Business Growth	Gross Adv. Growth	RAM Growth	NIM Qtr.	CASA	NII Growth Qtr.	CRAR
16.90%	18.78%	25.96%	3.98%	49.29%	15.41%	17.26%

UNAUDITED (REVIEWED) FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024

(₹ In Crore)

P.C.R 98.31%

R.O.A Qtr. 1.74%

R.O.E Qtr. 26.01%

Cost to Income Qtr. 38.81%

Gross NPA 1.84%

Net NPA 0.20%

Particulars	Quarter Ended 30/09/2024 (Reviewed)	Quarter Ended 30/09/2023 (Reviewed)	Year Ended 31/03/2024 (Audited)
Total Income from Operations (Net)	6809.18	5735.52	23492.56
Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	1379.85	935.63	4359.47
Net Profit / (Loss) for the period before Tax (after Exceptional and/or Extraordinary items)	1379.85	935.63	4359.47
Net Profit / (Loss) for the period after Tax (after Exceptional and/or Extraordinary items)	1326.77	919.78	4055.03
Paid up Equity Share Capital	7081.37	7081.37	7081.37
Reserves (excluding Revaluation Reserve) - as on date	14176.00	9872.67	11149.18
Securities Premium Account	977.44	977.44	977.44
Net Worth	20407.05	15822.78	17177.58
Paid up Debt Capital / Outstanding Debt%*	63.04	61.81	72.65
Debt** Equity Ratio	0.44	0.38	0.42
Earnings Per Share (of ₹ 10/- each) (for continuing and discontinued operations) - not Annualized	1.87	1.30	5.78
Capital Redemption Reserve	----	----	----

*Total Debts & Outstanding Debt represents total borrowings of the Bank.

**Debt represents borrowings with residual maturity of more than one year.

Note: The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 and 52 read with regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. The full format of the Quarterly Financial Results are available on the Stock Exchange websites **(BSE: www.bseindia.com** and **NSE: www.nseindia.com)** and Bank's website **(www.bankofmaharashtra.in)**

Place: Pune
Date : 15/10/2024

Rohit Rishi
Executive Director

Asheesh Pandey
Executive Director

Nidhu Saxena
Managing Director & CEO

CELEBRATING 90 YEARS

Bank of Maharashtra

BoM reports 44% jump in Q2 net at ₹1,327 crore on higher income

Our Bureau
Mumbai

Bank of Maharashtra (BoM) reported a robust 44 per cent year-on-year (yoy) increase in second quarter (Q2FY25) net profit at ₹1,327 crore, with the bottom line being supported by growth in net interest income and other income even as the provision burden for standard/ restructured assets was substantially lower.

The Pune-headquartered public sector bank had reported a net profit of ₹920 crore in the year ago quarter.

Referring to H1FY25 net profit touching ₹2,620 crore (₹1,802 crore in H1FY24), MD & CEO Nidhu Saxena observed that the bank is on course to cross the ₹5,000 crore mark in terms of full year net profit in FY25 (against ₹4,055 crore in FY24).

Net interest income in the reporting quarter was up about 15 per cent yoy at ₹2,807 crore (₹2,432 crore in the year ago period).

Going strong

BoM	Q2FY25 ₹ cr	Q2FY24 ₹ cr	Change (%)
Net Profit	1,326.77	919.78	44.25
Net interest income	2,807.00	2,432.00	15.42
Other income	791.80	667.59	18.60
Operating profit	2,201.97	1,920.42	14.66
NPA Provisions	598.16	597.47	0.11
GNPAs%	1.84	2.19	
NNPAs%	0.20	0.23	
Deposits	2,76,289.07	2,39,298.14	15.46
Gross advances	2,17,504.00	1,83,122.00	18.77

Other income, including fee-based income, treasury income and recovery in written-off account, rose about 19 per cent yoy to ₹792 crore

.NPAS UNCHANGED

While provisioning for non-performing assets (NPAs) was almost unchanged at ₹598 crore , provision for standard/restructured assets declined about 47 per cent yoy to ₹193 crore.

Net interest margin (NIM) improved to 3.98 per cent against 3.89 per cent in the year-ago period. The Bank's guidance for NIM is 3.75-3.85 per cent for FY25.

Gross Non-Performing Assets (NPAs) position improved 1.84 per cent of gross advances as of September against 2.19 per cent in September2023. Net NPAs position too improved a shade to 0.20 per cent of net advances against 0.23 per cent.

Gross advances increased 19 per cent yoy to₹2,17,504 crore as of September, with RAM (retail, agriculture and MSME) advances and corporate & other advances growing 26 per cent and 9 per cent, respectively.


RBI'S NEW
BANK-SUBSIDIARY
MUST STAY WITHIN ME
RBI
RBI
PARENT
BANK
PARENT BANK
RBI
SUBSDIARY
CORE ACTIVITIES
LIKE LENDING
MUMES STAY
WITHIN ME
NO NO
OVERPAPING
BUSINESES

NO OVERLAPS Proposed rules may hit valuations of the parent lender and their arms, say auditors

RBI's New Bank-Subsidiary Norms to Force Realignments of Business

Sangita Mehta

Mumbai: Several large banks will have to realign their business models to comply with a recent Reserve Bank of India (RBI) proposal, which, upon implementation, would impact the valuations of parent banks and their financial services subsidiaries, said auditors of various banks.

At the heart of the guidelines is the regulator's view that core activities — deposit mobilisation and lending — should reside within a bank rather than its subsidiaries and that there should not be any overlap in business activities between a bank and its subsidiaries.

Auditors said that the proposed guidelines may impact the valuation of HDB Finance, which is planning an IPO. Most of its lending services overlap with those of its parent, HDFC Bank. Similarly, the guidelines could affect half a dozen Kotak Mahindra Bank-linked entities that provide different types of loans which overlap with those of the parent.

Operating at Arm's Length

At the heart of the guideline is the RBI's view that **core activities of deposit-taking and lending should reside within the bank** instead of the subsidiaries

Besides, there should be **no overlaps in business between the parent** and **the subsidiary**

RBI does not want banks to use step-down units to circumvent norms

The RBI does not want banks to use step-down entities to circumvent norms that do not apply to them. Effectively, some subsidiaries may remodel themselves as direct selling agents of the bank, a senior bank official said. The RBI has sought feedback from banks by November 20 on the draft guidelines.

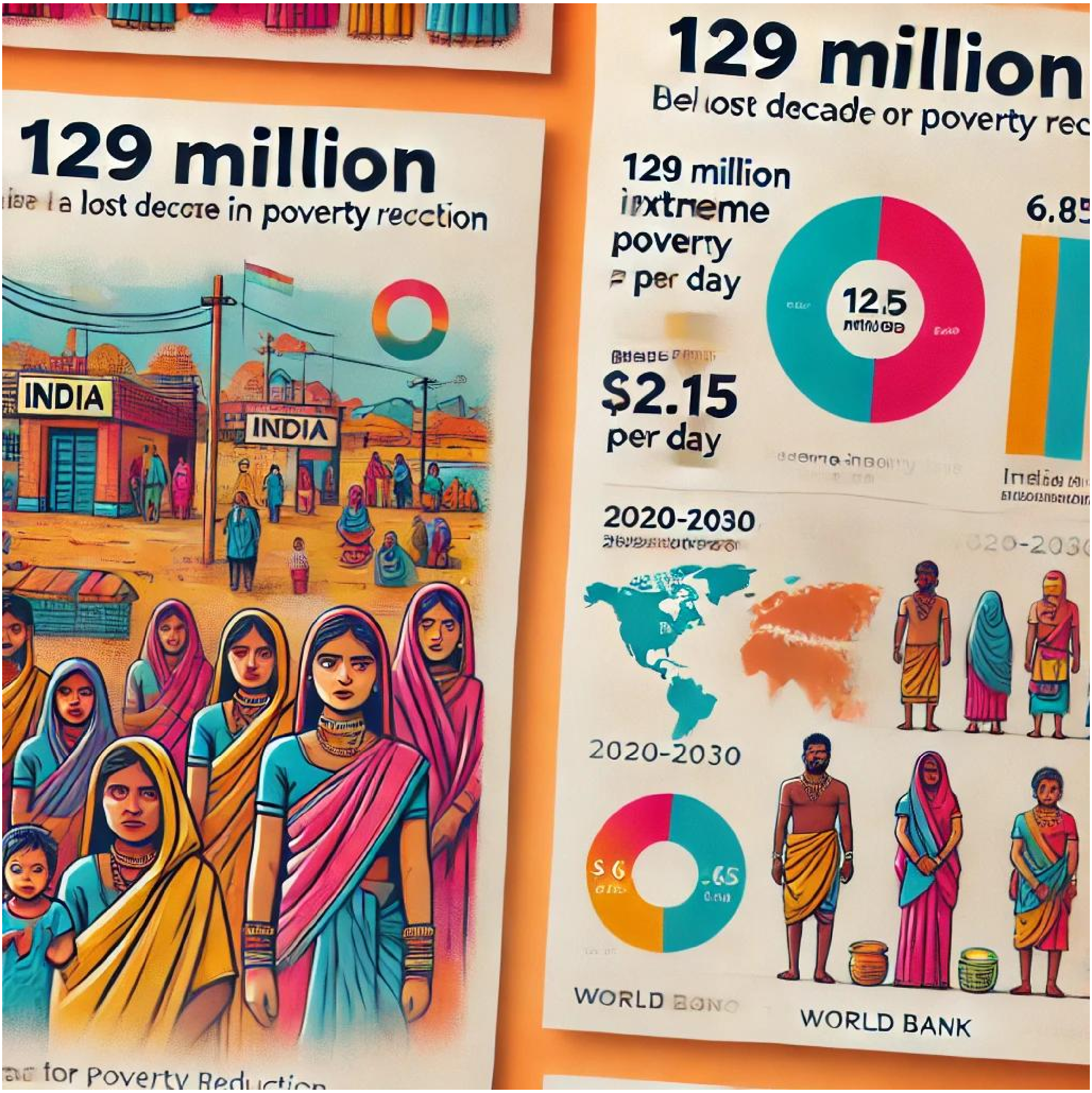
HOME LOANS

Examples of overlapping business include banks such as ICICI Bank, Punjab National Bank, Canara Bank and Central Bank of India which provide home loans. Each has a subsidiary offering a similar product to retail customers. PNB Housing Finance and Can Fin Homes are listed at exchanges, unlike ICICI Home Finance and Cent Bank Home Finance. Auditors said once the guidelines are implemented, home loan products are likely to reside with banks rather than their subsidiaries since it is overlapping, and the RBI would prefer lending activity to be with the bank.

OTHER OVERLAPS

Several non-banking finance company (NBFC) subsidiaries of some of the largest banks provide overlapping products. HDB Finance and its parent bank provide gold loans, two-wheeler loans and personal loans, while Axis Finance, a subsidiary of Axis Bank, gives loans to small entrepreneurs as well as loans against property, home loans and personal loans.

BSS Microfinance and Sonata Finance, both wholly-owned subsidiaries of Kotak Mahindra Bank, provide microfinance loans, and so is their parent. Kotak Mahindra Investments lends to "real estate and other segments" while Kotak Mahindra Prime provides finance to retail consumers and dealers in the passenger vehicle and two-wheeler segments, as well as retail consumers in the loan against property segment, according to its annual report.


129 million
INDIA
INDIA
129 million
129 million
poverty
per day
12.5
6.85
$2.15
per day
2020-2030
2020-2030
WORLD BANK

WORLD BANK REPORT

129 mn Indians living in extreme poverty in 2024

SHIVA RAJORA
New Delhi, 15 October

Almost 129 million Indians are living in extreme poverty in 2024, on less than $2.15 (about ₹181) a day, down from 431 million in 1990, the World Bank said in report on Tuesday. However, with a higher poverty standard of $6.85 (about ₹576) per day — the poverty threshold for middle-income countries — more Indians are living below the poverty line in 2024 than in 1990, primarily driven by 'population growth'.

Earlier, the World Bank had said that extreme poverty in India had declined by 38 million in 2021 to 167.49 million after growing in the preceding two years.

The 'Poverty, Prosperity and Planet: Pathways out of the Polycrisis' report, however, clarified that these new datasets had not factored in the Household Consumption and Expenditure Survey (HCES) for 2022-23 released recently. "These new datasets are not reflected in the report, since the necessary analysis could not be completed in time. While the precise impact of adding these two datasets on global poverty is unclear at the time of this writing, key conclusions of the report are robust, such as the increasing concentration of extreme poverty in Sub-Saharan Africa and fragile countries, and that extreme poverty eradication by 2030 is out of reach," it added.

The report noted that global poverty reduction had slowed to a near standstill, with 2020–2030 set to be a lost decade. At the current pace of progress, the report noted that it would take decades to eradicate extreme poverty and more than a century to lift people above $6.85 per day mark. The World Bank said India's contribution to global extreme poverty was projected to decline significantly over the next decade. "These estimates are based on projections of growth in GDP per capita over the next decade, as well as historical growth rates. Even setting the extreme poverty rate in India in 2030 to zero, the global extreme poverty rate in 2030 would only fall from 7.31 per cent to 6.72 per cent, still well above the 3 per cent target," it added.

GRIM PICTURE

- With the $6.85/day poverty standard, more people are below the poverty line now than in 1990
- Poverty in India declined by 38 million in 2021 after a surge in the previous two years
- Global poverty reduction is slowing, making 2020–2030 a "lost decade" for progress
- India's contribution to global extreme poverty is expected to decrease over the next decade


ADITYA BIRLA
HOUSING FINANCE
450+
CITIES
450+ CITIES
LOANS AGAINST PROPERTY
LOANS AGAINST PROPERTY
HOME
LOLANS
LOANS
AGAINST
FINANCE
LOANS
AGAINST
BHARATPE
ADITYA
BIRLA
ADITYA
BIRLA
HOUSING FINANCE
INNOVATIVE
SOLUTIONS
SOLUTIONS

Aditya Birla Housing Finance partners BharatPe for innovative funding solutions

KR Srivats
New Delhi

Aditya Birla Housing Finance (ABHFL), a wholly-owned subsidiary of Aditya Birla Capital Ltd, has entered into a strategic partnership with BharatPe, a fintech company, to facilitate access to home loans and loan against property for latter's merchant partners.

ABHFL is the first housing finance company to partner with BharatPe, offering streamlined access to secured lending through advanced digital solutions, significantly enhancing the user experience.

This collaboration enables ABHFL to offer Home Loans) and Loans Against Property to over 1. 3 crore merchants of BharatPe across 450+ cities, with a strong focus on Tier-2 and -3 markets.

ABHFL is the first housing finance company to partner with BharatPe, offering streamlined access to secured lending

EXPANDING FOOTPRINT

Pankaj Gadgil, MD & CEO, Aditya Birla Housing Finance Ltd, said, "This partnership with BharatPe enables us to expand our digital footprint while offering customised region-specific financial solutions to their vast digital ecosystem. It will empower a larger segment of the population to achieve their home-ownership dreams with greater ease and efficiency."

Backed by ABHFL's financial expertise and BharatPe's vast network, the partnership aims to provide seamless access to customized financing solutions for both, existing as well as new merchants. Merchants can initiate loan applications directly through the BharatPe app, and get the benefit of faster processing, enhanced transparency, and real-time updates. The partnership is poised to deliver region-specific, innovative financing solutions tailored to meet the unique needs of BharatPe'sdiverse merchant base.

Nalin Negi, CEO, BharatPe, said, "I am excited about our partnership with ABHFL that enables us to offer 2 new types of secured loans- Home Loans and Loans Against Property. I am confident that with this partnership, we will be able to add a new dimension to our existing association with our merchants". In August this year, BharatPe ventured into secured loans with the launch of Two-wheeler loans and Loans Against Mutual Funds, offered in partnership with renowned financial services companies.

This partnership with ABHFL will enable BharatPe to offer region- specific, digital first secured credit solutions to the merchants of Bharat, Negi said. "These categories of loans will also play a vital role in enhancing our engagement with our merchant partners, as we will be able to help them with credit for their big-ticket or once in a lifetime purchases," he added.

MFIs move RBI, seek tweaks to 2022 lending framework

KEEPING WATCH. The regulator is closely scrutinising overheating in the MFI segment

Piyush Shukla
Mumbai

Microfinance institutions (MFIs) have approached the Reserve Bank of India (RBI) seeking relaxations in the 2022 regulatory framework for microfinance loans, three sources aware of the development told *businessline*.

Last week, RBI Deputy Governor M Rajeshwar Rao had said the central bank has been receiving feedback on the MFI guidelines, and that the regulator will review at an appropriate time and decide if any revision is warranted at that juncture.

MORE FREEDOM. Players have requested that all MFIs be allowed to conduct e-KYC for loan sanctioning

THE REQUESTS

Under the earlier criteria, an MFI was required to maintain minimum 85 per cent of its 'net assets' as 'qualifying assets' or MFI loans. Net assets are essentially total assets other than cash, bank balances and money market instruments.

In 2022, the regulator revised the minimum requirement of MFI loans to 75 per cent of the MFI's 'total assets'.

This provision, bankers say, leads to lower avenues for MFIs to park funds in, leading to lower returns.

NET ASSETS

Accordingly, the MFI players are requesting the RBI to revise the norm to the earlier criteria, wherein MFIs were required to maintain minimum 85 per cent of its 'net assets' as MFI loans.

The regulator could also consider lowering the minimum requirement of MFI loans to 60 per cent of 'total assets', as against 75 per cent of the total assets currently.

"Borrowers who has been with micro finance institution for last five-six years, and has successfully repaid loans in different cycles, if they want to go for higher ticket loan for housing or different business purpose, MFIs must be able to service that," a source said.

"Existing norms mandate that MFI loans can be extended only to households with ₹3 lakh of annual income, and borrower repayment outflows must be capped at 50 per cent of the monthly household income. Such higher ticket loans can be extended under non-qualifying assets currently, but can it become a part of MFI loan itself..." they said.

Further, the players are also requesting that all MFIs must be allowed to conduct e-KYC for loan sanctioning. RBI did not immediately respond to queries sent by *businessline*.

RBI CONCERNS

Even as the MFI industry is seeking revision in existing norms, the regulator is closely scrutinising overheating in the segment. Industry experts have already flagged borrowers in certain parts of the country having more than 5 MFI loans from different companies.

"Apart from over leverage, the RBI is closely monitoring cases where microfinance institutions are charging usurious interest rates as high as 40-45 per cent after the central bank removed caps on the pricing of small loans given by microfinance institutions in 2022," a source said.

'Traditional risks in financial sector now have new and faster drivers'

Our Bureau
Mumbai

Traditional risks like credit and liquidity risks in the financial sector now have new and faster drivers, said RBI Deputy Governor Swaminathan J even as he cautioned that bank runs that once unfolded over days, giving regulators time to respond, can now occur within hours due to the speed of internet and mobile banking.

"The increasing reliance on technology introduces vulnerabilities, such as dependence on third-party service providers and heightened cybersecurity threats, all while customers expect uninterrupted services. Additionally, we face emerging risks, such as climate risk," Swaminathan said at the RBI@90 High Level Conference on 'Central banking at Crossroads' in New Delhi.

RBI Deputy Governor Swaminathan J

He emphasised the need to build resilience to maintain financial stability.

Resilience is a balancing act — too much emphasis on safeguarding can stifle innovation and growth while too little can expose the system to vulnerabilities.

"Finding that right balance so that we can have a robust financial system that can weather crises without constraining economic progress is one of the key challenges today," he said.

'CUSHION WE PROVIDE'

"Indeed, Central banks are much like wicketkeepers in cricket or goalkeepers in football — often unnoticed in success but always in the spotlight during failure. When everything works seamlessly, their efforts remain behind the scenes, often taken for granted. However, when a crisis occurs, they are asked as to how they could allow the ball to slip through their fingers," Swaminathan said.

Central bankers are also tasked with preventing damage and restoring stability.

"Imagine a person teetering on the edge of a cliff, seemingly about to fall, only to be pulled back just in time by a watchful observer. When Central banks intervene to prevent a potential crisis, those they protect may claim they didn't need saving at all," he said and added that this highlights a common paradox — while regulators work tirelessly to maintain stability, their successes often go unnoticed and their actions are sometimes viewed as unnecessary, intrusive or excessive by those unaware of the risks.

"Yet it is precisely this proactive oversight that ensures the safety and soundness of the financial system," he said.

Swaminathan noted that over the years, the role of Central banks has significantly evolved. Initially seen as the lender of last resort, today, Central banks are equipped with a broad range of tools — regulatory, supervisory, and monetary.

APPROACH MATTERS

He said, "Governments, Central banks, financial regulators, and the industry must all work together to ensure appropriate and timely action to safeguard financial stability."

He said the RBI aims to establish a global model of risk-focused supervision by fostering a strong risk discovery and compliance culture.

Higher prices of veggies, cereals affecting rural households more than urban counterparts

Shishir Sinha
New Delhi

Rural households pay more for vegetables and cereals as compared to their urban counterparts, government data show.

Also, inflation in rural areas continues to be higher than urban areas, and that impacted the headline inflation in September.

Retail inflation based on the Consumer Price Index (CPI) surged to a 9-month high of 5.5 per cent in September.

While the headline inflation rate in urban areas rose to nearly 5 per cent in September from 3.1 per cent in August, it jumped to 5.9 per cent from 4.2 per cent in rural areas.

It may be noted that weights for various product categories vary for urban and rural inflation.

Retail Inflation

(Figures in %)

	Inflation		Weights		Weighted Impact		
	Rural	Urban	Rural	Urban	Rural	Urban	Diff.
Food & Beverage	8.25%	8.55%	54.18%	36.29%	4.47%	3.10%	1.37%
Pan, Tobacco, etc.	2.32%	2.94%	3.26%	1.36%	0.08%	0.04%	0.04%
Clothing & Footwear	2.54%	2.92%	7.36%	5.57%	0.19%	0.16%	0.02%
Housing	0.00%	2.78%		21.67%	0.00%	0.60%	-0.60%
Miscellaneous	4.07%	4.09%	27.26%	29.53%	1.11%	1.21%	-0.10%
Fuel & Light	-0.33%	-3.25%	7.94%	5.58%	-0.03%	-0.18%	0.16%
CPI Inflation	**5.87%**	**5.05%**	**100.00%**	**100.00%**	**5.82%**	**4.93%**	**0.88%**

Source: Institute for Advanced Studies in Complex Choices

FOOD INFLATION

Explaining this, Anil K Sood, Professor at the Institute for Advanced Studies in Complex Choices, said that the most important factor causing higher rural inflation is food inflation.

While the rural food inflation rate at 8.3 per cent is lower than urban inflation of 8.6 per cent, the higher weightage of 54.18 per cent for food and beverages for rural areas results in rural weighted inflation being higher by 1.37 per cent.

"We observe a much higher reduction (-3.25 per cent) in urban areas (with an index weight of 5.58) compared to a marginal reduction of -0.33 per cent in rural areas, where the weight is 7.94. The net weighted impact reduces urban inflation by 0.16 per cent," said Sood.

An SBI research report found that the elevated rural inflation, continuing to be higher than urban inflation, as also the sharpening of gap between rural and urban inflation trends (7th month in a row) results in "rural household prices being higher than urban counterparts and has driven overall inflation — a direct fallout of the rural basket of food items weight being much higher than the urban weight."

OTHER FACTORS

Apart from the food and beverages inflation (particularly the increase in price of vegetables), other components which contributed to higher inflation in rural areas are household goods and services, and personal care and effects (particularly gold).

In urban areas, apart from the above two, components of miscellaneous, education and health inflation too increased.

The SBI report also took note of State-wise inflation and found that Bihar clocked the highest inflation rate of 7.5 per cent, followed by Chhattisgarh at 7.4 per cent and Uttar Pradesh at 6.7 per cent. "Except 6 States, all other 16 States had a higher rural inflation than urban inflation in September," it said.

livemint

Banks' margins, asset quality in focus in Q2

While unsecured credit and small loans likely slowed, deposits picked up

Anshika Kayastha
anshika.kayastha@livemint.com
MUMBAI

Loan growth in the September quarter of this fiscal year is likely to moderate for most banks, led by a slowdown in unsecured and small-ticket credit, even as initial business updates show that deposit growth picked up pace during the quarter, analysts said.

Usually, Q2 (July-September) financial results for banks are better than a typically slow Q1, but analysts this time expect the quarter to be softer with "weaker undertones". Annualized earnings growth for lenders is seen at 10-12%, with private banks expected to grow 5-10% and state-run banks by 15-18% in the three months through September. Sequentially, core earnings growth is seen around 1.7-2%, as per estimates by analysts.

"We expect Q2FY25 to be characterized by NIM (net interest margin) strain with sustained funding cost pressures and impact of penal interest; softer loan growth (dull system loan growth) and below trend deposit growth; likely rise in slippages and undercurrent in unsecured and MFI (microfinance) segment will hold key; and subdued recovery trends," Elara Capital said in a pre-earnings note. Net slippages and credit cost to rise for some banks, it added.

Core earnings is a firm's profit from its main business operations—in a bank's case it's broadly the net interest income. Public sector Bank of Maharashtra kickstarted the Q2 earnings season for banks on Tuesday, posting a net profit of ₹1,327 crore, up 44% from a year ago. Its advances rose 19%. Among larger lenders, Axis Bank is the first scheduled to declare its second-quarter results on 17 October.

Given the relatively stronger deposit growth, investor focus is seen shifting to margins and credit cost as banks battle softer growth, elevated deposit rates, and signs of stress in microfinance, credit cards and small-ticket loans.

Credit growth is seen moderating to 11-14% on an annualized basis whereas sequentially the growth is expected to be in a range of 2.7-5%. IDFC Bank and CSB Bank are seen leading in terms of loan growth, whereas HDFC Bank, Bank of Baroda, IndusInd Bank, State Bank of India and Karur Vysya Bank are seen lagging the industry average.

10-12%
Earnings growth for the banking sector expected in Q2

"Deceleration in credit growth is most likely primarily among private sector banks as they aim to reduce their LDR (loan-to-deposit ratio) and maintain them at balance levels. We believe credit growth amongst public sector banks (PSBs) could continue to remain healthy as they remain better placed than their private banking peers," said Axis Securities.

In comparison, deposits are expected to grow around 15% year-on-year in the September quarter and 3.8-4.4% over the preceding three months. Accordingly, margins are seen shrinking 2-10 bps for most banks on a sequential basis, analysts said.

"Credit growth has now come down to about 14% which is temporarily benefitting banks because they are anyway under pressure for deposits. But scramble for deposits will continue for at least 1-2 more months, especially because we're entering the festival season and funding requirements for businesses will go up," Deepak Jasani, head of retail research, HDFC Securities, told Mint. "As we don't expect a fall in deposit rates soon, banks' margins could shrink by 2-5 bps sequentially because lending rates have not risen in proportion with deposit rates."

On the asset quality front, while slippages are expected to be steady, provisions and credit costs for banks are seen rising, weighing on overall profitability.

For an extended version of this story go to livemint.com

Annualized earnings growth for private banks is expected at 5-10%, while state-run banks are projected to grow by 15-18% for the three months ended September. MINT

After Gold, Silver & Platinum, Dates from UAE Under Lens

Possibility of dry fruit from third countries being imported by misusing the India-UAE pact

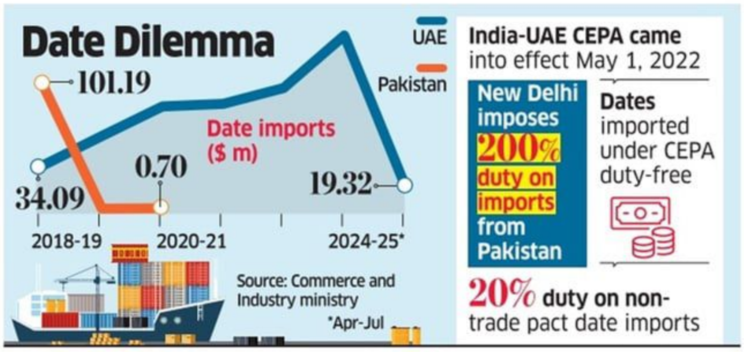
Kirtika Suneja

New Delhi: After gold, silver and platinum, now dates imported from the United Arab Emirates under the bilateral free trade agreement have come under the scanner with the government examining the possibility of the dry fruit from third countries being routed into India via the UAE.

The industry has flagged concerns that dates from other countries, especially Pakistan, are being imported into the country by misusing the India-UAE Comprehensive Economic Partnership Agreement (CEPA), officials aware of the development told **ET**.

The UAE has agreed to examine the concerns raised by India over a jump in imports of silver products, platinum alloy, and dry dates from the UAE and urged the country to ensure that the rules are not circumvented under the CEPA, the commerce and industry ministry said Tuesday.

The ministries of commerce and industry, and finance are examining the issue, they said. Under the CEPA, imports of dates from the UAE are duty-free. While the effective import duty on dates is between 20%-30%, New Delhi imposed a 200% duty on direct imports of all products from Pakistan since 2019.



"Industry has flagged concerns that dates are coming from Pakistan via the UAE and undue benefiting from our trade pact," one of the officials said.

"The rules of origin – preferential and non-preferential – will be studied and if the wholly obtained criterion is being met," the official added.

Rules of origin are the criteria that determine the national source of a product and thereby the duty concessions. Wholly obtained criterion refers to goods produced entirely in a certain country. "While the rules of origin exist in each FTA and Carotar rules can be used to examine the certificates of origin issued, some commodities are prone to misuse in each FTA and hence the need for constant review," said Bipin Sapra, partner at EY.

Under Carotar, or the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, importers into India must ensure and verify that the imported goods meet the rules of origin.

The two sides have put in place stringent rules of origin criteria, especially for agricultural goods, to prevent any transhipped goods from availing the benefits under the CEPA.

The trade agreement came into effect on May 1, 2022. India imported \$277.24 million worth dates in FY24, of which \$137.8 million came from the UAE. In 2021-22, the overall imports of the dry fruit were \$229.09 million, of which \$83.58 million came from the UAE.

India's date imports from Pakistan were \$101.19 million in FY19, \$0.4 million in FY20, \$0.7 million in FY21 and nil after that, according to official data.

NO PACT ON EUROPEAN REGULATOR'S TERMS

Govt, RBI Firm ESMA has to Change Stance on CCIL Oversight for any MoU

Alternative mechanism for trades in Gsecs being worked out, but will take time for rollout

Our Bureaus

New Delhi | Mumbai: The Reserve Bank of India and the government are uncomfortable signing agreements with the European Securities and Markets Authority (ESMA) unless regulations calling for overseas jurisdiction over the Clearing Corporation of India (CCIL) are changed, sources aware of the matter said.

"What both (the RBI and the government) are concerned about is the extra-territorial nature of the arrangement, which is not acceptable. Signing MoUs (Memorandum of Understanding) on their (ESMA's) terms is unacceptable as the CCIL cannot be subject to their regulatory jurisdiction. The RBI and the government want a change in their regulations," a source said.

In October 2022, the ESMA de-recognised the CCIL, which hosts the platform for trading Indian government bonds and interest rate derivatives. The ESMA's decision was taken after the RBI refused to permit European authorities rights of audit and inspection over the CCIL, which is supervised by the Indian central bank.

The parties most affected by the regulatory impasse are French and German banks with trading operations here. These are Credit Agricole, BNP Paribas, Societe Generale of France and Deutsche Bank of Germany. These banks carry out billions of dollars' worth of trade in Indian bonds and swaps while some also play a key custodian role.

While the ESMA's decision came into effect at the end of April 2023, national regulators in France and Germany provided their banks with time until October 31, 2024, to continue transacting with the CCIL.

"National regulators in Europe have removed the October deadline. The RBI and the government are looking at alternative arrangements, including using certain banks or even setting up a designated PD (primary dealer) for these transactions. The whole process is, however, going to take time, and a solution can't be reached in a short duration," the source said.

ET had reported on October 9 that French and German banks had been granted more time by their home regulators to transact with the CCIL. Subsequently, Germany's Federal Financial Supervisory Authority said in response to an ET query that it was confident that the ESMA remains committed to reaching an MoU with the RBI.

OCTOBER 20-26

FM to Visit US to Attend Meets of World Bank, IMF

Sitharaman will also attend meetings of G20 finance ministers and central bank governors

Our Bureau

New Delhi: Finance minister Nirmala Sitharaman will visit the US from October 20 to 26 to attend the annual meetings of the World Bank Group and the International Monetary Fund (IMF), along with crucial huddles of the G20 nations.

Sitharaman will take part in the meeting of G20 finance ministers and central bank governors in Washington DC, the finance ministry said in a statement on Tuesday.

She will also attend the joint meetings of G20 finance ministers, central bank governors, environment ministers and foreign ministers, and also the G7-Africa ministerial roundtable.

"Sitharaman will engage in multilateral discussions on multiple fora and also showcase India's attractiveness as an investment destination," the ministry said.

During the course of her visit to New York City and Washington DC, the minister will participate in the Pension Funds Roundtable at New York Stock Exchange and interact with students and faculty at the Wharton School and the Columbia University. The International Monetary Fund has forecast that India will remain the world's fastest-growing major economy in this financial year as well as the next, with 7% and 6.5% expansion, respectively, more than double the global averages.

The World Bank last week raised its growth forecast for the country to 7% for 2024-25, up from its April estimate of 6.6%. The robust growth forecasts make the country an ideal investment destination.

During her US sojourn, Sitharaman will hold one-on-one meetings with heads of World Bank, Asian Development Bank, European Bank for Reconstruction and Development, and chief executives of various financial institutions.

WORLD BANK MEET

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She will also have meetings with distinguished representatives of several countries, including the UK, Switzerland and Germany.

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Sitharaman will also participate in a discussion on Bretton Woods Institutions with other panellists, such as economist Lawrence H Summers; Carlos Cuerpo, minister of economy, trade and business, Spain; and Rania Al-Mashat, minister of planning, economic development, and international cooperation, Egypt. Before her journey to the US, Sitharaman will visit Guadalajara in Mexico to chair a roundtable with global tech leaders and a bilateral meeting with her Mexican counterpart Rogelio Ramirez de la O. She will also meet several members of the Mexican Parliament, and deliver a keynote address at the India-Mexico Trade and Investment Summit in Mexico City..

Inflation may align with target in FY26: RBI dy guv

Patra says climate, tech risks seen as a threat to inflation-targeting

ANJALI KUMARI
Mumbai, 15 October

The domestic headline retail inflation is expected to align with the 4 per cent target on a durable basis in FY26, Reserve Bank of India (RBI) Deputy Governor Michael Debabrata Patra has said while speaking at a high-level conference on "Central Banking at Crossroads" on Monday. The speech was published on the RBI website on Tuesday.

"In July and August 2024, inflation has fallen below the target. It is projected to average 4.5 per cent in 2024-25 before aligning with the target on a durable basis in 2025-26," he said. The central bank has been highlighting the importance of the last-mile disinflation process, which has been slow.

The RBI has projected inflation at 4.5 per cent for the current financial year (FY25), based on the assumption of a normal monsoon and stable supply conditions. However, the retail inflation surged to a nine-month high of 5.49 per cent in September, driven by rising food prices and unfavourable base.

In the monetary policy review earlier this month, the six-member Monetary Policy Committee (MPC) changed the stance to neutral from withdrawal of accommodation while keeping the policy rate unchanged. A section of market participants believe the committee may start the rate-cut cycle from December.

After raising the policy repo rate by 250 bps between May 2022 and February 2024, the RBI has been maintaining the status quo since then.

Commenting on transmission of monetary policy in a digital age, the deputy governor said digitalisation can improve access to financial services and enhance financial inclusion, thereby improving the transmission of interest rate-based monetary policy. At the same time, he cautioned that transmission could be dampened if digitalisation leads to shifting of credit supply from banks to less-regulated/unregulated nonbanks or to offsetting reductions in bank deposits.

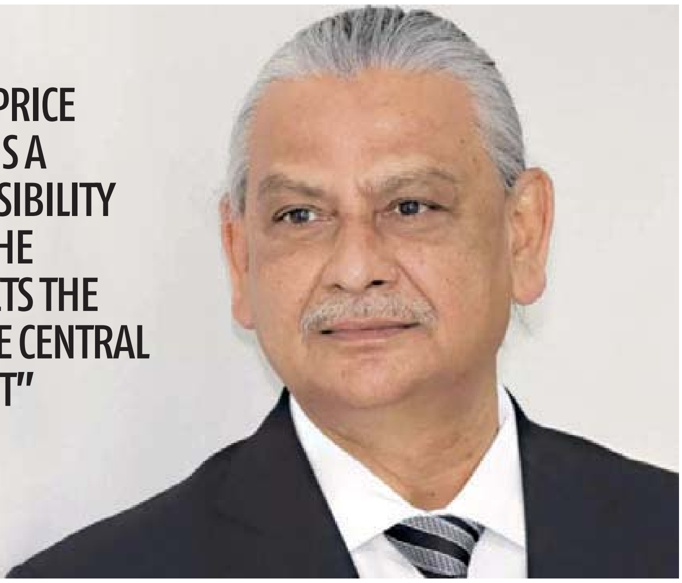
Patra also said that India's experience on inflation-targeting is distinctive due to the recurring shocks to food and fuel prices, which have posed challenges for monetary policy. In India, price stability is a shared responsibility, with the government setting the inflation target and the central bank working to achieve it.

He said that the inflation-target framework enables effective coordination between monetary and fiscal policies without compromising on financial stability, fiscal consolidation, or growth — potentially serving as a model for other countries vulnerable to inflationary pressures from supply shocks.

"The Indian experience is unique in view of the incidence of repetitive shocks to food and fuel prices, which challenged the conduct of monetary policy. In India, price stability is a shared responsibility under which the government sets the target, and the central bank achieves it. This allows monetary-fiscal coordination without posing risks to financial stability, fiscal consolidation or growth — perhaps a template for countries vulnerable to inflationary pressures emanating from supply shocks," he said.

Patra highlighted that in the coming years, central banks will face significant challenges in conducting inflation-targeting monetary policy due to climate change.

He said that climate-related supply shocks, such as food and energy shortages, as well as a decline in productive capacity, can lead to inflation volatility.



"IN INDIA, PRICE STABILITY IS A SHARED RESPONSIBILITY UNDER WHICH THE GOVERNMENT SETS THE TARGET, AND THE CENTRAL BANK ACHIEVES IT"

MICHAEL D PATRA
Deputy Governor, RBI

RBI looking to establish a global model of risk-focused supervision: Swaminathan J

The Reserve Bank of India (RBI) is looking to engage more with the central banks of the global south, and aims to establish a global model of risk-focused supervision, said Swaminathan J, deputy governor, RBI on Tuesday. "The RBI aims to establish a global model of risk-focused supervision by fostering a strong risk discovery and compliance culture, building a "through-the-cycle" risk assessment framework. RBI is working to create a comprehensive data analytics ecosystem to support its supervisory functions," said Swaminathan speaking at the at the RBI@90 High Level Conference. He highlighted that historically, crises have acted as catalysts for bringing supervisors together to address shared challenges. **BS REPORTER**

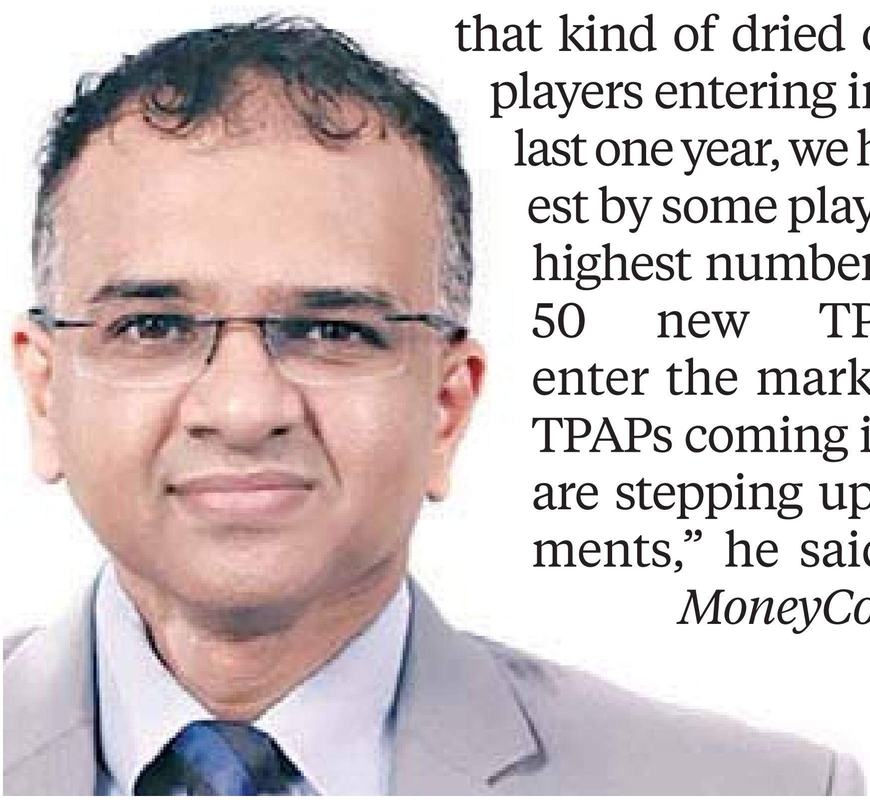
'50 new payment apps keen on joining UPI despite 0 MDR'

AJINKYA KAWALE
Mumbai, 15 October

The absence of merchant discount rate (MDR) is not deterring new participants to join the UPI ecosystem, with 50 new third-party application providers (TPAPs) keen on boarding the real-time payments' rails, a senior official of the National Payments Corporation of India (NPCI) has said.

Acknowledging that the absence of a revenue model on UPI may have deterred new players from entering the market in the past few years, Dilip Asbe, managing director and chief executive officer (CEO), NPCI, said, the ecosystem is witnessing increasing interest from new participants in the past one year.

"The revenue model on UPI ... that kind of dried off the funnel of new players entering into the market. In the last one year, we have seen a great interest by some players. We have seen the highest number, in fact almost like a 50 new TPAPs wanting to enter the market. So, with the new TPAPs coming in, the existing TPAPs are stepping up some sort of investments," he said in an interview to *MoneyControl*.



Dilip Asbe, MD & CEO, NPCI