



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

30 Dec, 2023

BANKING & FINANCE



RBI releases scheme for writing books originally in Hindi on economics/banking/financial subjects - year 2022-23: With a view to encourage original writings and research in Banking Hindi, Reserve Bank of India has launched a 'Scheme for writing books originally in Hindi on Economics/Banking/Financial subjects. Under this Scheme, working/retired Professors (Including Assistant and Associate Professor etc.) of Indian Universities (UGC recognized) will be awarded three prizes of ₹1,25,000.00 each for writing books originally in Hindi on Economics/Banking/Financial subjects.

(RBI Press Release)

Lending and deposit rates of scheduled commercial banks – December 2023: As per data released by RBI on 29th December 2023, the average lending and deposit rates of SCBs are;

- The weighted average lending rate (WALR) on fresh rupee loans of SCBs stood at 9.34 per cent in November 2023 compared to 9.50 per cent in October 2023.
- The WALR on outstanding rupee loans of SCBs was at 9.80 per cent in November 2023 compared to 9.84 per cent in October 2023.
- 1-Year median MCLR of SCBs moved to 8.75 % in December 2023 from 8.70 % in November 2023.
- The share of External Benchmark based Lending Rate (EBLR) linked loans in total outstanding floating rate rupee loans of SCBs was 53.3 per cent at end-September 2023 while that of MCLR linked loans was 41.9 per cent.
- The weighted average domestic term deposit rate (WADTDR) on fresh rupee term deposits of SCBs moved to 6.34 per cent in November 2023 from 6.31 per cent in October 2023.
- The weighted average domestic term deposit rate (WADTDR) on outstanding rupee term deposits of SCBs stood at 6.78 per cent in November 2023 (6.75 per cent in October 2023).

(RBI Press Release)



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Highlights of RBI data on sectoral deployment of bank credit - November 2023: The highlights of data on sectoral deployment of bank credit for the month of November 2023 (collected from 41 select scheduled commercial banks, accounting for about 95 per cent of the total non-food credit deployed by all scheduled commercial banks) are as follows;

- Non-food bank credit registered a growth of 16.3 % YoY in November 2023 as compared with 17.6 % a year ago.
- Credit growth to agriculture and allied activities accelerated to 18.2 % YoY in November 2023 from 14.0 % a year ago.
- Credit to industry rose by 6.1 % YoY in November 2023 as compared with 13.0 % in November 2022.
- Credit to services sector grew by 21.9 % YoY in November 2023 as compared with 21.3 % a year ago.
- Personal loans growth decelerated to 18.6 % YoY in November 2023 (19.9 % a year ago), due to moderation in credit growth to housing.

(RBI Press Release)

Extension of Payments Infrastructure Development Fund (PIDF) Scheme: The Payments Infrastructure Development Fund (PIDF) Scheme was operationalised by the Reserve Bank in January 2021, for a period of three years with an objective to encourage deployment of payment acceptance infrastructure such as physical Point of Sale (PoS) terminals, Quick Response (QR) codes, in tier-3 to tier-6 centres, North Eastern states and Union Territories (U.T.s) of Jammu & Kashmir and Ladakh. From August 26, 2021, beneficiaries of PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi Scheme) in tier-1 and tier-2 centres are also covered. As announced in the Statement on Developmental and Regulatory Policies released with the bi-monthly Monetary Policy Statement 2023-24 on October 06, 2023, the Reserve Bank has now decided to extend the PIDF Scheme by a further period of two years, i.e., upto December 31, 2025. To widen the scope of beneficiaries and acceptance infrastructure, following enhancements are being made:

- Beneficiaries of PM Vishwakarma Scheme in all centres have been included as merchants under the PIDF Scheme.
- Sound Box devices and Aadhaar-enabled biometric devices are eligible for claim of subsidy under the Scheme.
- Subsidy for special focus areas, viz., North Eastern states and U.T.s of Jammu & Kashmir and Ladakh, has been made uniform at 90% of the cost of device, irrespective of the type of device.

The corpus of PIDF stands at ₹1026.37 crore as on November 30, 2023.

(RBI Press Release)

Not mandatory for banks, NBFCs to raise green funds: RBI FAQs: The Reserve Bank of India (RBI) on Friday said it is not mandatory for banks and NBFCs to raise green funds, but in case they intend to do so they must follow the prescribed framework. The central bank has issued a set of



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Frequently Asked Questions (FAQs) on the 'Framework for Acceptance of Green Deposits'. In April 2023, it had issued detailed guidelines for acceptance of "green deposits" by banks and Non-Banking Financial Companies (NBFCs) wherein the funds could be used for financing activities like renewable energy, green transport and green buildings.

(Economic Times)

Banks, NBFCs to stop compounding penalty charges from April 1, 2024 as RBI extends deadline: The Reserve Bank of India (RBI) has extended the deadline for implementing charges levied on loan accounts. As per the circular issued by the RBI on December 29, 2023, the deadline has been extended by three months and new rules will be introduced from April 1, 2024, but not later than June 30, 2024. In August 2023, the RBI issued a circular on how banks can levy penalties on loan accounts. The new guidelines were supposed to come into effect from January 1, 2024. However, considering that certain clarifications were needed in this regard and additional time was required by banks and NBFCs the implementation date is extended.

The circular issued in August 2023 clarified that penalties, if imposed due to non-compliance with the terms and conditions of a loan contract by the borrower, would be considered as 'penal charges' and not as 'penal interest' added to the interest rate on the advances. Consequently, there would be no capitalization of penal charges, meaning no additional interest would be calculated on such charges. However, this clarification would not impact the standard procedures for compounding interest in ..

(Economic Times)

Uday Kotak wants India Inc. to move away from banks, keep Japan at the back of mind: Uday Kotak, the Kotak Mahindra Bank founder, voiced for corporates to shift away from banks as part of helping India achieve dreams of 9% annual growth and becoming a \$30 trillion GDP by 2047. Highlighting the shift from savers to investors, he emphasised challenges in banking, urging large corporates to shift to capital markets. He warned against Japan's economic history and stresses policies to avoid market bubbles. Kotak's focus lies in transforming banks into debt distributors and maintaining a balanced financial sector view to ensure stability.

(Economic Times)



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ECONOMY

Market goes Atmanirbhar as DIIs beat foreign peers in buying Indian equities, 3 years on:

Domestic institutions continued to play 'The Wall' for the Indian equity market, beating their overseas peers in buying local stocks for the third year in a row and serving as a great stabilising force whenever foreign investors went on an exodus. So far this year, the domestic institutional investors (DIIs) have net purchased around Rs 1.81 lakh crore of stocks, compared to Rs 1.66 lakh crore pumped in by foreign portfolio investors (FPIs). After withdrawing over Rs 1.27 lakh crore in 2022, the FPIs turned net buyers this year on hopes that the US Federal Reserve was done raising the rates and would start reversing soon. Over the past decade, FII inflows have surpassed those of DIIs only for three years, in sharp contrast to earlier times when foreign flows determined the trajectory of Dalal Street.

The unabated DII flows stem from three sources. The first is domestic mutual funds, which are getting more than Rs 15,000 crore per month through the systematic Investment plan (SIP) route which has emerged as the top instrument for equity exposure for the average retail investor. The Indian mutual fund industry has seen a 125 percent surge in net inflows and around 24 percent growth in assets under management (AUM) since the beginning of this calendar year. The AUM of the domestic mutual fund industry has reached the historic Rs.50 lakh crore mark.

(Moneycontrol)

Eight core industries growth up at 7.8% in November vs 5.7% year-ago: The output of eight key infrastructure sectors increased by 7.8 per cent in November 2023 against a 5.7 per cent expansion in the year-ago period, according to the official data released on Friday. All sectors except crude oil and cement recorded healthy production growth in the month under review. The core sector (coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity) growth in October was 12 per cent. Coal and refinery products output recorded double-digit growth. The output growth of eight sectors was 8.6 per cent in April-November 2023-24 against 8.1 per cent in the year-ago period.

(Business Standard)



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Fiscal deficit for Apr-Nov narrows to 50.7% at Rs 9.07 trillion: Govt: India's fiscal deficit so far in 2023-24, between April and November, narrowed to 50.7 per cent of the annual expenses to Rs 9.07 trillion, as compared to 58.9 per cent in the same period last year. It is the difference between the total revenue and total expenditure of a government in a financial year. April-November net tax revenues were 14.36 trillion rupees, or about 62 per cent of the annual estimate, compared with Rs 12.25 trillion in the same period last year, according to government data. The total expenditure during the period was Rs 26.52 trillion, or about 59 per cent of the annual goal, compared with 24.43 trillion rupees in the same period last year. During her Budget 2023 announcement, Finance Minister Nirmala Sitharaman said that India aims to narrow the fiscal deficit gap to 5.9 per cent of the gross domestic product (GDP) from 6.4 per cent in FY23. Earlier this month, Finance Minister for State Bhagwat Karad said that the Centre was confident of meeting the target of 5.9 per cent in FY24. In the first seven months of FY24, the fiscal deficit was Rs 8.04 trillion or 45 per cent of the whole year estimate.

(Business Standard)

Indian economy to comfortably exceed 6.5 per cent GDP growth rate for FY24, says

FinMin: The finance ministry expects the Indian economy's GDP growth rate in 2023-24 to "comfortably" exceed its forecast of 6.5 per cent following the blockbuster data for July-September. "Risks to growth and stability outlook mainly emanate from outside the country. Nonetheless, the Indian economy is expected to comfortably achieve a growth rate upwards of 6.5 percent in 2023-24," officials from the ministry's Department of Economic Affairs said in the half-yearly economic review report. On the inflation front, the report stated that with the stable downward movement in core inflation and continuing deflation in fuel inflation, the headline inflation outlook is on a declining trend, notwithstanding temporary disruptions from food prices.

(Economic Times)

Retail inflation for industrial workers rises marginally to 4.98% in Nov: Retail inflation for industrial workers increased marginally to 4.98 per cent in November compared to 4.45 per cent in October this year, mainly due to higher prices of certain food items. Food inflation stood at 7.95 per cent against 6.27 per cent in the previous month (October 2023) and 4.30 per cent during the corresponding month (November 2022) a year ago, a labour ministry statement said. According to the statement, year-on-year inflation for the month stood at 4.98 per cent in November compared to 4.45 per cent for the previous month (October 2023) and 5.41 per cent during the corresponding month (November 2022) a year before. The All-India CPI-IW (Consumer Price Index for Industrial Workers) for November 2023 increased by 0.7 points and stood at 139.1 points.

(Economic Times)



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INDUSTRY OUTLOOK



MSMEs have been integrated into defence production supply chain: Nirmala Sitharaman: The Union Government has given a big boost to micro, small, and medium enterprises (MSMEs) in the country by not only bringing them into the defence manufacturing supply chain but also enabling them to tap export opportunities over the past several years, said Nirmala Sitharaman, Minister of Finance and Corporate Affairs. While discussing defence production and exports, she said a lot of emphasis was being given to local manufacturing to meet the armed forces requirement and MSMEs were being engaged as part of the self-reliance programme. MSMEs are empowered to meet the quality requirements of defence through certifications.

(Business Line)

E-commerce unicorn Meesho losses down 48%, revenue up 77% in FY23: Bengaluru-based e-commerce unicorn Meesho reported a 77 per cent y-o-y increase, reaching ₹5,735 crore in revenue from operations for FY23 from ₹3,240 crore in FY22, the company said in a blog post. Further, it revealed that in H1FY24, revenue continued to rise, marking a 37 per cent y-o-y increase to ₹3,521 crore. Notably, Meesho witnessed a 48 per cent reduction in losses, declining from ₹3,248 crore in FY 2021-22 to ₹1,675 crore in FY23. During H1FY24, while losses plummeted by 90 per cent y-o-y to ₹141 crore, it also claimed to stay cash flow positive for the entire period of H1FY24.

(Business Line)

Tata Coffee to merge with Tata Consumer Products Ltd: Tata Coffee will merge with Tata Consumer Products Ltd with effect from January 1, 2024. Under the scheme, the plantation business of Tata Coffee will be merged with TCPL Beverages & Foods, a wholly-owned subsidiary of TCPL. TCPL will issue one equity share for every 22 equity shares held in Tata Coffee to existing shareholders. “In accordance with Clause 5(w) of the scheme, pursuant to the applicable provisions of the Companies Act, 2013, and the Listing Regulations, we wish to inform you that the Record Date, for the purpose of determining the shareholders of TCL to whom equity shares of TCPL would be allotted pursuant to the demerger and the amalgamation, in accordance with Clause 13.1 and Clause 20.1 of the scheme, respectively, is January 15, 2024,” the company informed the stock exchanges.

(Business Line)



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REGULATION & DEVELOPMENT

More than 8 cr ITRs filed for first time ever: I-T Dept: In a first, more than eight crore Income Tax Returns (ITR) have been filed so far in the Assessment Year (AY) 2023-24, the I-T department said on Friday. Notably, the total filings for AY 2022-23 were recorded at 7,51,60,817. "Income-tax Department expresses its gratitude to all the taxpayers and tax professionals for helping us cross the 8-crore mark,"

(Economic Times)

NPCI to launch UPI for secondary market next week: The National Payments Corporation of India (NPCI) on Friday said the 'UPI for Secondary Market' launch would take place next week. The launch of 'UPI for Secondary Market' is set to commence next week in its Beta phase for the equity cash segment, with the collaborative support of key stakeholders including clearing corporations, stock exchanges, depositories, stockbrokers, banks, and UPI app providers, NPCI said in a statement. Initially, this functionality will be available for a limited set of pilot customers, it said. During this pilot, it said, investors can block funds in their bank accounts, which will only be debited by the Clearing Corporations upon trade confirmation during settlement. Clearing Corporations will directly process payouts to these clients on a T+1 basis.

(Financial Express)

Govt raises interest rates on small savings schemes by 10-20 bps for Jan-Mar 2024: The central government has raised the rate of interest on two small savings scheme for January-March 2024 by 10-20 basis points, making it the sixth quarter in a row that rates on these instruments have been increased. The finance ministry started raising small savings interests in October-December 2022 after leaving them unchanged for nine consecutive quarters. As per a notification by the finance ministry on December 29, the rate of interest on the three-year time deposit has been increased by 10 basis points 7.1 percent from 7.0 percent. Further, the rate of interest on the Sukanya Samriddhi Account Scheme has been hiked by 20 basis points to 8.2 percent for January-March 2024.

(Moneycontrol)



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FINANCIAL TERMINOLOGY

FAIR TRADE PRICE

- ❖ In the commodities market, fair trade price is the minimum price that importers must pay to the producers of some agricultural products such as coffee and banana. It is the floor price that must be paid irrespective of the market price.
- ❖ When the market price of a commodity is higher than this minimum price, the buyer must pay the former. But if the market price falls below the fair trade price, the producer must be paid at least a price equal to the fair trade price.
- ❖ Fair trade price acts as a security net that reduces market risks of farmers and attempts to improve their living conditions. The fair trade price policy comes under the fair trade standards, which stipulate that it is unfair to pay market price to the producers in developing countries if the price is too low to survive and does not provide them at least the cost of production.
- ❖ The Fair Trade Labelling Organisation international (FLO) monitors the fair trade floor price and changes it from time to time considering the average cost of production, working conditions, and other economic factors.
- ❖ Products sold at fair trade prices must follow the standards outlined by FLO-CERT and are generally sold at higher prices.
- ❖ Fair trade price focuses, in particular, on goods or products that are normally imported from developing countries. They include products such as coffee, handicraft, cocoa, banana, sugar, tea, wine, fresh fruit, chocolate, and flowers.



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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 : 83.1164
INR / 1 GBP : 106.1053
INR / 1 EUR : 92.0049
INR /100 JPY: 58.8200

EQUITY MARKET

Sensex: 72240.26 (-170.12)
NIFTY: 21731.40 (-47.30)
Bnk NIFTY: 48292.25 (-216.35)

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