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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

## **DAILY NEWS DIGEST BY BESI BOARD**

**07 November 2024**



### **ECONOMY**

**As Trump makes historic return, world braces for new era:** Donald Trump was elected 47th President of the US, capping a remarkable comeback four years after he was voted out of the White House, and ushering in a new American leadership likely to test democratic institutions at home and relations abroad. Trump, 78, recaptured the White House on Wednesday after a campaign marked by dark rhetoric that deepened the polarisation in the country, prevailing after two attempts on his life and a late decision by Democrats to run Kamala Harris when President Joe Biden withdrew from the race in July. Major stock markets around the world rallied following Trump's victory, and the dollar was set for its biggest one-day jump since 2020.

***(Business Line)***

**India could face trade skirmishes under Trump 2.0 offset by China+1 strategy:** Indian industries with exposure to the US market, including steel, textiles, commodities and Information Technology could see short-term disruptions as Donald Trump implements his political promise of putting "America First". However, these headwinds are likely to be more than offset by the medium-term benefit to India from supply chain relocation, as de-risking from China strategy gains further momentum under Trump 2.0. India and the US continue to engage in frequent trade skirmishes on tariffs and market access issues, with President Trump calling India a "tariff king". Under Trump 1.0, India was part of the group of countries that fell foul to the US' national security tariffs on steel and aluminium exports in 2018. But India is better prepared today, having taken many export-friendly decisions in the last few years, from 'PLI' to 'Make In India' and from tax holidays to the semiconductors programme.

***(Business Line)***

**India to see uptick in imported inflation:** India's economy is expected to face the short-term heat of Donald Trump's second presidency, with a further weakening of rupee as investors flock to the



dollar, a string of imported inflation and a dent to good shipments to the US, analysts feel. Foreign portfolio inflows (FPIs) to the domestic equity markets may slow further, if the slogans rooted in protectionism heard during Trump’s electoral campaign is indeed acted upon, as these could cause a delay in monetary easing by the US Federal Reserve and other developed country central banks. Rate cuts in India may also be delayed as strengthening of the dollar against the rupee would add to inflationary pressures. The Reserve Bank of India (RBI) has projected CPI inflation to reduce to 4.5% in FY25, from 5.4% in FY24. But food price pressures still persist and core inflation has lately shown some signs of firming up, which may keep inflation above the central bank’s project, say economists.

***(Financial Express)***

**Strong demand revives services PMI in Oct, job creation improves:** Growth in India's dominant services industry picked up last month after dipping to a 10-month low rate in September amid a marked expansion in demand, according to a private business survey that on Wednesday also reported improved job creation in the sector. The headline Purchasing Managers’ Index (PMI) figure, released by HSBC and compiled by S&P Global, improved to 58.5 in October from 57.7 in September. The index has been above the neutral 50-mark that separates contraction from expansion for the 39 months straight. "Participants commonly cited healthy customer demand domestically and from abroad," said the survey.

***(Business Standard)***

## **BANKING & FINANCE**



**Cabinet approves PM-Vidyalaxmi scheme to provide financial support to meritorious students:** The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, has approved PM Vidyalaxmi, a new Central Sector scheme that seeks to provide financial support to meritorious students so that financial constraints do not prevent anyone from pursuing higher studies. PM Vidyalaxmi is another key initiative stemming out of the National Education Policy, 2020.

- Under the PM Vidyalaxmi scheme, any student who gets admission in quality Higher Education Institution (QHEIs) will be eligible to get **collateral free, guarantor free loan** from banks and financial institutions.
- The scheme will be applicable to the top quality higher educational institutions of the nation, as determined by the NIRF rankings - including all HEIs, government and private, that are ranked



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within the top 100 in NIRF in overall, category-specific and domain specific rankings; state government HEIs ranked in 101-200 in NIRF and all central government governed institutions. This list will be updated every year using the latest NIRF ranking, and to begin starts with 860 qualifying QHEIs, covering more than 22 lakh students to be able to potentially avail benefits of PM-Vidyalaxmi; if they so desire.

- For loan amount up to ₹ 7.5 lakhs, the student will also be eligible for a credit guarantee of 75% of outstanding default. This will give support to banks in making education loans available to students under the scheme.
- In addition to the above, for students having **an annual family income of up to ₹ 8 lakhs**, and not eligible for benefits under any other government scholarship or interest subvention schemes, **3 percent interest subvention for loan up to ₹ 10 lakhs** will also be provided during moratorium period. The interest subvention support will be given to one lakh students every year. Preference will be given to students who are from government institutions and have opted for technical/ professional courses. An outlay of ₹ 3,600 Crore has been made during 2024-25 to 2030-31, and 7 lakh fresh students are expected to get the benefit of this interest subvention during the period.
- The Department of Higher Education will have a unified portal “PM-Vidyalaxmi” on which students will be able to apply for the education loan as well as interest subvention, through a simplified application process to be used by all banks. Payment of interest subvention will be **made through E-voucher and Central Bank Digital Currency (CBDC) wallets.**

**(PiB)**

**Digital payment's rise leads to shutting of ATMs:** Indian banks are shutting down more ATMs despite record-high cash circulation. This trend is attributed to the rise of digital transactions and UPI payments. While cash remains significant, ATM numbers have declined, particularly off-site machines. Industry experts point to bank consolidation and the push for digitalization as key drivers. At the end of September 2024, India had 215,000 ATMs versus 219,000 a year earlier, as per data from the Reserve Bank of India.

**(Economic Times)**

**FinMin asks PSU banks to speed up credit growth:** The finance ministry on Tuesday asked public sector banks (PSBs) to mobilise low-cost current and savings account deposits to accelerate the pace of sustainable credit growth, and to align their digital and cybersecurity frameworks with industry best practices to ensure customer protection and operational continuity. At a review meeting on Tuesday, financial services secretary M Nagaraju exhorted PSBs to continue to strengthen their financial and operational frameworks, particularly in light of the evolving market dynamics and cybersecurity needs, the finance ministry said in a statement.

**(Economic Times)**



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**RBI makes changes to KYC norms to align it with money laundering rules:** The Reserve Bank on Wednesday made changes to the Know Your Customer (KYC) norms to align them with recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules and revised certain existing instructions. According to the Amendment to the Master Direction - Know Your Customer (KYC) Direction, 2016, regulated entities (REs) will have to apply the customer due diligence (CDD) procedure at the unique customer identification code (UCIC) level. "Thus, if an existing KYC-compliant customer of a RE desires to open another account or avail any other product or service from the same RE, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned," it said. Amendments have also been made regarding CDD Procedure and sharing KYC information with the Central KYC Records Registry (CKYCR). "Whenever the RE obtains additional or updated information from any customer...the RE shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR," the RBI said.

***(Business Standard)***

## INDUSTRY OUTLOOK



**Elon Musk's India entry with Tesla and Starlink may get easier with Trump's backing:** Elon Musk who has been trying to enter the Indian electric vehicle and broadband markets through his business ventures, Tesla and Starlink, may find it easier to get regulatory support in India with the backing of the newly elected US President Donald Trump. Over the past few years, Musk has shown interest in launching his businesses in India but has not received adequate policy support. For instance, he had planned to launch Tesla electric vehicles in India a few years back but faced hurdles due to the high import duty. Local players including Tata Motors and Mahindra & Mahindra have been vocal in opposing any relaxation for Tesla. On the other hand, India has been negotiating with Musk to set up a local manufacturing unit. According to earlier reports, Musk was supposed to visit India in April this year to meet Prime Minister Narendra Modi to make an announcement on plans to invest and open a new factory in the country. The government also lowered import taxes on vehicles from foreign carmakers that pledge to invest in local manufacturing. However, so far a concrete deal has been elusive.

***(Business Line)***





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**Cabinet approves infusion of equity of Rs.10,700 crore in Food Corporation of India by way of conversion of Ways and Means Advance to equity in 2024-25:** The Cabinet Committee on Economic Affairs (CCEA) chaired by the Prime Minister Shri Narendra Modi, has approved infusion of equity of Rs.10,700 crore for working capital in financial year 2024-25 in Food Corporation of India (FCI). The decision is aimed at bolstering the agricultural sector and ensuring the welfare of farmers nationwide. This strategic move shows the Government's steadfast commitment to supporting farmers and fortifying India's agrarian economy. FCI started its journey in 1964 with authorised capital of Rs. 100 Crores and equity of Rs. 4 Crores. The operations of FCI increased manifold resulting in increase of authorised capital from Rs. 11,000 crores to Rs. 21,000 crores in February, 2024. The equity of FCI was Rs. 4,496 Crores in Financial Year 2019-20 which increased to Rs. 10,157 Crores in the Financial Year 2023-24. Now, Government of India has approved significant amount of equity of Rs. 10,700 Crores for FCI which will strengthen it financially and will give a big boost to the initiatives taken for its transformation.

**(PiB)**

**Lulu generates demand for \$37 billion, becomes largest IPO in UAE this year:** Lulu Retail announced on Wednesday that its initial public offering (IPO) was oversubscribed 25 times across all tranches, excluding cornerstone investors, generating demand exceeding \$37 billion—a record for a private sector IPO in the United Arab Emirates. The company is controlled by Kerala-based business tycoon MA Yusuff Ali. The final offer price for Lulu shares was set at AED 2.04 per share, raising a total of \$1.72 billion (AED 6.32 billion), making it the largest IPO in the UAE in 2024 to date. Lulu Retail's shares will begin trading on the Abu Dhabi Securities Exchange (ADX) on November 14.

**(Business Standard)**



## REGULATION & DEVELOPMENT

**Sebi proposes easier "skin-in-the-game" norms for designated employees of AMCs:** The market regulator has proposed easing of regulations around designated employees of an asset-management company (AMC) having skin-in-the-game. AMCs are required to invest 20 percent of a designated employee's total remuneration, including the non-cash compensation, in schemes over which they have oversight. The regulator has proposed that this requirement be reduced for designated employees who have a lower non-cash component--less than 20 percent of the total--in their compensation. The consultation paper was released on November 6 by the Securities and



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Exchange Board of India (Sebi). The suggestion has come after discussions with the ease of doing business (EODB) working group.

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

**Indirect tax related quasi-judicial adjudication, appeal cases to mandatorily heard in virtual mode:** Now, all quasi-judicial adjudication and appeal cases related with indirect taxes will mandatorily be heard in virtual mode as Central Board of Indirect Taxes & Customs (CBIC) has reinstated August 2020 position. Experts believe such a move is likely to complete the process quickly and bring down the logistic cost. An advisory issued on GST portal lowered the AATO (Aggregate Annual Turnover) for reporting e-Invoices on IRP portals within 30 days to ₹10 crore and above from ₹100 crore and above.

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

**Government of India and ADB sign \$200 million loan to upgrade water supply, sanitation, urban mobility, and other urban services in Uttarakhand:** The Government of India and the Asian Development Bank (ADB) today signed a \$200 million loan to help upgrade water supply, sanitation, urban mobility, and other urban services in the state of Uttarakhand.

### ***(Business Standard)***



## **FINANCIAL TERMINOLOGY**

### **ZERO DAY ATTACK**

- ❖ A zero-day attack (also referred to as Day Zero) is an attack that exploits a potentially serious software security weakness that the vendor or developer may be unaware of.
- ❖ The software developer must rush to resolve the weakness as soon as it is discovered in order to limit the threat to software users. The solution is called a software patch. Zero-day attacks can also be used to attack the internet of things (IoT).
- ❖ A zero-day attack gets its name from the number of days the software developer has known about the problem.



### **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 : 84.2366  
INR / 1 GBP : 108.2822  
INR / 1 EUR : 90.2472  
INR /100 JPY: 54.6100

### **EQUITY MARKET**

Sensex: 80378.13 (+901.50)  
NIFTY: 24484.05 (+270.75)  
Bnk NIFTY: 52317.40 (+110.15)

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- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
- ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**

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