

DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



FM Sitharaman on fintechs: Problems of a few should not be viewed as sectoral issue:

Finance Minister Nirmala Sitharaman said that the problems of few individual startups, particularly in the fintech space, should not be viewed as the entire sectors' problem. Speaking to The Indian Express in an interview on February 28, Sitharaman said that the government is "very much with the startups and every assistance will be provided to them." "I am very empathetic about the sector, because one or two or four startups' problems cannot be seen as entire startup world's problems. Many of them (startups) are doing alright. They may want to have greater levels of comfort from the regulators, which is fine and we will provide that. I don't want the sector to have any kind of apprehensions that this is going to be my fate as we grow.

(Moneycontrol)

SBI to list payments and general insurance subsidiaries: The next 12 to 18 months could see bonanza capital market issuances from the State Bank of India. Dinesh Khara, Chairman of State Bank of India, speaking exclusively to businessline, indicated that the listing of SBI Payments Limited and SBI General Insurance Company Limited may hit the street. While he did not indicate any specific timelines for listing, sources in the industry say talks of an initial public offering for the two businesses have been ongoing in recent months. Explaining the logic for listing payments and general insurance business, instead of the earlier talked-about listing of the asset management company, Khara said, "The listing of a subsidiary is a function of the capital structure. A mutual funds company needs knowledge capital (over equity) and I think they have done well for themselves. But those which are capital-heavy, like general insurance, at some stage we will think of listing and SBI Payments is another option". Valuation of SBI Payments is pegged at around ₹45,000 crore, while that of the general insurance arm is seen at ₹30,000 crore.

(Business Line)

RBI conducts back-to-back VRRR auctions to absorb liquidity from banks: RBI conducted two back-to-back variable rate reverse repo (VRRR) auctions on Wednesday after a gap of 21 days to suck out liquidity from the banking system and try and push up the overnight market rates. Banks had net overnight surplus liquidity amounting to ₹83,101 crore, going by the RBI's money market operations data as of February 27. "On an average, the government borrows ₹30,000 crore to ₹33,000 crore at the weekly auctions. But the borrowing programme for FY24 ended about two weeks back.

(Business Line)

RBI revises timeline for completion of Regulatory Sandbox process: The Reserve Bank of India (RBI) on Wednesday revised the timeline for the completion of various stages of a Regulatory Sandbox (RS) to nine months from the previous seven. The updated framework for an RS also requires sandbox entities to ensure compliance with provisions of the Digital Personal Data Protection Act, 2023. "The framework (for RS) has been revised based on the experience gained over the last four and half years in running four cohorts and feedback received from fintechs, banking partners and other stakeholders," the central bank said in a release. A sandbox entity should ensure it has appropriate technical and organisational measures for the compliance of the provisions under the Digital Personal Data Protection Act, the banking regulator added.

(Business Standard)

MSME loan portfolio's delinquency rate down to two year low of 2.3%: The loan portfolio delinquency rate of micro, small and medium enterprises (MSME) declined to a two-year low of 2.3 per cent in the September quarter of 2023-24 (Q2FY24), according to the TransUnion CIBIL-SIDBI report released on Wednesday. The delinquency rate is the percentage of loans that are overdue by more than 90 days. The MSME loan demand across lenders — private sector, public sector banks (PSBs) and non-banking finance companies (NBFCs) — rose 29 per cent year-on-year (Y-o-Y). The private banks have the least number of delinquent portfolios at 1.5 per cent, while the PSBs stood at 3.2 per cent. The delinquency rate for NBFCs was 2.9 per cent. Rates of all three lending classes fell over a period of September 2022 and September 2021.

(Business Standard)



ECONOMY

Retail market to double in size to reach \$2 trn in 10 years: BCG report: The Indian retail market is expected to almost double its size to reach \$2 trillion in the coming decade, stated a report released by the Boston Consulting Group (BCG) and Retailers Association of India (RAI) on Wednesday. The report, titled Unlocking the \$2 Tn retail opportunity in the next decade: An activist agenda, examines recent trends across sub-sectors, identifying the key themes shaping the future of retail in the country and their implications for retailers. The market, valued between \$820 - \$840 billion in 2023, is expected to grow at 9-10 per cent in the coming decade.

(Business Standard)

BJP accounted 76% of total income of all national parties in FY22-23: ADR: According to the annual audited reports of the six 'national parties' for 2022-23, the Bharatiya Janata Party's (BJP's) total declared income accounted for 76.73 per cent of the total income of Rs 3,076.88 crore received by these parties. The data, analysed by the Association for Democratic Reforms (ADR), showed that the incomes of the Congress, Communist Party of India (Marxist), or CPI(M), and Bahujan Samaj Party (BSP) declined in 2022-23 compared to 2021-22. The ADR analysed the total declared income and expenditure of six 'national parties' for 2022-23 as submitted by them to the Election Commission of India in their annual audit reports.

(Business Standard)

MoSPI reduces no. of GDP estimates, timeline by a year: The Ministry of Statistics and Programme Implementation (MoSPI) reduced the number of estimates and the timeline for releasing final estimates for GDP by one year, by doing away with the third revised estimate. The ministry will now release five GDP numbers instead of six, with the final revision coming nearly two years from the completion of the financial year instead of three. The third revised estimate for 2020-21, released on February 29, will be the last estimate for 2020-21, whereas 2021-22's second revised estimate will be the final one. "It has been decided to do away with the third revised estimate for 2021-22 onwards," according to the notification. The final GDP number for 2022-23 will be released in 2025. The timeline for releasing the earlier estimates has not been tampered with, and the quarterly release

calendar has been kept the same. This is the second change to the GDP calendar after 2023, when the government decided to release a second advance estimate post Budget on February 28 to avoid confusion.

(Economic Times)

INDUSTRY OUTLOOK



Reliance Capital set to be delisted, taken private by Hinduja Group: Reliance Capital is set to be delisted from the bourses and taken private by the Hinduja Group-led IndusInd International Holdings. Following the implementation of an approved resolution plan, the equity shares of the debt-ridden Reliance Capital (RCL) will stand delisted from the stock exchanges in accordance with the order of the NCLT and the Sebi (Delisting of Equity Shares) Regulations, 2021. On Wednesday, Reliance Capital's scrip on BSE closed trading 4.46% lower at Rs 11.8. The shareholders will not receive any payment from the delisting, according to the resolution plan. "The liquidation value of the equity shareholder of RCL is nil and, hence, the equity shareholders will not be entitled to receive any payment and no offer will be made to any shareholder of RCL," the company said in a filing with the stock exchanges.

(Business Standard)

RIL, Disney to merge media biz in India to create \$8.5 billion joint venture: After six months of negotiations, Reliance Industries Ltd and The Walt Disney Company have finally announced the signing of binding definitive agreements to form a joint venture that will combine the businesses of Viacom18 and Star India. The merged entity will be the largest media network in the country, with over 750 million viewers across India and a combined revenue of over ₹25,000 crore. As part of the transaction, the media undertaking of Viacom18 will be merged into Star India Private Ltd. In addition, RIL has agreed to invest at closing ₹11,500 crore (\$1.4 billion) into the JV for its growth strategy.

(Business Line)

Air India refinances loans with SBI and BoB at near G-Sec yields: Tata group-owned Air India has refinanced short-term loans with the State Bank of India (SBI) and Bank of Baroda (BoB) for a three-year loan at an attractive rate, thanks to the conglomerate's strong credit profile. The new Rs 19,000 crore loan will be used to finance the carrier's working capital needs and upgrade its aircraft fleet, people familiar with the details said.

(Economic Times)



REGULATION & DEVELOPMENT

Nudged by SEBI, AMFI asks mutual funds to moderate small, mid-cap fund inflows:

Taking cue from SEBI, the Association of Mutual Funds in India has directed Trustees of the asset management companies to put in place measures to protect investors interest in mid- and small-cap funds due to the froth building up in this segment of the mutual fund schemes. In a communication addressed to mutual funds, AMFI said a froth is building up in the small and mid-cap segments of the market, and there have been continuous flows in these schemes of mutual funds.

(Business Line)

PM Narendra Modi unveils India's first hydrogen fuel cell ferry at Cochin Shipyard:

Prime Minister Narendra Modi on Wednesday virtually inaugurated India's inaugural hydrogen fuel cell ferry, a product of indigenous development and construction built by Cochin Shipyard. Participating from Thoothukudi, he launched the inland waterway vessel, which is part of the Harit Nauka initiative—a pilot project aimed at showcasing the technology for the maritime sector. Embracing green hydrogen as a maritime fuel takes centre stage in India's dedication to a sustainable future, targeting net zero emissions by the year 2070.

(Business Line)

Financial Intelligence Unit to track money flow ahead of Lok Sabha polls:

India's Financial Intelligence Unit (FIU) is keeping a close eye on large cash deposits and withdrawals from cooperative banks ahead of the 2024 Lok Sabha elections. Accounts linked with politically exposed persons are being tracked to check the flow of black money in elections. The agency had identified 12 cooperative banks for failure to report such transactions during the recently-held assembly elections in five states, ET has learnt. This time the agency is coordinating the operation with a dedicated team of 600 officers from income tax, customs, Directorate of Revenue intelligence (DRI), Enforcement Directorate and other enforcement agencies. "While most banks are compliant, cooperative banks still have some loopholes, which are being fixed and closely monitored," a senior official told ET, adding that show-cause notices were sent to cooperative banks where there was a lag in reporting such transactions.

(Economic Times)

RBI proposes norms for disclosure of climate-related financial risks for lenders:

The Reserve Bank of India has told banks and other lenders to disclose more information about their

climate-related financial risks so that stakeholders -- from regulators to customers -- can understand and assess the risk early. Climate-related disclosures by regulated entities is an important source of information for different stakeholders -- customers, depositors, investors and regulators -- to understand relevant risks faced and approach adopted to address such issues.

(Economic Times)



JUICE JACKING

- ❖ The Reserve Bank of India (RBI) has issued a cautionary message to mobile phone users advising them against charging their devices using public ports. The warning comes amidst growing concerns over the security risks posed by a cyberattack known as “juice jacking.”
- ❖ Juice jacking is a form of cyberattack where hackers tamper with public USB charging ports, infecting them with malware or making hardware changes that allow them to steal data from devices connected to them. This type of attack has been a growing concern, with incidents reported in various public spaces such as airports, hotels, and shopping centres.
- ❖ To protect themselves from juice jacking and other cyber threats, mobile phone users are advised to use their personal chargers and avoid connecting their devices to public USB ports. Additionally, using a virtual private network (VPN) and ensuring that devices have the latest security updates installed can help mitigate the risk of cyberattacks.



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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 : 82.9155
INR / 1 GBP : 104.9826
INR / 1 EUR : 89.7842
INR /100 JPY: 55.0500

EQUITY MARKET

Sensex: 72304.88 (-790.34)
NIFTY: 21951.20 (-247.10)
Bnk NIFTY: 45963.15 (-624.90)

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