



DAILY NEWS DIGEST BY BFSI BOARD

10 October 2024



ECONOMY

HIGHLIGHTS OF RESOLUTION OF THE MONETARY POLICY COMMITTEE (MPC) OCTOBER 7 TO 9, 2024:

The Monetary Policy Committee (MPC) at its meeting today (October 9, 2024) decided the following;

- ❑ **Repo rate** under the liquidity adjustment facility (LAF) kept unchanged at **6.50 per cent**.
- ❑ Consequently, the standing deposit facility (SDF) rate remains unchanged at 6.25 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 6.75 per cent.
- ❑ The MPC also decided to change the monetary policy stance to 'neutral' and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth.
- ❑ These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

Economic Outlook:

- ❑ The global economy has remained resilient and is expected to maintain stable momentum over the rest of the year, amidst downside risks from intensifying geopolitical conflicts.
- ❑ In India, real GDP registered a growth of 6.7 per cent in Q1:2024-25, driven by private consumption and investment.
- ❑ **Real GDP growth for 2024-25 is projected at 7.2 per cent** with Q2 at 7.0 per cent; Q3 at 7.4 per cent; and Q4 at 7.4 per cent.
- ❑ Real GDP growth for Q1:2025-26 is projected at 7.3 per cent.
- ❑ Headline inflation declined sharply to 3.6 and 3.7 per cent in July and August respectively from 5.1 per cent in June.
- ❑ **CPI inflation** for 2024-25 is projected at **4.5 per cent** with Q2 at 4.1 per cent; Q3 at 4.8 per cent; and Q4 at 4.2 per cent.



□ CPI inflation for Q1:2025-26 is projected at 4.3 per cent.

The next meeting of the MPC is scheduled during December 4 to 6, 2024.

(RBI Notification)

STATEMENT ON DEVELOPMENT & REGULATORY POLICIES: Statement sets out various developmental and regulatory policy measures relating to (i) Regulations; and (ii) Payment Systems announced by RBI on 9th Oct 2024 are;

- **Levy of Foreclosure Charges/ Pre-payment Penalties on Loans:** As per existing guidelines, Banks and NBFCs are not permitted to levy foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned to individual borrowers, for purposes other than business. Now, it has been decided to extend this regulation to cover loans to **Micro and Small Enterprises (MSEs)** extended by the Regulated Entities of the Reserve Bank.
- **Discussion Paper on Capital Raising Avenues for Primary (Urban) Co-operative Banks** such as issuance of special shares, issuance of shares at a premium, etc., which are new to co-operative banking sector. The Report of the Expert Committee on Primary (Urban) Co-operative Banks chaired by Shri. N.S. Vishwanathan, former Deputy Governor, RBI, had provided broad guiding principles through its recommendations on these provisions.
- **Creation of Reserve Bank Climate Risk Information System (RB-CRIS):** The available climate related data is characterised by various gaps such as fragmented and varied sources, differing formats, frequencies and units. To bridge these gaps, the Reserve Bank proposes to create a data repository namely, the Reserve Bank – Climate Risk Information System (RB-CRIS) comprising of two parts. The first part will be a web-based directory, listing various data sources, (meteorological, geospatial, etc.) which will be publicly accessible in the RBI website. The second part will be a data portal comprising of datasets (processed data in standardised formats). The access to this data portal will be made available only to the regulated entities in a phased manner.
- **UPI - Enhancement of limits:** The per-transaction limit under **UPI123Pay** (launched in March 2022, with a view to enable feature-phone users to use UPI) has been decided to **enhance from Rs.5000/- to Rs.10000/-**. Further it has been decided to increase the **UPI Lite** wallet limit to **from Rs.2000 to ₹5,000** and per-transaction limit to from **Rs.500 to ₹1,000**.
- **Introduction of beneficiary account name look-up facility:** Payment Systems like UPI and IMPS provide a facility to the remitter to verify the name of the receiver (beneficiary) before initiating a payment transaction. To enable remitters in RTGS and NEFT to verify the name of the beneficiary account holder before initiating funds transfer, it is now proposed to introduce a 'beneficiary account name look-up facility'. Remitters can input the account number and the branch IFSC code of the beneficiary, following which the name of the beneficiary will be displayed.

(RBI Notification)



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RBI shifts stance, hints at rate cut as Fed and ECB ease policies: There is a lot of action among leading central banks with the US Federal Reserve and European Central Bank, among others, deciding to cut interest rates. The Reserve Bank of India has now changed the stance, but not yet cut the policy repo rate. There is an expectation that the Indian central bank will start cutting interest rates from the December policy review - the last policy review meeting chaired by Governor Shaktikanta Das before his current term ends.

(Business Standard)

BANKING & FINANCE



UBS Group buys IDFC shares worth Rs 88 cr through open market transaction: Swiss financial services company UBS Group on Wednesday bought shares of IDFC Ltd for Rs 88 crore through an open market transaction. According to the bulk deal data available with the NSE, UBS through its arm UBS Principal Capital Asia purchased 81,48,705 shares or 0.51 per cent stake in IDFC Ltd. The shares were acquired at an average price of Rs 107.92 apiece, taking the transaction value to Rs 87.94 crore.

(Business Standard)

Jio Payments Bank gets mutual funds distribution licence from Amfi: Jio Payments Bank, a subsidiary of Jio Financial Services, has secured a mutual fund distribution licence from the Association of Mutual Funds in India (Amfi). The Category 1 Execution-only Platform (EOP) licence allows distribution of the direct plan of mutual fund (MF) schemes. Category 1 EOPs receive transaction charges from fund houses. The fee is capped at Rs 2 per transaction. Currently, there are 15 Category 1 EOPs registered with Amfi. The direct plan distribution business is dominated by stock brokers like Groww and Zerodha. In August, Jio Financial announced that it has increased its stake in Jio Payments Bank from 78.95 per cent to 82.17 per cent by investing Rs 68 crore.

(Business Standard)

NBFCs told to play fair and square: The central bank on Wednesday issued a strong advisory to non-banking financial companies (NBFCs), including microfinance institutions (MFIs) and housing finance companies (HFCs), to follow a 'compliance first' culture, adhere to fair practices code, and take a sincere approach to customer grievances. While the Reserve Bank of India (RBI) is closely monitoring NBFCs and has asked them to assess their exposures, particularly in areas such as



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underwriting standards and post-sanction monitoring, to avoid systemic risks, the regulator says self-correction by NBFCs would be the desired option. "The Reserve Bank of India is closely monitoring the incoming information and will take measures, as may be considered necessary," said RBI governor Shaktikanta Das. "Banks and NBFCs, on their part, need to carefully assess their individual exposures in these areas, both in terms of size and quality. Their underwriting standards and post-sanction monitoring have to be robust. Continued attention also needs to be given to potential risks from inoperative deposit accounts, cybersecurity landscape, mule accounts, etc."

(Business Standard)

INDUSTRY OUTLOOK



Ratan Tata, Tata Sons chairman emeritus, iconic industrialist & philanthropist, dies at 86: Ratan Tata, the chairman emeritus of Tata Sons and an iconic industrialist who helped build one of India's largest and most influential conglomerates, passed away at a Mumbai hospital on Thursday. He was 86. He was admitted to the Breach Candy Hospital in south Mumbai for age-related ailments a few days ago, PTI reported earlier. In a media statement, Tata Sons chairman N Chandrasekaran bid farewell to Ratan Tata and said that his contributions shaped the very fabric of India.

(Moneycontrol)

E-commerce companies race to offer same-day, next-day delivery: E-commerce majors and companies are racing to fulfil orders this festive season as they pivot from the earlier timelines of 4-5 days delivery to same-day or next-day delivery. With quick commerces looking to capture user base with 10-12 minute delivery, e-commerce players are looking to enhance delivery timelines. Logistics experts said the demand for fast delivery has surged dramatically compared to last year's festive sales. Over the past year, e-commerce majors and D2C firms have introduced same-day and next-day services to cater to customer demands.

(Business Line)

Star Health confirms data breach, takes legal action & launches investigation: Star Health Insurance, a leading standalone health insurer, has acknowledged a data security breach and announced that it is actively working to address the situation. The company has initiated a comprehensive forensic investigation, which is being overseen by independent cybersecurity experts to uncover the extent of the breach. The breach, involving the Chennai-based health insurance firm, gained significant attention on social media after compromised customer data surfaced on an online



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platform. This revelation has sparked widespread concern, with many people, including customers, expressing their fears and frustrations on social media, further amplifying the issue.

(Business Line)



REGULATION & DEVELOPMENT

Regulator CCPA increases scrutiny on quick commerce, e-commerce players: The Central Consumer Protection Authority (CCPA) has tightened scrutiny on quick commerce and ecommerce players on issues of flouting the rules of selling products close to the expiry date.

Sources in the know said several prominent quick commerce and ecommerce players will be issued notices soon. A senior government official told Business Standard that the Ministry of Consumer Affairs is keeping a close watch on such defaulters, especially during the festival season. "We constantly examine companies and platforms to ensure they comply with all mandatory declarations required by law as they impact consumer choices" the official said.

(Business Standard)

Nearly 50,000 internship opportunities posted on portal: MCA officials: Three days before it is opened for applicants, the internship scheme portal has registered around 50,000 opportunities across sectors, according to sources in the Ministry of Corporate Affairs. While 130 companies, including Jubilant Foodworks, Eicher Motors Ltd, Larsen & Toubro Ltd, Tech Mahindra, Mahindra & Mahindra Ltd, Bajaj Finance, and Muthoot Finance, have posted internship opportunities, many more are in the process of identifying available positions internally before registering on the portal. The Ministry of Corporate Affairs will make the portal open for candidates to apply from October 12 to October 25.

(Business Standard)

NITI Aayog raises asset monetisation target for FY25 to Rs 1.9 trn: The NITI Aayog has increased the asset monetisation target for 2024-25 (FY25) by Rs 23,000 crore to Rs 1.9 trillion, moving closer to the overall Rs 6 trillion target set under the National Monetisation Pipeline (NMP) for a four-year period. The NMP, unveiled by Finance Minister Nirmala Sitharaman in August 2021, has achieved Rs 3.9 trillion in the first three years, ending in 2023-24, against a target of Rs 4.3 trillion. However, even with the revised target of Rs 1.9 trillion for the final year of FY25, the government will miss the Rs 6 trillion asset monetisation target by roughly Rs 20,000 crore.

(Business Standard)



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FINANCIAL TERMINOLOGY

HONEYPOT

- ❖ A honeypot is a network-attached system set up as a decoy to lure cyber attackers and detect, deflect and study hacking attempts to gain unauthorized access to information systems.
- ❖ The function of a honeypot is to represent itself on the internet as a potential target for attackers; usually, a server or other high-value asset and to gather information and notify defenders of any attempts to access the honeypot by unauthorized users.
- ❖ Large enterprises and companies involved in cybersecurity research are common users of honeypots to identify and defend against attacks from advanced persistent threat (APT) actors. Honeypots are an important tool that large organizations use to mount an active defense against attackers or for cybersecurity researchers who want to learn more about the tools and techniques attackers use.



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 : 83.9620
INR / 1 GBP : 109.8576
INR / 1 EUR : 92.0627
INR /100 JPY: 56.5500

EQUITY MARKET

Sensex: 81467.10 (-167.71)
NIFTY: 24981.95 (-31.20)
Bnk NIFTY: 51007.00 (-14.00)

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