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DAILY NEWS DIGEST BY BFSI BOARD

13 February 2025



ECONOMY

Retail inflation slows to 5-month low to 4.31% in January: India's retail inflation slowed to a five-month low in January, driven by a slowdown in food price inflation. The annual retail inflation rate in January stood at 4.31%, below economists' prediction of 4.6% and a decrease from 5.22% in December. "There is decline of 91 basis points in headline inflation of January, 2025 in comparison to December 2024. It is the lowest year-on-year inflation after August, 2024," said Ministry of Statistics & Programme Implementation on Tuesday. In August 2024, the retail inflation rate was recorded at 3.65%. Food inflation declined to 6.02% from 8.39% in December. This reduction in inflation raises the possibility of further monetary policy easing by the Reserve Bank of India (RBI), which had reduced its key policy rate in February for the first time in nearly five years to stimulate the economy. The government also introduced significant income tax cuts in the February 1 budget to boost consumption.

(Business Today)

US inflation worsened last month in latest sign of sticky consumer price pressures: U.S. inflation accelerated last month as the cost of groceries, gas, and used cars rose, a trend that will likely underscore the Federal Reserve's resolve to delay any further interest rate cuts. The consumer price index increased 3% in January from a year ago, Wednesday's report from the Labor Department showed, up from 2.9% the previous month. It has increased from a 3 1/2 year low of 2.4% in September. The figures underscore the stickiness of inflation, which created a major political problem for former President Joe Biden. President Donald Trump pledged to reduce prices in last year's campaign, though most economists worry that his many proposed tariffs could at least temporarily increase costs.

(Moneycontrol)

NCAER paper recommends states to create independent fiscal councils: States should create their own independent fiscal councils, with academics, financial market participants, and other



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experts as their members, in order to strengthen their institutional capacity, a research paper released by National Council of Applied Economic Research (NCAER) has recommended. The paper, titled “The state of the states: Federal finance in India”, authored by NCAER Director General Poonam Gupta and Visiting Distinguished Professor Barry Eichengreen, said reports of the fiscal council would assess the realism of state government forecasts of revenues and expenditures, and offer forecasts of their own. “They would provide independent analyses of the scope for realisation of contingent liabilities,” the paper added.

(Business Standard)

BANKING & FINANCE



RBI removes restrictions on Kotak Mahindra Bank onboarding customers online:

Reserve Bank of India on February 12 lifted restrictions on Kotak Mahindra Bank that had barred the lender from onboarding new customers through its online channels and issuing new credit cards. RBI had placed the restrictions on the bank on April 24, 2024. The Mumbai-headquartered bank was directed to cease and desist from onboarding of new customers through its online and mobile banking channels, and issuing fresh credit cards.

(Moneycontrol)

Coming soon, Rs 50 notes signed by new RBI governor Sanjay Malhotra: The Reserve Bank of India (RBI) will soon release Rs 50 denomination banknotes in the Mahatma Gandhi (New) Series with the signature of newly appointed Governor Sanjay Malhotra, the central bank said in a release on Wednesday. "The design of these notes is similar in all respects to Rs 50 banknotes in Mahatma Gandhi (New) Series. All banknotes in the denomination of Rs 50 issued by the Reserve Bank in the past will continue to be legal tender," the RBI stated.

(Business Today)

Irdai steps up scrutiny of insurers exceeding expenses cap: The Insurance Regulatory and Development Authority of India (Irdai) has begun quarterly monitoring of insurers exceeding their 30% expenses of management (EoM) limits to enforce financial discipline that could impact policyholder interests. As many as eight insurers, who are in breach, are required to submit quarterly reports to the regulator. New accounting norms require insurers to report premiums annually. High commissions in bancassurance are also under review, with a significant rise in expenses since April 2023.

(Economic Times)



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PM Surya Ghar: Muft Bijli Yojana Turns One year: On February 13, 2025, the PM Surya Ghar: Muft Bijli Yojana (PMSGMBY) will mark its first anniversary, celebrating a year of empowering households with affordable solar energy and accelerating India's transition to a sustainable future. Launched by Prime Minister Narendra Modi on February 13, 2024, this groundbreaking initiative aims to provide free electricity to households by facilitating the installation of rooftop solar panels. The PMSGMBY, the world's largest domestic rooftop solar initiative, is reshaping India's energy landscape with a bold vision to supply solar power to one crore households by March 2027. As of January 27, 2025, the scheme has already benefitted 8.46 lakh households through rooftop solar installations. The rapid adoption of solar energy is evident in the tenfold increase in monthly installation rates, which now stand at around 70,000 installations per month, significantly surpassing pre-scheme levels. The scheme offers a subsidy of up to 40%, making renewable energy more affordable and accessible. So far, ₹4,308.66 crore has been disbursed as Central Financial Assistance (CFA) to 5.54 lakh residential consumers, with an average subsidy of ₹77,800 per household.

(PiB)

SIDBI and AFD, France ink \$100 million deal to boost green finance for Indian MSMEs: Small Industries Development Bank of India (SIDBI) and AFD, France have signed a \$100 million credit facility agreement (CFA) to scale up green finance solutions for Indian micro, small, and medium enterprises (MSMEs). The partnership aims to support sustainable growth and drive the transition towards a low-carbon economy. Under this agreement, AFD will provide credit line of \$100 million to SIDBI to deploy the funds to expand access to affordable financing for MSMEs investing in energy-efficient technologies, renewable energy solutions, and climate-friendly business practices.

(Business Line)

INDUSTRY OUTLOOK



ONGC-NTPC JV to acquire Ayana Renewable Power for \$2.3 billion: ONGC NTPC Green Private Limited (ONGPL), a 50:50 joint venture between ONGC Green Limited (OGL) and NTPC Green Energy Limited (NGEL), has signed a share purchase agreement on 12th February 2025 with National Investment and Infrastructure Fund (NIIF), British International Investment Plc and its subsidiaries (BII) and Eversource Capital to acquire a 100% equity stake in Ayana Renewable Power Private Limited (Ayana) for an enterprise value of \$ 2.3 billion. Ayana, a leading player in the renewable energy sector, majority owned by NIIF, has around 4.1 GW operational and under-



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construction assets. A majority of Ayana's portfolio is strategically located in resource rich states and is contracted with high credit rated off-takers such as SECI, NTPC, GUVNL, Indian Railways, among others, an official announcement said.

(Moneycontrol)

Adani Group joins hands with Singapore's ITEES for India's 'largest skill initiative' in Mundra: Adani Group Wednesday announced that it has partnered with ITE Education Services (ITEES) of Singapore to develop a highly skilled workforce to cater to sectors such as green energy, manufacturing, hi-tech, project excellence, and industrial design. The company claimed that it is India's largest skill and employment initiative. "Delighted to announce one of India's largest Skill & Employ initiatives! In partnership with Singapore's ITEES, the global leader in technical training, the Adani Group is launching the world's largest finishing school in Mundra," said Gautam Adani in a post on social media platform X. The Adani family will donate over Rs 2,000 crore to establish internationally benchmarked schools of excellence under the programme. In its initial phase, the programme will prioritise establishing the world's largest finishing school for technical training in Mundra, Gujarat, aiming to skill over 25,000 learners annually for a wide range of industry and service roles.

(Business Today)

Industrial output growth slows to 3-month low of 3.2% in December: India's Index of Industrial Production increased by 3.2 per cent in December 2024, an official statement said. The data released by the National Statistical Office (NSO) showed that the manufacturing sector's output grew 3 per cent in December 2024, down from 4.6 per cent in the year-ago month. Mining production growth declined to 2.6 per cent from 5.2 per cent year-on-year. Power output increased to 6.2 per cent in December 2024 from 1.2 per cent a year ago. In the April-December 2024 period, the IIP grew 4 per cent, slower than 6.3 per cent recorded in the year-ago period. As per use-based classification, the capital goods segment growth accelerated to 10.3 per cent in December 2024 against a growth of 3.7 per cent in the year-ago period. Consumer durables (or white goods production) grew by 8.3 per cent during the reporting month against a growth of 5.2 per cent in December 2023.

(Business Standard)



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REGULATION & DEVELOPMENT

Big relief to Research Analysts: SEBI proposes extending period for advance-fee collection to a year: In what should come as a big relief to SEBI-registered Research Analysts (RAs) and Investment Advisors (IAs), the market regulator has proposed that the IAs and RAs be allowed to collect an advance fee for a year. On February 12, the Securities and Exchange Board of India (SEBI) released a consultation paper proposing that this extension be given. This is a change to the earlier guidelines, released in January for RAs, in which the analysts were told not to collect fee for more than three months. Under the existing provisions, IAs are not allowed to collect advance fee for more than two quarter or six months. SEBI's latest proposal will be a relief to IAs as well.

(Moneycontrol)

New Income-Tax Bill to replace 'assessment year' with 'tax year' , make compliance easier: The Income-Tax Bill, 2025, likely to be introduced in Parliament on February 13, has several changes that will simplify compliance, as finance minister Nirmala Sitharaman promised while tabling Budget 2025. The bill proposes to introduce the concept of "tax year", doing away with "assessment year", sources said. The tax year, like the financial year, will be the 12-month period from April 1 to March 31, simplifying compliance and reporting requirements. The Income-Tax Act, of 1961, uses "assessment year" and "previous year" for filing returns. Taxpayers will no longer need to differentiate between previous and assessment years. The tax year will directly correspond to the period in which income is earned and reported.

(Moneycontrol)

FATF invites Indian online gaming firms to discuss laundering risks: The Financial Action Task Force (FATF), the global anti-money laundering watchdog, has invited Indian online gaming firms to discuss money laundering and terror financing risks associated with operations of such companies and offshore entities. The discussion, which is part of a wider industry consultation, has been scheduled for Friday, according to two sources with knowledge of the matter. This is the first time the anti-money laundering watchdog has invited gaming firms to have a discussion in this regard.

(Business Standard)

Sebi launches MITRA to help investors track unclaimed mutual funds folios: Sebi on Wednesday introduced a new digital platform, MITRA, to assist investors in tracking and reclaiming inactive or unclaimed mutual fund folios. The platform addresses a growing concern wherein



investors, over time, lose track of their mutual fund investments lack of updated contact information, or unawareness of investments made in their name. "In order to address the concerns, MITRA platform is developed by the RTAs to provide investors with a searchable database of inactive and unclaimed mutual fund folios at an industry-level which will empower the investors," the regulator said. MITRA will allow investors to identify the overlooked investments or any investments made by any other person for which he/she may be rightful legal claimant and also encourage them to do KYC as per the current norms thus reducing the number of non-KYC compliant folios.

(Business Standard)



FINANCIAL TERMINOLOGY

PRICE ELASTICITY OF DEMAND

- ❖ Price elasticity of demand is a measurement of the change in the demand for a product as a result of a change in its price. If a price change creates a large change in demand, that is known as elastic demand. If a price change creates a small change in demand, that is an inelastic demand.
- ❖ A good or service is considered perfectly elastic if the price elasticity is infinite, meaning demand changes substantially even with minimal price change.
- ❖ If price elasticity is greater than 1, the good is elastic; if less than 1, it is inelastic.
- ❖ If a good's price elasticity is 0, there is no amount of price change that produces a change in demand, and it is perfectly inelastic.
- ❖ If a price change leads to an equal percentage change in demand, the price elasticity is exactly 1, known as unitary elasticity.
- ❖ If there are no good substitutes and the product is necessary, demand won't change when the price goes up, making it inelastic.



RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 86.8461
INR / 1 GBP : 108.0707
INR / 1 EUR : 89.9610
INR /100 JPY: 56.5200

EQUITY MARKET

Sensex: 76171.08 (-122.52)
NIFTY: 23045.25 (-26.55)
Bnk NIFTY: 49479.45 (+76.05)

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