



**ICMAI**  
THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA  
(Statutory Body under an Act of Parliament)

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

**13 June 2024**



## **ECONOMY**

**Retail inflation eases to 12-month low of 4.75% in May:** India's headline retail inflation eased to the lowest in a year at 4.75 percent in May 2024, data released by the statistics and programme implementation ministry on June 12 showed. The Consumer Price Index (CPI) inflation in April was at 4.83 percent. The headline rate for last month is the lowest after May 2023 when it came in at 4.31 percent and has now been under the 5 percent-mark for three consecutive months starting March 2024. Core inflation, which excludes volatile components such as food and fuel, is now at an all-time low of 2.97 percent, reflecting some demand imbalances and gaps in the economy, according to Emkay Global's lead economist Madhavi Arora.

***(Moneycontrol)***

**India's industrial output growth slows to 5% in April:** India's industrial output growth slowed to 5 percent in April from 5.4 percent in March, data released by the Ministry of Statistics and Programme Implementation on June 12 showed. The IIP growth rate in April 2023 was 4.6 percent. The growth rates of the three sectors mining, manufacturing and electricity for the month of April 2024 over April 2023 are 6.7 percent, 3.9 percent and 10.2 percent respectively. Within the manufacturing sector, the growth rate of the top three positive contributors to the growth of IIP for the month of April 2024 are – basic metals at 8.1 percent, coke and refined petroleum products at 4.9 percent and motor vehicles at 11.4 percent, as per the statement from the statistic's ministry.

***(Moneycontrol)***

**Full Budget for FY25 likely during second fortnight of July:** The full Union Budget for Fiscal Year 2024-25 is likely to be presented during the second fortnight of July, government sources said on Wednesday. Meanwhile, the Finance Ministry will start Budget consultations with various stakeholders from June 18.

***(Business Line)***



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## **BANKING & FINANCE**



**Commercial banks credit growth to moderate to 12-14% in Fy25: Moody's:** The pace of credit growth of commercial banks in India is expected to moderate in the current financial year (FY25) to 12-14 per cent due to challenges in raising resources and regulatory concerns on unsecured credit. The moderation of credit growth will be faced by the non-banking finance companies also, according to global rating agency Moody's and its Indian Unit ICRA. The stress in some segments of the loan portfolio will also impact credit growth, they said. According to RBI data, banks reported a credit growth of 16.3 per cent in FY24, excluding the impact of the merger of HDFC with HDFC Bank.

***(Business Standard)***

**PSB privatisation, a long-time government target, may happen in FY25:** Privatisation of some small public sector banks (PSBs), a long-pending item on the government's agenda, may see some progress in 2024-25, industry experts said. "We saw the IDBI (Bank) stake sale happen in the past few years. Privatisation of other banks can also happen this year. It has been pending for a long time," said Chandan Sinha, former executive director, Reserve Bank of India. At present, India has 12 state-run banks that together control about 60 percent of the total assets in the banking system. Despite promises, the process of the government selling its stakes in these entities was kept on the back burner till the 2024 Lok Sabha elections. In Budget 2020, finance minister Nirmala Sitharaman had said the government intends to privatise at least two banks and one insurance company. However, this remained on paper. Given the pendency, industry experts believe the government may actively look at privatising some of the smaller PSBs to begin with.

***(Moneycontrol)***

**NBFC-MFIs largest provider of micro-credit: Report:** Nearly 40 per cent of micro-credit disbursed by the end of the 2023-24 fiscal was by NBFC-MFIs, and 33 per cent by scheduled banks, according to an industry body report. Microfinance Industry Network (MFIN), an umbrella body of micro-finance institutions, said NBFC-MFIs are the largest provider of micro-credit in the country. As of March 31, 2024, the gross loan portfolio of the entities extending micro-credit stood at Rs 4.33 lakh crore. Small finance banks account for 17 per cent of the overall micro-credit disbursed, followed by NBFCs at nine per cent, the MFIN report said.

***(Economic Times)***



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## INDUSTRY OUTLOOK



**Apple beats Microsoft to return as world's most valuable company:** Apple once again became the world's most valuable company on Wednesday, dethroning Microsoft from the top spot, as the iPhone maker pushed ahead in a race to dominate artificial intelligence technology. Apple's shares rose nearly 2% to \$211.10, giving it a market valuation of \$3.24 trillion. Microsoft's market capitalization stood at \$3.23 trillion, falling behind Apple for the first time in five months.

*(Moneycontrol)*

**Taj becomes world's strongest hotel brand on back of rapid revenue growth:** Taj Hotels, the flagship brand of Indian Hotels Company (IHCL), has become the world's strongest hotel brand on the back of rapid revenue growth. The brand has been recognised as the world's second fastest-growing brand, after Sheraton's Four Points, stated a Brand Finance report titled Hotels 50 2024. Taj's brand value soared to \$545 million, stated the report. "We are delighted for the iconic brand Taj to be honoured as the World's Strongest Hotel Brand yet again, in its milestone 120th year. Receiving this recognition for four years, thrice as number one in the world, is a testament to the brand's century-old legacy of pioneering destinations, setting global benchmarks, and showcasing Indian hospitality to the world," said Puneet Chhatwal, managing director and chief executive officer, IHCL.

*(Business Standard)*



## REGULATION & DEVELOPMENT

**IRDAI mandates life insurers to provide loans against policies:** Regulator Insurance Regulatory and Development Authority of India (Irdai) on Wednesday mandated insurance companies to provide loans on policies across all life insurance savings products, enabling policyholders to meet liquidity requirements. In its master circular for life insurance companies which will be effective from September 30, 2024, the insurance regulator said: "Facility of policy loan is now



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mandatory in all life insurance savings products enabling policyholders to meet liquidity requirements.” “All non-linked savings products offering surrender value shall have the facility of policy loan based on the eligible surrender value. The insurer may also offer policy loan facility under annuity products with ‘Return of Purchase Price’ option based on eligible surrender value,” the circular said.

***(Business Standard)***

**IRDAI asks life insurers to offer surrender value in first year:** The Insurance Regulatory and Development Authority of India (IRDAI) has asked insurance companies to offer a surrender value from the first year itself, a move that could impact their margins. The regulator issued a master circular, which mandates insurers to pay special surrender value (SSVs) after the first policy year, provided one full year's premium has been received. For policies with limited premium payment terms of less than five years and single premium policies, SSVs become payable immediately after receipt of the first full-year premium or single premium. Previously, the surrender value for guaranteed return products was zero in the first year and up to 30-35% in the second and third years. The new regulations propose introducing benefit payouts in the first year, which will affect the margins of life insurance companies. However, some insurers believe the impact may be minimal, as over 85% of policies tend to remain active beyond the early years.

***(Economic Times)***





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# FINANCIAL TERMINOLOGY

## ANALYSIS OF VARIANCE (ANOVA)

- ❖ Analysis of variance (ANOVA) is an analysis tool used in statistics that splits an observed aggregate variability found inside a data set into two parts: systematic factors and random factors. The systematic factors have a statistical influence on the given data set, while the random factors do not. Analysts use the ANOVA test to determine the influence that independent variables have on the dependent variable in a regression study.
- ❖ Analysis of variance, or ANOVA, is a statistical method that separates observed variance data into different components to use for additional tests.
- ❖ A one-way ANOVA is used for three or more groups of data, to gain information about the relationship between the dependent and independent variables.



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### **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 : 83.5645  
INR / 1 GBP : 106.5130  
INR / 1 EUR : 89.7901  
INR /100 JPY: 53.1500

### **EQUITY MARKET**

Sensex: 76606.57 (+149.98)  
NIFTY: 23322.95 (+58.10)  
Bnk NIFTY: 49895.10 (+189.35)

### **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.**

**For details please visit  
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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**

**Banking, Financial Services & Insurance Board  
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