

DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



Growth in bank credit to industry decelerates to 7.8% in Jan, says RBI: Growth in bank credit to industry decelerated to 7.8 per cent year-on-year in January compared to 8.7 per cent in the same month last year, according to Reserve Bank data released on Thursday. The RBI's data on 'Sectoral Deployment of Bank Credit January 2024' also showed that credit growth to agriculture and allied activities improved to 20.1 per cent (year-on-year) in January 2024 from 14.4 per cent a year ago. Among major industries, growth in credit to 'food processing' and 'textiles' accelerated in January 2024 against the corresponding month of the previous year, while that of 'basic metal & metal products' and 'chemicals and chemical products' decelerated. Further, bank advances to the services sector grew by 20.7 per cent in January 2024 against 21.4 per cent a year ago. Also, personal loan growth moderated to 18.4 per cent in January 2024 against 20.7 per cent a year ago due to decelerated growth in vehicle and other personal loans, the RBI said.

(Business Standard)

Kotak Bank launches 'Smart Choice' gold loans at 0.88% monthly fixed rate: Kotak Mahindra Bank has launched the 'Smart Choice' gold loan, under which it is offering same-day loan disbursements at a fixed monthly interest rate starting from 0.88 per cent with no processing fees, foreclosure options and minimal documentation for disbursements of up to ₹25 lakh. The product is based on consumer research and the need for the product felt by existing borrowers of the bank, adding that the bank is seeing strong demand for gold loans from the current customer base. Rates are also better than they were for the industry about two years back. Further, this plan also offers flexible repayment options such as monthly, quarterly or half-yearly interest payments.

(Business Line)

RBI issues revised norms to streamline bill payments process: The Reserve Bank on Thursday issued revised norms to streamline the process of bill payments, enable greater participation, and enhance customer protection. The central bank has issued the revised 'Reserve

Bank of India (Bharat Bill Payment System) Directions, 2024' as it felt there was a need to update the existing regulations in view of significant developments in the payments landscape. "These directions seek to streamline the process of bill payments, enable greater participation, and enhance customer protection among other changes," RBI said. These directions will be applicable from April 1, 2024 to banks, NPCI Bharat BillPay Limited and other non-bank payment system participants.

(Economic Times)

MoU signed with Greek bank to facilitate remittances to India using UPI: NPCI International Payments Limited (NIPL), a subsidiary of National Payments Corporation of India (NPCI), and leading Greek bank Eurobank signed a Memorandum of Understanding (MoU) towards enhancing cross-border payments using the UPI platform. This announcement comes a week after Greek Prime Minister Kyriakos Mitsotakis visited India, where he, among others, had a bilateral meeting with his Indian counterpart Narendra Modi.

(Economic Times)



ECONOMY

GDP growth rate accelerated to 8.4% in Q3FY24; FY24 growth estimate at 7.6%: India's Gross Domestic Product (GDP) growth rate in the quarter ending December 31, 2023 (Q3FY24) was 8.4 per cent, according to the data released by the Centre on Thursday. This is higher than the Reserve Bank of India's estimate of 6.5 per cent, according to National Statistical Office (NSO) of Ministry of Statistics and Programme Implementation (MoSPI). Indian economy remained resilient with robust 7.6 per cent growth rate of GDP in FY 2023-24 over and above 7 per cent growth rate in FY2022-23 Double-digit growth rate of construction sector (10.7 per cent), followed by a good growth rate of Manufacturing sector (8.5 per cent) have boosted the GDP growth in FY 2023-24. On the back of double-digit growth in manufacturing sector (11.6 per cent) sector, followed by a good growth rate of Construction sector (9.5 per cent), Real GDP grew by 8.4 per cent in Q3 of FY 2023-24.

(Business Standard)

Fiscal deficit at Jan-end touches 63.6% of full year target: Govt data: The government's fiscal deficit at Rs 11 trillion at January end touched 63.6 per cent of the revised annual target, according to the official data released on Thursday. In the corresponding period last year, the fiscal deficit or gap between the expenditure and revenue was 67.8 per cent of Revised Estimates (RE) of

the Union Budget 2022-23. This comprised Rs 18.8 trillion tax revenue (net), Rs 3.38 trillion of non-tax revenue and Rs 34,219 crore of non-debt capital receipts. The total expenditure incurred by the Centre was Rs 33.54 trillion (74.7 per cent of corresponding RE 2023-24), out of which Rs 26.33 trillion is on revenue account and Rs 7.2 trillion on capital account.

(Business Standard)

At 3.6%, India's core sector growth hits 15-month low in January: India's eight core sectors posted a growth of 3.6 percent in January, the lowest in 15 months. The index had grown by 4.9 per cent in December 2023 and 9.7 per cent in January 2023. "The production of coal, steel, cement, natural gas, electricity and crude oil recorded positive growth in January 2024," the government said in a press release. In April 2023-January 2024, the output of India's eight core industries was 7.7 percent higher year-on-year as against 8.3 percent in the first 10 months of 2022-23. The index of Eight Core Industries measures the combined and individual performance of production of eight core industries namely cement, coal, crude oil, electricity, fertilizers, natural gas, refinery products and steel. These industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).

(Business Today)

Retail inflation for industrial workers eases to 4.59pc in January: Retail inflation for industrial workers eased to 4.59 per cent in January compared to 4.91 per cent in December 2023 mainly due to lower prices of certain food items. Food inflation stood at 7.66 per cent in January 2024 against 8.18 per cent in December 2023. Food inflation was 5.69 per cent in January 2023 a year ago, a labour ministry statement said.

(Economic Times)

INDUSTRY OUTLOOK



At Rs 1.26 lakh cr investment: Cabinet approves three more semiconductor units, including two by Tata: The Union Cabinet on Thursday approved the establishment of three more semiconductor plants, including two by Tata and one in Assam. All three units will start construction within the next 100 days. India's chip programme was rolled out in December 2021 with a total outlay of Rs 76,000 crore. "Today the Prime Minister has taken an important decision to set up semiconductor fab in the country. The first commercial semiconductor fab will be set up by Tata and Powerchip-Taiwan, whose plant will be in Dholera," said Union Minister for Electronics &

Information Technology Ashwini Vaishnaw. Tata Electronics Private Limited will set up a semiconductor fab in partnership with Taiwan's Powerchip Semiconductor Manufacturing Corp (PSMC) in Gujarat's Dholera. Investment in this fab will be Rs 91,000 crore. PSMC, renowned for its expertise in logic and memory foundry segments, has 6 semiconductor foundries in Taiwan.

(Business Today)

BSE, NSE will conduct 2 special live trading sessions on Saturday: The Bombay Stock Exchange and the National Stock Exchange will conduct two special live trading sessions on Saturday (March 2). The first session will begin at 9:15 am and end at 10 am while the second session will begin at 11:30 am and close at 12:30 pm. As the market regulator SEBI wants market intermediaries such as exchanges, clearing houses and depository participants to ensure a smooth switch to a business continuity plan at disaster recovery sites in case of an unexpected disaster, the exchanges are now conducting the special trading on Saturday. It aims to ensure that trading activities continue without interruptions and that all data remains secure. All securities (including those on which derivative products are available) will have a maximum price band of 5 per cent on that day. Securities already in 2 per cent or lower price band, will continue to be available in the respective bands, the NSE said.

(Business Line)

Union Government releases another additional installment of tax devolution of Rs. 1,42,122 crore to strengthen hands of State Governments: The Union Government has authorised the release of two installments of tax devolution amounting to Rs. 1.42 lakh crore today to strengthen the hands of State Governments for financing various social welfare measures and infrastructure development schemes. This release is in addition to the tax devolution of an instalment of Rs. 71,061 crore already made on 12 February 2024. With this release, States have received total of three installments of tax devolution in February 2024.

(PiB)

Implementation of Electronic Cash Ledger (ECL) for payment of Import duties for goods imported through Courier Mode from 1st March 2024: The Electronic Cash Ledger (ECL) shall be the mode of payment of Import duties for goods imported through International Courier terminals from 01st March 2024. With the introduction of ECL, Express Industry can make payment through multiple banks as per convenience by internet banking and NEFT/RTGS from the existing one bank. Earlier, the Electronic Cash Ledger was implemented for payment of Import Duties for cargo processed through EDI at Seaports, Airports, ICDs and LCSs from 01st April 2023.

(PiB)



REGULATION & DEVELOPMENT

Sebi moves to restrict inflows into small- and mid-cap mutual funds: India's market regulator has asked money managers to consider restricting one-off investments from clients in small- and mid-cap stock mutual funds and cut commissions offered for their sale, two sources with direct knowledge of the matter said. The Securities and Exchange Board of India (Sebi) communicated this to the money managers in a meeting earlier this month, the sources, who included a regulatory official, said. The regulator did not specify the quantum of flows it wants restricted, they said. Sebi's communication shows heightened regulatory concern on the surging inflows into Indian small- and mid-cap mutual funds and any potential ripple effects on the financial system if investors suddenly started to yank their money from them.

(Business Standard)

Cabinet approves PM Surya Ghar: Muft Bijli Yojana scheme for installing rooftop solar in 10 million households: The Union Cabinet on February 29 approved a rooftop solar scheme as 'PM Surya Ghar: Muft Bijli Yojana' to install rooftop solar panels across 10 million households with a total outlay of Rs 75,021 crore. "Beneficiaries of the government's rooftop solar scheme—Pradhanmantri Surya Ghar: Muft Bijli Yojana – will get free electricity of up to 300 units per month," Anurag Thakur, Minister of Sports, Youth Affairs and Minister of Information and Broadcasting said on February 29. "The scheme provides a Central Financial Assistance of 60 percent of system cost for 2 kW systems and 40 percent of additional system cost for systems between 2 to 3 kW capacity. The CFA will be capped at 3 kW. At current benchmark prices, this will mean Rs 30,000 subsidy for 1 kW system, Rs 60,000 for 2 kW systems and Rs 78,000 for 3 kW systems or higher," the government said in a press release. The government added that households will apply for subsidy through the National Portal and will be able to select a suitable vendor for installing rooftop solar.

(Moneycontrol)

NHAI gives one-month extension to FASTag users to comply with the KYC norms: The National Highways Authority of India (NHAI) has extended the compliance deadline for the 'One Vehicle, One FASTag' initiative to March-end, providing an additional month for FASTag users to complete know-your-customer (KYC) norms. The extension aims to address issues faced by Paytm

FASTag users who are already grappling with getting new FASTags following RBI's announcement that they will become non-functional after March 15.

(Economic Times)

Benefits transferred to farmers under PM KISAN crosses Rs 3 lakh crores: PM KISAN has crossed a new milestone, with Prime Minister releasing the 16th instalment from Yavatmal in Maharashtra the scheme has benefitted more than 11 crore eligible farmer families with Rs 3 lakh crores disbursed till date. Of this, Rs 1.75 lakh Crores was transferred to eligible farmers during the COVID period alone, when they needed direct cash benefits the most. Considering the need for positive supplementary income support for the farmer families in the country and to promote a productive, competitive, diversified, inclusive and sustainable agriculture sector, the Government of India launched an ambitious scheme for farmers' welfare - the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) on 2nd February 2019. Under the scheme, the eligible farmer families are provided a benefit of Rs. 6000/- per year in three equal instalments of Rs. 2000/- each, every four months. The benefit is transferred directly to the bank accounts of eligible beneficiaries through Direct Benefit Transfer mode, using modern digital technology.

(PiB)



NO LOAD FUND

- ❖ A no-load fund is a mutual fund in which shares are sold without a commission or sales charge.
- ❖ This absence of fees occurs because the shares are distributed directly by the investment company, instead of going through a secondary party.
- ❖ This absence of a sales charges is the opposite of a load fund—either front-load or back-load—which charges a commission at the time of the fund's purchase or sale. Also, some mutual funds are level-load funds where fees continue for as long as the investor holds the fund.



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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 : 82.9246
INR / 1 GBP : 105.0317
INR / 1 EUR : 89.8621
INR /100 JPY: 55.3600

EQUITY MARKET

Sensex: 72500.30 (+195.42)
NIFTY: 21982.80 (+31.60)
Bnk NIFTY: 46120.90 (+157.70)

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