THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)
(ST ATUTORY 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

02 February 2024

BANKING & FINANCE

Bank of England freezes interest rate as inflation stays high: The Bank of England froze its key interest rate Thursday for a fourth meeting in a row, matching US Federal Reserve policy, as high inflation prevents cuts to borrowing costs. The BoE said in a statement it had left its rate at 5.25 percent, the highest level for 16 years, following a regular policy meeting. BoE governor Andrew Bailey said there was a "need to see more evidence that inflation is set to fall" to the bank's "2.0-percent target, and stay there, before we can lower interest rates". UK annual inflation stands at 4.0 percent after inching up from 3.9 percent, according to the latest official data.
(Moneycontrol)

Paytm to pause lending for few weeks, pegs annual EBITDA hit at ₹300-500 crore: One 97 Communications will pause on new loans for a few weeks till the resolution of operational issues, and till partner banks are confident of continuing their association with the company given the material governance concerns. Meanwhile, the impact of RBI’s directives on associate company Paytm Payments Bank (PPBL) is expected to be around ₹300-500 crore on the annual EBITDA “in a worst case scenario”. “There is an impression that Paytm Payments Bank and paytm are one but by structure, but it is not. It is an associate company. For Paytm Payments Bank, there is independent compliance, risk team and other requirement,” President and Group CFO Madhur Deora said in an analyst call, adding that financial services such as loan distribution, insurance distribution and equity broking are not related to PPBL.
(Business Line)

Budget 2024: G-Sec market raises a toast to interim budget: The bond market cheered Finance Minister Nirmala Sitharaman’s Interim Budget announcement to lower the fiscal deficit, implying lower gross borrowing in the next fiscal, with Government Security (G-Sec/GS) yields thawing substantially. The yield of the 10-year benchmark paper (7.18 per cent GS 2033) softened by about 9 basis points (bps), with its price rallying by about 60 paise. The aforementioned paper, which

is the most traded among all G-Secs, closed at a yield of 7.0583 per cent (previous close: 7.1442 per cent). Its closing price was ₹100.83 (₹100.24). Bond yields and prices are inversely related and move in opposite directions. Lower gross borrowing, coupled with the inclusion of G-Secs in key global bond indices in FY25, would mean that the government may be able to borrow funds cheaper from the market.
(Business Line)

Deutsche Bank will cut 3,500 jobs even as it records $4.5 billion profit last year: Deutsche Bank plans to cut 3,500 jobs to reduce costs by 2.5 billion euros. The bank will streamline its marketing network, computer systems, and software. The annual profit figures show a 16% decline compared to last year. Despite the decline, the bank has made a profit for the fourth consecutive year. The bank has benefited from the global rise in interest rates, resulting in increased profit margins. Revenue grew by 6.8%. The bank will raise its dividend and buy back shares worth 675 million euros.
(Business Line)

A confident interim budget from a government in full command: A detailed plan for achieving "Viksit Bharat" will be laid out in the budget to be presented in July, Finance Minister Nirmala Sitharaman said during her budget speech, reflecting the ruling party's soaring confidence— and the overwhelming consensus— that it would return to power. This magisterial confidence permeates the interim budget. The PM's remarks after the budget spoke of the goal of making India a developed country by 2047. He also spoke of the focus on the government's target constituency, farmers, youth, women, and the poor, groups that transcend the divisions of religion and caste.
(Moneycontrol)

Governance, development, performance key themes for Budget 2024-25:: Finance Minister Nirmala Sitharaman, addressing the media with her core team in a post-Budget press conference on Thursday, spoke about the Budget's commitment to the fiscal consolidation path, capital expenditure push, and future guiding principles for government policy. Budget deficit of 5.8 per cent is much lower than the 5.9 per cent in Budget Estimates (BE). Fiscal deficit of 5.1 per cent for FY25 clearly indicates that we are on track to meet the glide path which was set in 2021-22, and we

are well on track to meet the target of 4.5 per cent (or below) by FY26. Capex growth of 11 per cent appears low on a high base. When the government wants to spend through capex, it can be to trigger the economy. We came in fully when the private sector did not. We are now seeing signs of the private sector coming in.
(Business Standard)

From capex boost to tax benefits for startups, key points from FM Sitharaman's speech: Sitharaman rose to present the interim Budget ahead of the 2024 Lok Sabha elections due by May where she highlighted India's booming economy and announced that the country's FY25 capital expenditure outlay has been hiked 11.1 percent to Rs 11.11 lakh crore, at 3.4 percent of GDP. The interim Budget typically allocates funds to keep essential government functions running until the newly elected government presents a full Budget after the elections. During her speech, Sitharaman also highlighted India's robust economy. "The Indian economy has witnessed positive transformation in the last 10 years. People are looking towards future with hope.
(Moneycontrol)

Govt’s fiscal consolidation plan to aid private sector, boost capex revival: The 2024 Interim budget is based on the robust framework of “Viksit Bharat by 2047.” Driving this growth are the four key pillars - youth, power, women, and farmers. With a vision of creating opportunities for all, the government has implemented several initiatives that enable a smooth roadmap for ‘Amrit Kaal.’ The government remains committed to its resolve of bringing the fiscal deficit below 4.5% of GDP by FY26. By that, the fiscal deficit target for FY25 has been set at 5.1%, while that for FY24 has been revised down from 5.9% to 5.8%. A lower fiscal deficit is a precursor to ensuring financial stability and facilitating adequate liquidity for the private sector. At a time when private capex is expected to revive, the government’s commitment to cut its expenses will bode well for the cost of borrowing from the private sector.
(Moneycontrol)

INDUSTRY OUTLOOK

PLI scheme allocation hiked by 33% in Budget 2024: The Narendra Modi government has hiked allocation towards its flagship Production-Linked Incentive (PLI) scheme for financial year 2025 to Rs 6,200 crore, up 33 per cent from FY24's budgeted estimate of Rs 4,645 crore. Currently encompassing 14 sectors, such as mobile phones, pharmaceuticals, automobiles, and electronic products, the PLI scheme was initiated in 2021 with a budget of Rs 1.97 lakh crore. As of November

2023, the scheme has attracted investments of over Rs 1.03 lakh crore, resulting in production and sales amounting to Rs 8.61 lakh crore. Furthermore, it has facilitated the generation of employment opportunities for over 6.78 lakh individuals (directly and indirectly).
(Business Line)

Budget 2024: Rs 10,000 cr rooftop solar boost for 10 million families: The interim budget proposed a big push to the rooftop solar segment, outlining that 10 million households will be enabled to get up to 300 units of free electricity every month under the Pradhan Mantri Suryodaya Yojana with an outlay of Rs 10,000 crore. "There is a provision of Rs 10,000 crore for rooftop solar scheme in the budget," finance secretary TV Somanathan said in a post-budget press conference. The move will lead to savings of Rs 15,000-18,000 annually for each household from free solar electricity and selling the surplus under the programme, FM Nirmala Sitharaman said. With rooftop solar, charging of electric vehicles will be facilitated as well.
(Economic Times)

Core sector growth eases to 14-month low in December: The eight core industries' output growth eased to a 14-month low of 3.8% in December from 7.9% in November, on account of the statistical effect of a high base, data released by the commerce ministry showed on Wednesday. In December 2022, the core sector's output had grown 8.3%. On a month-on-month basis, the core sector's output rose 5.9% in December, slightly higher than the 5.8% sequential growth recorded between the two months in the last 12 years. Among the eight sectors, the output growth of six eased from the levels recorded in November, but that was due to high base as sequentially, all the sectors witnessed an increase in production during December.
(Financial Express)

REGULATION & DEVELOPMENT

Ayushman Bharat insurance scheme allocation up by 10%, ambit increased: India's flagship universal health scheme, Ayushman Bharat, saw a 10 per cent increase in the outlay y-o-y to ₹7,500 crore, with the Finance Ministry proposing to bring ASHA and Anganwadi workers under the scheme's ambit. "Healthcare cover under the Ayushman Bharat scheme will be extended to all ASHA workers, Anganwadi workers, and helpers," Finance Minister Nirmala Sithraman said while presenting the Interim Budget 2024-25. Of the ₹7,500 crore allocation, around ₹411 crore will be under the capital outlay head, while ₹7,089 crore is the proposed revenue outlay for the next fiscal.

The revised estimates for FY24 under the Ayushman Bharat scheme were ₹6,800 crore, while the Budget Estimates for FY24 were ₹7,200 crore (including a capital outlay of ₹411 crore). Ayushman Bharat or the PM Jan Arogya Yojana (PMJAY) provides cashless and paperless benefit cover of ₹5 lakh per annum per family on a floater basis in the empanelled hospitals across India. At present, AB-PMJAY aims to cover 12 crore families (covering more than 50.00 crore population in India).
(Business Line)

Relief for small taxpayers; withdrawal of outstanding income tax demand up to ₹25,000: Around one crore small income tax payers to benefit as Finance Minister Nirmala Sitharaman announced withdrawing demand notices. "In line with our Government's vision to improve ease of living and ease of doing business, I wish to make an announcement to improve tax payer services. There are a large number of petty, non-verified, non-reconciled or disputed direct tax demands, many of them dating as far back as the year 1962, which continue to remain on the books, causing anxiety to honest tax payers and hindering refunds of subsequent years," Sitharaman said while presenting the interim budget for FY 2024-25 on Thursday. Accordingly, it has proposed withdrawing outstanding direct tax demands up to ₹25,000 until FY 2009-10. Similarly, outstanding direct tax demands up to ₹10,000 for financial years 2010-11 to 2014-15 withdrawn. "This will benefit one crore tax payers," she said.
(Business Line)

Rs 11,500 crore outlay: Budget 2024 adds spark to wind & solar energy, green hydrogen projects: With an objective to boost the renewable sector and curb carbon emissions, the government, through the Interim Budget 2024, has proposed over Rs 11,500 crore combined funding for Solar Power (Grid), the National Green Hydrogen Mission and Wind Power (Grid) projects for the financial year ended March 2025. The financial allocation for solar initiatives has seen a substantial rise to Rs 10,000 crore for the fiscal year 2024-25, marking a 110% increase from the revised estimates of Rs 4,757 crore. Similarly, the budgetary allocation for the National Green Hydrogen Mission has witnessed a five-fold (500%) surge, reaching Rs 600 crore for the fiscal year 2024-25. Furthermore, the government has elevated the allocation for wind to Rs 930 crore, reflecting a 1.5% increase from the previous Rs 916 crore.
(Economic Times)

THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)
(ST ATUTORY 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

FINANCIAL TERMINOLOGY

VOTE ON ACCOUNT

- As defined by Article 116 of the Indian Constitution, a vote on account is an advance grant to the government from the Consolidated Fund of India to cover short-term expenditure requirements until the new financial year begins.
- There is a Consolidated Fund of India, defined in Article 266 of the Indian Constitution, which stores all the revenue generated by the central government, including taxes, interest on loans, and a portion of state taxes.
- In accordance with the Act, the Consolidated Fund may not be withdrawn except under an appropriation undertaken by law and approved by the Centre each year during the Union Budget.
- Appropriation Bill gives power to the government to withdraw funds from the Consolidated Fund of India for meeting the expenditure during the financial year. As per article 114 of the Constitution, the government can withdraw money from the Consolidated Fund only after receiving approval from Parliament.

THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)
(ST ATUTORY 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

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 : 82.9553
INR / 1 GBP : 105.0977
INR / 1 EUR : 89.6105
INR /100 JPY: 56.4700

EQUITY MARKET

Sensex: 71645.30 (-106.81)
NIFTY: 21697.50 (-28.20)
Bnk NIFTY: 46188.65 (+191.85)

Courses conducted by BFSI Board

- Certificate Course on Concurrent Audit of Banks
- Certificate Course on Credit Management of Banks
- Certificate Course on Treasury and International Banking
- Certificate Course on Investment Management
- Certificate Course on General Insurance.

For details please visit BFSIB portal of the ICMAI website

Publications by BFSI Board

- Aide Memoire on Infrastructure Financing.
- Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).
- Guidance Note on the Internal Audit of General Insurance Companies.
- BFSI Chronicle (quarterly issue of BFSIB)
- Handbook on Stock & Book Debts Audit (Revised and Enlarged 2nd Edition)

To purchase please visit BFSIB portal of ICMAI

TEAM BFSIB
Banking, Financial Services & Insurance Board
The Institute of Cost Accountants of India (ICMAI)