



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



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DAILY NEWS DIGEST BY BFSI BOARD

01 November 2024



ECONOMY

India faces 24.7% GDP loss by 2070 due to climate change, says ADB: Under a high-emission scenario, climate change is likely to result in a 16.9 per cent decline in GDP by 2070 throughout the Asia and Pacific region, with India expected to experience a 24.7 per cent GDP decline, according to a recent report. The greatest considerable losses would be influenced by rising sea levels and decreased labor productivity, with lower-income and vulnerable economies being affected the most, it stated. The recent research, featured in the first edition of Asian Development Board's (ADB) "Asia Pacific Climate Report", outlines a range of harmful effects threatening the region.

(Business Today)

BRICS may overtake G-7 in trade by 2026: EY: The countries that are part of the BRICS grouping will collectively surpass the G-7 group of developed countries in global trade by 2026, according to a research report. From 2000 to 2023, the BRICS+ group's share of global merchandise exports has risen from 10.7% to 23.3%, marking an impressive increase of 12.6 percentage points. In contrast, the G7's share has seen a notable decline, dropping from 45.1% to 28.9%, the report by EY said period." "Given the present trends and the likelihood of several new members joining the BRICS+ group being strong, the share of BRICS+ in global merchandise exports can overtake that of the G7 group by 2026." Chief Policy Advisor, EY India and member of the 16th Finance Commission Advisory Council said.

(Financial Express)



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BANKING & FINANCE



Bank lending rates dip sequentially, while deposit rates rise: Bank lending rates marginally declined in September 2024, with the average rate on new rupee loans at 9.37%. Deposit rates increased during the same period, with fresh term deposits averaging 6.54%. Public sector banks experienced a higher rise in lending and deposit rates compared to private banks. The weighted average lending rate on fresh rupee loans of commercial banks was 9.37 per cent in September 2024 , down marginally from 9.41 per cent in August 2024. The WALR on outstanding rupee loans was 9.90 per cent in September 2024 (9.91 per cent in August 2024). The weighted average domestic term deposit rate (WADTDR) on fresh rupee term deposits of SCBs stood at 6.54 per cent in September 2024 as compared to 6.46 per cent in August 2024.

(Economic Times)

NPCI COO Rai quits, takes over as MD and CEO of commodity exchange MCX: National Payments Corporation of India's (NPCI) chief operating officer Praveena Rai has quit the body and joined as the managing director and chief executive of MCX, the commodity exchange said on Thursday. Rai, whose appointment was cleared by sector regulator Sebi in August, has taken over her new position, a statement said. She has three decades of experience primarily in the financial services sector. She also worked with Kotak Mahindra Bank, Citi and HSBC prior to joining NPCI.

(Business Standard)

LCR buffers high at most banks, may dip once new rules kick in: Banks have consciously built a high liquidity coverage ratio (LCR) buffer in anticipation of tighter central bank norms kicking in next fiscal, with analysts anticipating a shrinkage in the buffer once the exact thresholds are known. Bankers expect that the higher buffer will decrease once the final circular is published by the Reserve Bank of India (RBI), most likely by December for implementation from next fiscal. Analysts expect a reduction in LCR by 7 to 10 percentage points from current levels. As of now, banks are mandated by the RBI to maintain 100% LCR, which is made up of high-quality liquid assets (HQLA), mainly consisting of government securities and publicly traded common stocks. Most banks have an LCR of about 120%, with some private banks maintaining this buffer over 130%.

(Economic Times)



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INDUSTRY OUTLOOK



Four Indian companies in US sanctions list for helping in ‘Russia’s war effort’ in Ukraine: The US announced sanctions on as many as 398 companies on Wednesday, including four Indian companies along with firms from Russia, China, Malaysia, Thailand, Turkey, and the United Arab Emirates, accusing them of helping in Russia’s war efforts in Ukraine and aid its ability to evade sanctions. This step by the US Treasury and State departments is designed to punish “third party countries” accused of extending assistance to assist Russia in evading the thousands of sanctions that have been imposed on the country since its invasion of Ukraine in February 2022, Reuters reported. The Indian companies in the sanctions list include; Ascend Aviation India Private Limited, Mask Trans, TSMD Global Private Limited and Futrevo.

(Moneycontrol)

L&T eyes aerospace expansion to ride India’s \$44 billion market push: Larsen & Toubro Ltd (L&T), India's largest private-sector defense manufacturer by revenue, is looking to ramp up its aerospace division to strengthen its foothold in the country's burgeoning private space sector, a senior executive said on Thursday. The move follows the government's recent efforts to open its space industry - traditionally led by the Indian Space Research Organisation (ISRO) - to private firms. The success of the Chandrayaan-3 lunar landing and Aditya-L1 solar mission has created new opportunities for companies with advanced engineering capabilities. "We clearly see an economy growing out there. How fast it will grow and where the contours will be may be hard to predict, but what we can say for sure is that we are going to leverage our 50 years of relationship with ISRO for manufacturing launch vehicles," said AT Ramchandani, senior vice president and head of L&T's Precision Engineering & Systems.

(Business Standard)

Russia fines Google an incredible \$2.5 decillion for YouTube's media ban: A Russian court has fined Google a staggering 2 undecillion rubles (approximately \$2.5 decillion) in fines due to its refusal to restore the accounts of several pro-Kremlin and state-run media outlets, according to a report by the Russian TV channel RBC news. This figure represents a number followed by 36 zeros and sets a new record for penalties imposed. A total of 17 Russian television channels, including state-affiliated outlets like Channel One and military broadcaster Zvezda, have filed legal claims against



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Google. The legal battles date back to 2020, when YouTube, owned by Google, began blocking Russian state media channels over their support for the full-scale invasion of Ukraine.

(Business Standard)



REGULATION & DEVELOPMENT

SEBI proposes key reforms for REITs and InvITs to enhance investment opportunities:

Real estate investment trusts, including small and medium REITs, and infrastructure trusts may be permitted to use interest rate derivatives to hedge, locked-in units may be transferred within sponsor groups, fixed deposits can be included for cash balances while computing leverage and REITs may be able to invest in liquid mutual funds, according to a consultation paper by the Securities and Exchange Board of India (SEBI). The draft outlines provisions allowing small and medium REITs to use interest rate derivatives for hedging, facilitates the transfer of locked-in units within sponsor groups, and enables the inclusion of fixed deposits in leverage calculations.

(Business Line)

NFRA likely to notify revised audit standards soon amid ICAI concerns: The tug of war between the National Financial Reporting Authority (NFRA) and the Institute of Chartered Accountants of India (ICAI) over the need to revise India's auditing standards to match global norms further intensified recently with the CA body bringing new quality management rules without taking the auditing regulator on board. While the proposed adoption of revised International Standards on Auditing (ISA) 600 itself has become a bone of contention between the two regulators, several auditors themselves have supported the move.

(Business Standard)



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FINANCIAL TERMINOLOGY

HYPERINFLATION

- ❖ Hyperinflation is a term that describes and measures rapid, excessive, and out-of-control general price increases that result in extreme inflation. Inflation measures the pace of rising prices for goods and services in an economy. Hyperinflation indicates uncontrollable price increases over a defined period, typically measuring more than 50% per month.
- ❖ Hyperinflation is a rare event for developed economies but it's occurred many times throughout history in countries such as China, Germany, Russia, Hungary, and Georgia.
- ❖ Hyperinflation can occur in circumstances affecting the underlying production economy in conjunction with a central bank printing excessive money.
- ❖ Hyperinflation can cause a surge in prices for essential goods such as food and fuel as demand outpaces supply.



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 : 84.0886
INR / 1 GBP : 108.9508
INR / 1 EUR : 91.2505
INR /100 JPY: 55.0300

EQUITY MARKET

Sensex: 79389.06 (-553.12)
NIFTY: 24205.35(-135.50)
Bnk NIFTY: 51475.35 (-332.15)

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