



**ICMAI**  
THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

***02 September 2024***



### **ECONOMY**

**GST collections at Rs 1.75 lakh crore dip in August, but up 10% from last year:** India's goods and services tax (GST) collections were a tad lower at Rs 1.75 lakh crore in August compared with Rs 1.82 lakh crore in the previous month, according to data released on September 1. The pace of growth of GST remained around 10 percent in August, as the country had recorded Rs 1.59 lakh crore in GST revenue in August 2023. For the first five months of the year, collections were up 10.1 percent at Rs 9.14 lakh crore. While domestic revenue was up 9.2 percent to Rs 1.25 lakh crore, import revenue grew faster at 12.1 percent during the month Rs 49,976 crore compared to the previous year's figures.

***(Moneycontrol)***

**India has trade surplus with 151 nations, deficit with 75, reveals GTRI data:** During the first half of this year, India had a trade surplus with 151 countries, including the US and the Netherlands, while it had a trade deficit with 75 countries, including China and Russia. According to the Global Trade Research Initiative (GTRI), India need not be concerned about the trade deficit resulting from its imports of coal and crude oil. Instead, India should concentrate on lowering its imports of industrial goods, particularly those from China, as these imports pose a threat to India's economic sovereignty. The report further added that between January and June 2024, India had a trade surplus with 151 countries, representing 55.8 per cent of its exports and 16.5 per cent of its imports, totalling \$72.1 billion. The biggest surpluses were with the USA (\$ 21 billion) and the Netherlands (\$11.6 billion). Meanwhile, the trade deficit with 75 countries accounted for 44.2 per cent of its exports and 83.5 per cent of its imports, resulting in a \$185.4 billion deficit.

***(Financial Express)***

**Commerce ministry seeks 5-year interest subsidy extension for exporters:** Calling for extension of Interest Equalisation Scheme (IES) for pre- and post- shipment export credit for another five years, the commerce and industry ministry has sought to retain the subsidy at the levels that



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existed before its expiry in June this year (later extended up to August). “At a time we ask for a five year extension. Last time too the scheme ran for five years. The rates of subsidy will be the same as they were in the previous scheme,” a senior official said. Till June the interest equalisation scheme provided upfront reduction in interest rates on per-shipment and post shipment export credit by banks. The exporters from Micro Small and Medium Enterprises exporters got a rebate of 3% on loans under the scheme. The merchant exporters who source goods for exports from other manufacturers and others use to get 2% benefit for exports of 410 identified products. The discount given by banks is reimbursed by the government.

*(Financial Express)*

## **BANKING & FINANCE**



**Mastercard wants to get rid of card numbers for online shopping:** Mastercard Inc. is expanding its efforts to eliminate the use of credit card numbers when customers make purchases online in a bid to fight fraud. A decade after it first unveiled a technology that replaces consumers’ card numbers with so-called tokens, the company is now processing 1 billion such transactions every week, Chief Executive Officer Michael Miebach said in an interview. That’s after it took the payments behemoth three years to process the first billion of such transactions. Now, Mastercard is planning to expand the use of the technology to replace security measures like passwords with biometric data such as fingerprints or face scans, Miebach said. It’s the latest step that the financial industry is taking to combat the rising issue of online payment fraud, which is expected to exceed \$91 billion by 2028.

*(Economic Times)*

**Visa partners with Skill India to upskill 20,000 youths for tourism industry:** Digital payments giant Visa and The Tourism & Hospitality Skill Council (THSC) have signed an agreement for a three-year partnership valued at up to USD 1 million to upskill at least 20,000 Indian youths in tourism-relevant skills, the government said on Friday. The Tourism & Hospitality Skill Council (THSC) comes under the aegis of the Ministry of Skill Development & Entrepreneurship.

*(Economic Times)*

**PM Modi seeks more action to curb cyber fraud:** Financial sector regulators need to take bigger steps to prevent cyber frauds and further digital literacy, Prime Minister Narendra Modi said



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on Friday. At the Global Fintech Fest (GFF), he said the threat of cyber fraud should not be allowed to impede progress of the fintech and startup ecosystem.

***(Economic Times)***

**New MSME credit assessment model for PSBs to launch by March end:** The new micro, small and medium enterprise (MSME) credit assessment model, based on digital footprints for public sector banks (PSBs), is expected to launch by the end of March next year, according to three sources directly familiar with the matter. “Almost half of the work has been completed, and we expect a launch by the end of this financial year (2024-25/FY25),” said a PSB official. Finance Minister Nirmala Sitharaman, in the Union Budget FY25, proposed that PSBs develop in-house capabilities to assess MSMEs for credit, moving away from external assessments.

***(Business Standard)***

## INDUSTRY OUTLOOK



**Satish Kumar Vaduguri is new Indian Oil Corporation chairman:** Satish Kumar Vaduguri assumed the role of chairman at Indian Oil Corporation (IOC) on Sunday, stepping in as the head of the country’s largest oil firm. He succeeds SM Vaidya, who resigned from the post on Saturday. Kumar, who has been serving as director (marketing) since October 2021, will hold the additional charge of chairman while continuing his current role. He also served as director (finance) for a year starting October 2022, during a period marked by geopolitical tensions from the Ukraine-Russia conflict.

***(Financial Express)***

**Tata Consumer Products completes merger of three subsidiaries in India:** FMCG maker Tata Consumer Products Ltd (TCPL) has merged its three wholly-owned subsidiaries after getting approval from NCLT and other regulatory clearances. TCPL has merged its wholly-owned subsidiaries Tata Consumer Soufull Pvt Ltd, NourishCo Beverages Ltd, and Tata SmartFoodz Ltd with the company, according to a statement from Tata Group FMCG arm.

***(Business Standard)***

**Mauritius invites Indian SMEs to get duty-free export benefit under AGOA:** Mauritius is inviting Indian Small and Medium Enterprises (SMEs) to set up their units in the island country to capitalise on duty-free export benefit under the African Growth and Opportunity Act (AGOA), an envoy said here. This AGOA offers duty-free shipments to the US market, presenting significant



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opportunities for Indian businesses, he said. Replying to a question, High Commissioner of Mauritius to India Haymandoyal Dillum said, "Indian industries should make the most of the AGOA agreement with African countries and the US." Dillum, who visited Kolkata on Saturday to attend a programme of the Bharat Chamber of Commerce, encouraged the leather industry to explore value-added opportunities in Mauritius to gain a competitive edge in the US market.

***(Business Standard)***



## REGULATION & DEVELOPMENT

**CBDT forms committee to review Income Tax Act, will eliminate ‘sunset’ clauses:** An internal committee under the Central Board of Direct Taxes (CBDT) has been established to review the Income Tax Act of 1961. The committee will be led by VK Gupta, Chief Commissioner of Income Tax. Union Finance Minister Nirmala Sitharaman had announced the formation of this committee during her July 2024 Budget speech, emphasising that the review process would be completed within six months. The primary goal is to simplify the Act, making it more concise, clear and easier to understand, which is expected to reduce disputes and litigation and provide greater tax certainty for taxpayers. "The purpose is to make the act concise, lucid, and easy to read and understand. This will reduce disputes and litigation, thereby providing tax certainty to the taxpayers. It will also bring down the demand embroiled in litigation," Sitharaman stated.

***(Business Today)***

**Shri Satish Kumar takes charge as Chairman and Chief Executive Officer, Railway Board:** Shri. Satish Kumar took over the charge of Chairman and Chief Executive Officer (CEO), Railway Board (Ministry of Railways) today. The Appointments Committee of the Cabinet had earlier approved the appointment of Shri Satish Kumar as Chairman & CEO of Railway Board.

***(PiB)***

**Rupee second-worst performing Asian currency against greenback in Aug:** The Indian rupee was the second-worst-performing Asian currency in August after the Bangladeshi taka due to strong dollar demand and outflows from domestic equities. It depreciated by 0.2 per cent during the month. The two were the only Asian currencies that experienced a decline against the US dollar over the month. The rupee settled at Rs 83.86 per dollar on Friday. "The rupee depreciated by 0.2 per cent in August to currently trade at 83.87 per dollar, close to its lifetime low of 83.97 per dollar. This was





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despite the weakening of the US dollar. The factors that impacted the rupee are a slowdown in FPI inflows (mainly the equity segment), and increased dollar demand by importers.

***(Business Standard)***



## FINANCIAL TERMINOLOGY

### PRORATION

- ❖ Proration is a type of corporate action that may arise during an event such as an acquisition, where a company splits its original cash and equity offer in response to shareholder preferences.
- ❖ In certain situations, the acquiring firm will offer a combination of cash and equity, and shareholders of the firm being acquired can elect to take either. If available cash or shares are not sufficient to satisfy the offers that shareholders tender, the remaining stock is prorated: the company grants a proportion of both cash and shares for each offer tendered so that everyone gets their fair share of the deal.
- ❖ Proration should not be confused with pro-rata, which indicates some proportional allocation or distribution.



**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 : 83.8709  
INR / 1 GBP : 110.4966  
INR / 1 EUR : 92.9083  
INR /100 JPY: 57.8600

**EQUITY MARKET**

Sensex: 82365.77 (+231.16)  
NIFTY: 25235.90 (+83.95)  
Bnk NIFTY: 51351.00 (+198.25)

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