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THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA  
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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

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## **DAILY NEWS DIGEST BY BFSI BOARD**

**04 July 2024**



## **ECONOMY**

**Services follow manufacturing; PMI rises to 60.5 in June:** Unprecedented surge in international sales helped the services sector to perform well in June as Purchasing Managers' Index (PMI) for services rose to 60.5 in June as against 60.2 of May. Another good news is that services firm increased their staffing level. Services has a share of over 53 per cent in Gross Value Added (GVA). Good performance of services sector was followed by similar trend in manufacturing. PMI for manufacturing rose to 58.3 in June, 0.8 percentage points higher than May. It was supported by increased new orders and output. Consequently, firms increased their hiring at the fastest pace in over 19 years.

***(Moneycontrol)***

**Govt forms cabinet committees on security, economic, political affairs:** The Modi government on Wednesday constituted various cabinet committees, including the country's highest decision making bodies on security, economic and political affairs. The members of the cabinet committees included Union ministers from the BJP and its NDA partners like Janata Dal (U), Telugu Desam Party, Janata Dal (S), Shiv Sena and Lok Janshakti Party (Ram Vilas).

***(Economic Times)***

**Despite war and sanctions, Russia becomes a high-income economy:** Despite sanctions by Western countries against Russia due to the Ukraine war, the country has become a high-income economy from an upper-middle income economy. In its latest rankings, the World Bank has promoted the Russian economy to the top income category. The income classification of countries, which is updated every July 1 by the World Bank, is based on the gross national income (GNI) per capita of the previous calendar year. GNI measures are expressed in United States dollars using conversion factors derived according to the Atlas method.

***(Economic Times)***



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## **BANKING & FINANCE**



**RBI Governor urges banks to step up efforts against mule accounts:** Reserve Bank of India's (RBI) Governor Shaktikanta Das on July 3 held meetings with the MDs and CEOs of public sector banks and select private sector banks in Mumbai and urged them to step up their efforts against 'mule accounts'. He also asked them to intensify customer awareness and educational initiatives, among other measures, to curb digital frauds. A mule account is an account created by one person but operated by another person. These accounts are often used for money laundering and tax evasion. Mule accounts are in violation of several rules and can be prosecuted under the Prevention of Money Laundering Act (PMLA). Also, such arrangements are illegal under tax laws. Even Sebi and Reserve Bank of India (RBI) rules say such accounts should not be used.

### ***(Moneycontrol)***

**Paytm launches 'Health Saathi' plan for its merchant partners:** One 97 Communications Limited (OCL), which owns brand Paytm, has rolled out 'Paytm Health Saathi', an exclusive health and income protection plan for its merchant partners. This plan is available on the 'Paytm for Business' app. This initiative is part of Paytm's ongoing efforts to support its vast network of merchant partners by providing them with affordable, comprehensive healthcare benefits. Starting at just ₹35 per month on a monthly subscription, Paytm Health Saathi offers a range of services that includes unlimited doctor teleconsultation, in-person doctor visits (OPD) within its partner network. It also includes income protection cover in the event of business interruptions due to accidents, natural calamities such as floods and fires, or strikes. "The launch of Paytm Health Saathi underscores our steadfast commitment to ensuring the welfare of our merchant partners. This initiative is part of our mission to equip them with comprehensive and affordable coverage that supports their continued operations", a Paytm spokesperson said.

### ***(Business Line)***

**RBI tells banks to find ways to bridge the gap between credit and deposit growth:** The Reserve Bank of India has told banks to find ways to bridge the gap between credit and deposit growth and reduce credit-deposit ratio, raising concerns over the persistent higher credit growth than deposit mobilisation which could pose a risk in business sustainability. The central bank Governor



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Shaktikanta Das held a meeting with the heads of public sector banks and select private sector lenders Wednesday where he spoke about high credit-deposit ratio, the resultant liquidity risk management challenges, trends in unsecured retail lending as well as cybersecurity and third-party risks and the need for improving customer services. He also highlighted the importance of further strengthening the governance standards, risk management practices and compliance culture in banks.

***(Economic Times)***

**NABARD partners with Online PSB Loans Ltd to digitalize Jan Suraksha Schemes for regional rural banks:** National Bank for Agriculture and Rural Development (NABARD) and Online PSB Loans Limited have signed an agreement to promote financial inclusion through regional rural banks. The collaboration seeks to smoothen the process of enrolment and claim settlement under the Jan Suraksha Schemes for all 43 Regional Rural Banks (RRBs) onboarded on one platform through the JanSuraksha Portal. This initiative represents a significant stride towards bridging the financial gap in rural areas and will further empower Regional Rural Banks to leverage digital solutions for seamless enrolment and efficient settlement of Jan Suraksha schemes, NABARD said in a statement. Under this initiative, NABARD will integrate all 43 RRBs onto the JanSuraksha Portal with a view to democratising access to financial protection schemes across erstwhile inaccessible corners of the country, it said.

***(Economic Times)***

## INDUSTRY OUTLOOK



**BSNL's 4G launch delay led to tariff hike by private players: Employees' union:** BSNL's labour union has termed the tariff hikes by telecom operators as "drastic" in a letter to the Minister of Communications. They added that the delays in the launch of BSNL's 4G and 5G networks was, in effect, allowing telcos to raise tariffs with impunity at the cost of the common consumer. "It is needless for us to mention that BSNL had been acting as the true 'regulator' in the telecom sector. Earlier, due to the competition from BSNL, the private telecom service providers were restrained from increasing their tariffs capriciously. However, the scenario has changed now. BSNL has not been able to launch its 4G and 5G services till date, as a result of which it is handicapped from competing with the private operators and thereby restraining their arbitrary tariff hikes," John Verghese, the union's acting general secretary, wrote to the minister. The letter added that due to the non-availability of 4G and 5G services, BSNL customers, deprived of high-speed data services, have started migrating to Airtel and Jio.

***(Business Line)***



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**Volvo to launch only EVs in India, plans one new car every year:** Swedish luxury carmaker Volvo Cars will launch only electric cars in India going forward and not sell petrol and diesel-powered vehicles in the market “beyond the 2030 deadline”, a top executive said. “The new products that we will bring to the market will be electric,” Martin Persson, head of Volvo Cars for the Asia Pacific (except China) region, told ET. “We still have the ICE (internal combustion engine) products and we think they are competitive for customers who want that. It is not about taking that away. But, at the same time, the future is pretty clear.”

***(Economic Times)***



## REGULATION & DEVELOPMENT

**Centre limits self-declaration certificate for ads of food, health sectors:** The Centre on Wednesday issued an advisory limiting the mandatory self-declaration certificates (SDCs) for advertisements to food and health sectors only. The government also said that the facility for uploading the certificate by the advertiser/advertising agency for TV and Radio ads has been made operational on the Broadcast Seva Portal. For print and digital advertisements, SDCs will have to be uploaded on the website of the Press Council of India (PCI). The self-declaration norms came into effect on June 18 following an order by the Supreme Court, which directed that before printing, airing or displaying any advertisement, the advertiser or the advertising agency must submit a self-declaration to Broadcast Seva Portal of the Information and Broadcasting Ministry. “No advertisements shall be permitted to be run on the relevant channels and/or in the print media/internet without uploading the self-declaration as directed above,” the court had ordered.

***(Business Standard)***

**Budget FY25: MSMEs may get 180 days to repay loans before NPA tag:** The Union government is contemplating an extension of the non-performing assets (NPA) classification period for loans to micro, small, and medium enterprises (MSMEs) from the current 90 days to 180 days in the forthcoming FY25 Budget, according to a senior government official. “To provide support and relaxation to MSMEs, the government may extend the NPA period. Currently, the NPA period is 90 days, but it may be increased to 180 days. This may be included in the Budget.

***(Business Standard)***



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## FINANCIAL TERMINOLOGY

### X-EFFICIENCY

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- ❖ X-efficiency refers to the degree of efficiency maintained by firms under conditions of imperfect competition. Efficiency in this context means a company getting the maximum outputs from its inputs, including employee productivity and manufacturing efficiency.
- ❖ In a highly competitive market, firms are forced to be as efficient as possible to ensure strong profits and continued existence. This is not true in situations of imperfect competition, such as with a monopoly or duopoly.
- ❖ When calculating x-efficiency, a data point is usually selected to represent an industry and then it is modeled using regression-analysis. For example, a bank might be judged by total costs divided by total assets to get a single data point for a firm. Then, the data points for all the banks would be compared using regression analysis to identify the most x-efficient and where the majority fall.



### **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 : 83.5337  
INR / 1 GBP : 105.9625  
INR / 1 EUR : 89.7219  
INR /100 JPY: 51.6200

### **EQUITY MARKET**

Sensex: 79986.80 (+545.35)  
NIFTY: 24286.50 (+162.25)  
Bnk NIFTY: 53089.25 (+921.15)

### **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.**

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### **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 2<sup>nd</sup> Edition)**
- To purchase please visit  
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### **TEAM BFSIB**

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