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DAILY NEWS DIGEST BY BFSI BOARD

06 December 2024



ECONOMY

GDP growth of 6.5-7% for FY25 still feasible despite Q2 slowdown: CEA Nageswaran: Ahead of the crucial MPC announcement of Friday, the Finance Ministry has reaffirmed its confidence in its earlier GDP growth forecast of 6.5-7 % for 2024-25, despite a slowdown in 2nd quarter growth to a seven-quarter low of 5.4 %.

(Business Line)

Moody's Ratings changes global outlook for banks to stable from negative: Moody's Ratings has changed its global outlook on banking system to stable from negative, reflecting its expectation that stabilisation of economic growth and monetary easing will support the operating environment for banks, alleviate pressure on their asset quality and help their deposit growth recover.

(Business Line)

Bitcoin breaks six digits; reaches \$100,000 milestone: Despite hitting several all-time highs during the year, the price of Bitcoin has crossed \$100,000 mark, reaching another milestone. Experts note that as Bitcoin surpasses \$100,000, the breakthrough will prompt institutions, companies and countries to take Bitcoin and crypto more seriously.

(Business Line)

Retail inflation seen to have moderated in November, but still high at close to 5%: Amidst slowing economic growth and high inflation that is seen to have impacted the Reserve Bank of India's Monetary Policy Committee's legroom to cut rates, retail inflation in November is seen to have moderated but remained high at 5%. However, there remain concerns about prices of kitchen staples such as tomatoes and onions. The consumer price index-based inflation rose to 6.2% in October from 5.5% in September, led by a sharp surge in retail inflation in food and beverages at 9.69%.

(Business Today)



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BANKING & FINANCE



SBI Chief Setty wants branch staff to “ask for deposits”: State Bank of India (SBI) will galvanise its 22,600 plus branches to ensure that “asking for deposits” gets as much importance as offering loans. This comes amid intense competition for savers’ money from relatively higher yielding investment alternatives, Combo deposit product in the works

(Business Line)

Some ATMs to retract cash to tackle fake shutter overlay fraud: RBI: The Reserve Bank of India has partially reversed an earlier order to disable cash retraction facility in ATMs. The facility was originally disabled in January 2012 due to concerns over fraud. Cash retraction facility refers to the built-in feature in ATMs where the machine pulls back currency notes if the customer does not collect them from the dispenser in time. Previously, when the machines retracted cash, server logs recorded that the dispensed cash was retracted. However, fraudsters exploited this feature by picking up some of the cash, causing the machine logs to record a cash retraction.

(Economic Times)

GST authorities search three ICICI Bank offices: ICICI Bank announced that GST authorities conducted searches at three of its offices, with ongoing proceedings. The bank is fully cooperating by providing requested data. The Maharashtra State GST Department carried out these operations under section 67(1), (2) of the MGST Act, 2017.

(Economic Times)

MFs help keep NBFC counters open as banks turn cautious: Mutual Funds’ (MF) resources support to non bank financial companies (NBFCs) has gone up by 47 percent in October compared to 6 percent growth in bank lending to them, an indication that MFs have also stepped in to support NBFCs as banks have gone slow due to regulatory restrictions on banks.

(Economic Times)

PSBs lag behind on govt insurance enrolment targets, shows data: Public-sector banks (PSBs) have fallen short on achieving the annual targets of two flagship insurance schemes for social security, Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), according to the government data reviewed by Business Standard. Till October 2024-25, while PSBs have achieved only 40 per cent of their enrolment target of 64 million for the PMSBY, they have met just 30 per cent of the 41 million target of the PMJJBY. The PMSBY, launched



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in 2015, is a one-year accidental insurance scheme, renewable each year, offering coverage for death or disability for persons aged 18-70 years with an individual bank or post-office account.

(Business Standard)

INDUSTRY OUTLOOK



NHAI plans Rs 1,000 crore green bonds to fund eco-friendly initiatives along Delhi-Mumbai Expressway: The National Highways Authority of India (NHAI) on December 5 said its fully-owned Special Purpose Vehicle DME Development (DMEDL) will issue green bonds worth Rs 1,000 crore through to implement climate-friendly measures on the Delhi-Mumbai Expressway project. The size of the issue will be up to Rs 1,000 crore, with a base issue size of Rs 500 crore. There will be a green-shoe option up to Rs 500 crore in case of oversubscription, NHAI said. The first of its kind green bond issue is expected to be launched in the second week of December. Funds raised through this issue will be used for avenue plantation, animal underpasses, stormwater drainage, solar streetlight, waste recycling and rainwater harvesting.

(Moneycontrol)

Govt open to alternative financing model for MSME exporters: Piyush Goyal: The government is looking at another set of measures to ease financing of Micro Small and Medium Enterprises (MSMEs), cut their operational costs, and make exports from them more competitive. Commerce and industry minister Piyush Goyal said on Thursday that the government is open to developing “alternative financing models” for MSMEs, and reserving land for them in the 20 smart industrial townships coming up at different locations in the country. The state-run Export Credit Guarantee Corporation (ECGC) will be taking a more proactive role in assisting exporters who are facing delays in getting payments from overseas buyers in the wake of the geopolitical conflicts and disruptions of shipping routes.

(Financial Express)

Over 70% MSMEs use biz loans for immediate financial needs: Study: Over 70 per cent of micro, small, and medium enterprises (MSMEs) and self-employed consumers are seeking loans to meet immediate financial needs, according to an analysis by Paisabazaar released on Thursday. “Over 70 per cent of MSMEs and self-employed consumers needed a business loan to meet immediate financial needs like working capital expenses, purchasing raw materials, consolidating debt, etc,” the company's analysis showed. Meanwhile, less than 30 per cent of these businesses applied for loans



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based on future growth prospects and initiatives like marketing and brand building, upgrading machinery, or acquiring additional office space for expansion.

(Business Standard)



REGULATION & DEVELOPMENT

SEBI proposes new mechanism to determine the closing price of a stock: The market regulator has proposed an internationally followed practice of close-auction session (CAS) to determine the closing price of a stock, instead of the current practice of using volume-weighted average price (VWAP). With the increase in passive investing, the regulator is concerned that investors bear the brunt of any difference in index tracking, particularly on event days when there could be an increase in volatility. During a call auction session, buyers and sellers quote their prices, which are then used to determine an equilibrium price and is set as the closing price of a security. The VWAP mechanism weighs the prices of a security during the last thirty minutes of the trading day, by the volume executed at each price. In a consultation paper issued on Thursday, December 5, the Securities and Exchange Board of India (SEBI) proposed that CAS may be introduced as a call-auction mechanism for determining closing price of each stock in equity cash segment. CAS may be implemented as a separate session of 15 minutes from 15:30 - 15:45.

(Moneycontrol)

Audit firms yet to meet many norms: NFRA: After being pulled up by the National Financial Reporting Authority (NFRA) for serious lapses last year, the Big Five and three other large audit firms have taken several corrective steps. However, in its reports to be released in January following inspections conducted in 2024, the regulator would highlight “areas where these audit firms would still need to improve”, according to an official source. Last year, the NFRA had brought out auditing problems like the Big Five rendering non-audit services of the listed companies they audit, via affiliates. Another issue highlighted was a lack of proper documentation by the top auditors.

(Financial Express)

Government of India and ADB sign \$50 million loan for climate-adaptative water harvesting project in Meghalaya: The Government of India and the Asian Development Bank (ADB) today signed a \$50 million loan aimed at enhancing water security by constructing water-harvesting systems to improve access to water and reducing community vulnerability against climate change impacts in Meghalaya. After signing the loan agreement, Ms. Mukherjee stated that the



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project aligns with the Meghalaya State Water Policy (MSWP) 2019, which seeks to achieve sustainable development, management, and utilisation of the state's water resources through a participatory approach, reduce vulnerability, and promote integrated water resource management.

(Business Standard)



FINANCIAL TERMINOLOGY

GAP INSURANCE

- ❖ Gap insurance is a type of auto insurance that you can purchase to protect yourself in case you total your car and the amount of compensation you receive does not fully cover the amount you owe on your financing or lease agreement. If the balance of your car loan is greater than the vehicle's book value, gap insurance can cover the difference.
- ❖ Gap insurance makes sense if you owe more than the car is worth, such as if you didn't make a down payment or if you chose a long loan term.
- ❖ The cost of gap insurance depends on your state, driving record, and vehicle.



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 : 84.7335
INR / 1 GBP : 107.7567
INR / 1 EUR : 89.2001
INR /100 JPY: 56.5800

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- ❖ **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)**

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