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DAILY NEWS DIGEST BY BFSI BOARD

08 October 2024



ECONOMY

RBI enters into Currency Swap Agreement with Maldives Monetary Authority: The Reserve Bank of India (RBI) has entered into a Currency Swap Agreement with the Maldives Monetary Authority (MMA) under the SAARC Currency Swap Framework 2024-27, on October 07, 2024, in New Delhi. Under the agreement, the MMA is eligible for financing support from the RBI amounting to USD 400 million under the US Dollar/ Euro Swap Window and INR 30 billion under the INR Swap Window. The agreement would be valid till June 18, 2027. The SAARC Currency Swap Framework came into operation on November 15, 2012, to provide a backstop line of funding for short term foreign exchange liquidity requirements or short-term balance of payments stress till longer term arrangements are made.

(RBI Press Release)

Brent rises above \$80 on Middle East tensions: Oil prices rose above \$80 a barrel Monday in London as investors feared that fighting in the Middle East will spread on the one-year anniversary of the October 7 attacks on Israel. The price of Brent North Sea oil was up 2.6 percent at \$80.10 a barrel. Its US equivalent, West Texas Intermediate (WTI) for November delivery, was up 2.85 percent at \$76.51. Oil futures have experienced recent volatility, with Brent slumping under \$70 last month on concerns about weak demand, before intensified fighting in the Middle East sent prices soaring 10 percent last week. Israel is preparing its retaliation against Iran over its missile attack last week, raising fears of an all-out regional war that could involve strikes on oil facilities.

(Moneycontrol)

Market sell-off continues! Investor wealth worth over Rs 25 lakh crore wiped out in 6 sessions: Indian equity benchmarks on Monday continued their steep fall for the sixth consecutive session as foreign fund outflow and escalation in Middle East tensions weighed on investor sentiment. The 30-share BSE Sensex pack slumped 638 points or 0.78 per cent to close at 81,050 and the



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broader NSE Nifty index moved 219 points or 0.87 per cent down to end at 24,796. At yesterday's closing levels, Sensex has cracked 4,786 points and Nifty has lost 1,420 points in six trading days.

(Business Today)

RBI intervention keeps rupee from hitting 84 against the US dollar: The rupee hovered near its all-time closing low on Monday, settling flat against the dollar as the Reserve Bank of India (RBI) intervened in the foreign exchange market through dollar sales, dealers said. The domestic currency closed at 83.97 per dollar, unchanged from the previous Friday's close. Several factors weighed on the rupee, including outflows from domestic equities, rising crude oil prices, and a strengthening dollar index. Market participants said that the RBI likely intervened via non-deliverable forwards (NDF), local spot, and currency futures markets to prevent the rupee from breaching the 84 mark against the greenback.

(Business Standard)

BANKING & FINANCE



SBI extends two FD schemes: State Bank of India has extended its Amrit Kalash and Amrit Vrishti fixed deposit schemes until March 31, 2025. Amrit Kalash offers 7.10 percent interest for 400 days, while Amrit Vrishti provides 7.25 percent for 444 days. Senior citizens receive an extra 50 basis points. These schemes come after the Reserve Bank of India's recent directive to narrow the deposit-credit growth gap. The rupee has been trading near record low levels for the past three sessions. However, traders remain optimistic that it will not breach the psychological 84 per dollar mark because of timely RBI interventions. "The RBI was present in the market today to protect against the 84 per dollar mark," said V R C Reddy, head of treasury at Karur Vysya Bank. "The dollar is strengthening because of (market) jitters and global uncertainty."

(Economic Times)

HDFC Bank faces unscheduled downtime on net and mobile banking operations: India's largest private sector lender HDFC Bank on Monday faced an unscheduled downtime on its net-banking and mobile banking operations. The downtime that lasted for more than an hour affected some customers performing NEFT and RTGS transactions through its banking channels. The bank quickly resolved the issue and continues to upgrade its IT technology following RBI-imposed restrictions lifted in March 2022.

(Economic Times)



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IFC partners with Axis Bank to provide \$500 million climate loan in India: The International Finance Corporation (IFC), has partnered with private sector lender Axis Bank, to provide a \$500 million loan to help develop a blue finance market and scale up financing of green projects in India. This is IFC's first blue investment in India and the first blue transaction by a financial institution in the country. Blue loans are financing instruments that raise and earmark funds for investments such as water and wastewater management, reduction of marine plastic pollution etc.

(Economic Times)

Credit growth continues to outpace deposits for PSU banks: Credit growth continued to outpace deposit growth for public sector banks in the quarter ended September. Bank of India, Union Bank of India and Indian Bank all reported a year on year credit growth of 10% to 14% while deposit growth lagged at 8% to 10%, provisional business numbers released by these banks showed. Union Bank of India the largest among the banks that released provisional numbers on October 7, said its total advances aggregated Rs 9.28 lakh crore in the quarter ended September 2024 up 10% year on year while deposits totalled Rs 12.42 lakh crore up 9%. Retail agriculture and MSME advances increased 12% year on year to Rs 5.25 lakh crore, as per provisional numbers released.

(Economic Times)

Bank of Baroda ropes in Sachin Tendulkar as global brand ambassador: Public sector lender Bank of Baroda (BoB) has signed cricketing legend Sachin Tendulkar as the bank's global brand ambassador. The three-year deal involving a strategic partnership between the ace cricketer and the bank was announced ahead of the launch of its first campaign featuring Sachin, called "Play the Masterstroke." The bank has introduced the 'bob Masterstroke Savings Account,' designed especially for clients desiring premium services. BoB said in a statement that Sachin, a Bharat Ratna awardee, will be positioned as brand ambassador, featuring in all the bank's branding campaigns, consumer education and awareness programmes on financial literacy and fraud prevention, as well as customer and employee engagement programmes.

(Business Standard)

INDUSTRY OUTLOOK



Ola Electric slapped with show cause notice over consumer complaints and service deficiencies: The central government has issued a show cause notice to Ola Electric for multiple consumer complaints. These complaints involve service delays, misleading ads, and unfair practices. The Central Consumer Protection Authority (CCPA) issued a showcause notice to Ola Electric on



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October 3, citing potential violations of the Consumer Protection Act, 2019. Ola Electric has been asked to respond within 15 days. The National Consumer Helpline, managed by the Department of Consumer Affairs, has documented 10,644 complaints against Ola e-scooters from September 1, 2023, to August 30, 2024. Of these, 3,389 relate to service delays, 1,899 pertain to delays in the delivery of new vehicles, and 1,459 involve unfulfilled promised services. The showcause notice points to allegations such as manufacturing defects, sales of second-hand vehicles, incomplete refunds on cancellations, recurring issues post-servicing, overcharging, inaccurate billing, and multiple battery and component problems. Moreover, complaints also include accusations of unprofessional behavior and improper complaint resolutions.

(Economic Times)

RBI rejects Rakesh Asthana's appointment to REL board: The Reserve Bank of India has rejected Religare Enterprises' attempt to appoint Rakesh Asthana to its board. This followed a complaint from the Burman family, who hold a significant stake in REL, citing procedural irregularities. The dispute has escalated to legal actions, with the Delhi High Court involved. The company's management is amid a power tussle with the Burman family.

(Economic Times)

FPIs' holdings in Indian securities surpass \$1 trillion for the first time: Foreign portfolio investors (FPIs) have, for the first time, amassed holdings in Indian securities exceeding the \$1 trillion mark, a milestone underscoring the country's growing allure among global investors. As of the end of September 2024, FPIs' assets under custody in India reached \$1.1 trillion (Rs 84.4 trillion), with \$930 billion (Rs 78 trillion) invested in equities and the remainder allocated to debt and hybrid instruments, according to data from National Securities Depository Limited. This figure represents a threefold surge from a Covid-19 low of \$329 billion (for the quarter ended March 2020). During the same period, India's market capitalisation has skyrocketed fourfold, reaching Rs 474 trillion (\$5.6 trillion).

(Business Standard)



REGULATION & DEVELOPMENT

India reduces arbitration time for foreign investors in UAE agreement: India has reduced the time period for foreign investors to seek international arbitration from five years to three years as part of the recently signed investment pact with the United Arab Emirates (UAE), a departure from its



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model Bilateral Investment Treaty (BIT). Under the Investor-State Dispute Settlement (ISDS) mechanism, if the Indian judicial system is unable to resolve a dispute within this shortened period, investors can resort to international arbitration. The investment pact, signed on February 13 in Abu Dhabi, came into force on August 31, replacing the previous pact. India's new deal includes shares and bonds as protected investments, unlike the model BIT, which gives protection to foreign direct investment (FDI) and excludes portfolio investments such as stocks and bonds. The BIT between India and the UAE will boost investor confidence, provide a predictable and stable tax regime, and help investors get recourse in case they feel they didn't get a fair deal, Union Commerce and Industry Minister Piyush Goyal said on Monday.

(Business Standard)

CBDT forms an internal committee for full review of Income-Tax Act: The Union finance ministry on Monday invited public input and suggestions for a review of the Income-Tax Act, which was announced in this year's Budget. Comments were sought in four categories: Simplifying the language, litigation reduction, compliance lessening, and redundant/obsolete provisions. The Central Board of Direct Taxes (CBDT), under the ministry, has set up an internal committee to oversee the review. "The goal is to make the Act concise, clear, and easy to understand, which will reduce disputes, litigation, and provide greater tax certainty to taxpayers," the finance ministry said in a statement.

(Business Standard)

RBI instructs banks to stop making aggressive bets against rupee: Report: India's central bank has asked state-run and private lenders to refrain from betting heavily against the rupee in an effort to support the currency which has been teetering near record-low levels for the past three trading sessions, four sources said. The Reserve Bank of India (RBI) informally communicated the instructions to bankers via phone calls on Monday with the rupee at risk of breaching its record low of 83.9850 per US dollar, the sources said. The RBI has asked banks to avoid large bets against the rupee and the instructions are a form of "oral intervention" by the central bank, a senior banker at a private bank said.

(Business Standard)



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FINANCIAL TERMINOLOGY

BLUE FINANCE

- ❖ Blue finance is an emerging area in climate finance with increased interest from investors, financial institutions, and issuers globally. It offers tremendous opportunities to help safeguard our access to clean water, protect underwater environments, and invest in a sustainable water economy.
- ❖ Blue Bonds and Blue Loans are financing instruments that raise and earmark funds for investments such as water and wastewater management, reducing ocean plastic pollution, marine ecosystem restoration, sustainable shipping, eco-friendly tourism, or offshore renewable energy.
- ❖ The International Finance Corporation (IFC) is a global leader in financing the blue market and economy.
- ❖ IFC recognizes the untapped potential for its clients to grow their blue financing products and services. IFC works with financial institution clients, partners, other development finance institutions, corporates, to develop a systematic global blue economy finance market.
- ❖ Since 2020, IFC has provided more than \$1.9 billion dollars in blue loans and bonds to private institutions, recognizing the untapped potential for clients to grow their blue financing products and services.



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 : 83.9719
INR / 1 GBP : 110.1532
INR / 1 EUR : 92.0987
INR /100 JPY: 56.5600

EQUITY MARKET

Sensex: 81050.00 (-638.45)
NIFTY: 24795.75 (-218.85)
Bnk NIFTY: 50478.90 (-983.15)

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