, the company said. "Apple and Airtel are natural partners who strive to bring excellence to customer experience. We also share the common vision of serving the entertainment needs of Indian users. Airtel offers a one stop shop to bring all content and entertainment through Airtel Xstream. This partnership with Apple will provide immense value to our customers since they will now have access to the best content and entertainment globally,” said Amit Tripathi, chief marketing officer and EVP Customer Experience Bharti Airtel.

(Economic Times)

Yes Bank ties up with Newtap Finance to Offer Financing Solutions: Private sector lender Yes Bank, has entered into a co-lending partnership with Newtap Finance to provide personalised financing solutions to creditworthy individuals on CRED. Dreamplug Technologies Private Limited



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(DTPL), which operates CRED, will serve as the Lending Service Provider (LSP) for Yes Bank and Newtap Finance in this partnership.

(Economic Times)



REGULATION & DEVELOPMENT

SEBI rights issue plan may hit merchant bankers' revenue: The Securities and Exchange Board of India (Sebi)'s proposal to overhaul the rights issue process to boost its appeal as a fundraising route is likely to pose a serious threat to revenue streams of merchant bankers. One of the key changes suggested by the regulator is the elimination of the mandatory role of investment banks in a rights issue. Not only does this jeopardise their earnings, but also pivots merchant bankers towards exploring other opportunities, bankers and legal experts said. While this change could disrupt the traditional advisory role of investment banks, and in a way, impact fees, it also opens up opportunities to explore new service areas or develop solutions to support issuers and RTAs.

(Financial Express)

Jay Shah elected unopposed as next ICC chairman, to assume office on Dec 1: BCCI secretary Jay Shah will take over as the next ICC chairman on December 1 after being elected unopposed for the top post here on Tuesday, making him the fifth Indian to reach the pinnacle of global cricket administration. The 35-year-old Shah, who has been the BCCI secretary since 2019, will take over from 62-year-old incumbent Greg Barclay after the New Zealander decided against running for a third consecutive term of two years. Shah, who is the son of union home minister Amit Shah, will relinquish his position in India at the BCCI's Annual General Meeting likely to be held towards the end of next month or in October.

(Business Standard)



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FINANCIAL TERMINOLOGY

JOBLESS CLAIM

- ❖ Jobless claims are a statistic reported weekly by the U.S. Department of Labor that counts people filing to receive unemployment insurance benefits.
- ❖ There are two categories of jobless claims: initial, which comprises people filing for the first time, and continuing, which consists of unemployed people who have already been receiving unemployment benefits.
- ❖ Jobless claims are an important leading indicator of the state of the employment situation and the health of the economy.
- ❖ Investors can use this report to form an opinion of the country's economic performance.



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 : 83.9424
INR / 1 GBP : 110.8163
INR / 1 EUR : 93.7513
INR /100 JPY: 58.0000

EQUITY MARKET

Sensex 81711.76 (+13.65)
NIFTY: 25017.75 (+7.15)
Bnk NIFTY: 51278.75 (+130.65)

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 - ❖ 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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