



ICMAI
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(Statutory Body under an Act of Parliament)

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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 BFSI BOARD

13 September 2024



ECONOMY

Retail inflation rises marginally to 3.65% in Aug, change in MPC stance unlikely: Rise in vegetable and fruit prices pushed the retail inflation rate slightly higher at 3.65 per cent in August, government data released on Thursday showed. The rate was 3.6 per cent in July. Despite the rise, the retail inflation, based on Consumer Price Index (CPI), is second lowest in the last 59 months. Also, this is the second successive month of sub-4 per cent retail inflation rate. But the expectation is that the rate may go up further in September. Keeping this in mind, the October review meeting of the Monetary Policy Committee (MPC) is unlikely to make any change in policy interest rate.

(Business Line)

Manufacturing pushes overall factory output growth to 4.8% in July: Factory output, measured in Index of Industrial Production (IIP), grew a tad to 4.8 per cent in July against revised June's number of 4.7 per cent, government data released on Thursday showed. However, it is lower than 6.2 per cent of July last year. Overall performance on sequential basis improved mainly on account of manufacturing sector. Meanwhile, experts do not see improved performance in coming months mainly because of uneven consumption. Manufacturing and power sectors were significant drivers of this growth, with growth rate of 4.6 per cent and 7.9 per cent respectively. The mining sector also contributed, growing by 3.7 per cent in the same period.

(Business Line)

FPI investment in debt rebounds in September, FAR allocations lag: Foreign portfolio investors' (FPI) investment in the Indian debt market has seen a notable increase in September so far, with net inflows of Rs 15,357 crore during the first eleven days of the month—a little short of the total net investment of Rs 16,421 crore in August, according to data on the National Securities Depository Limited. However, only a net total of Rs 3,328 crore was infused in government securities designated under the Fully Accessible Route (FAR) during the same period, Clearing Corporation of India (CCIL) data showed. FPI investment in FAR securities had doubled, surpassing the Rs 2 trillion mark within



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nine months of the announcement of JP Morgan including Indian debt in its index. Only government bonds issued by the Reserve Bank of India (RBI) under FAR are included in the index.

(Business Standard)

BANKING & FINANCE



Banks plan to ring in festival-season offers with a note of caution: Banks are gearing up for an uptick in business during the festive season but with caution, given the regulatory concern on unsecured loans, pressure on liabilities, and emerging stress in the retail segment. Unlike in recent years when retail loan growth was upwards of mid-teens, bankers have indicated the pickup in business will be 10-12 per cent. While major state-owned banks have started promoting their schemes, private banks have yet to announce their offers. State Bank of India (SBI), the biggest bank in the country, is offering concessionary interest rates on car loans, gold loans, and loans against mutual funds. It is also giving a waiver in processing fees for loans.

(Business Standard)

NPCI reports Rs 1,134.31 crore surplus in FY24, up 37% on payment services: India's umbrella organisation for retail payment systems, the National Payments Corporation of India (NPCI), has reported a surplus of Rs 1,134.31 crore in FY24, up 37 per cent from Rs 828.04 crore in FY23, driven mainly by a surge in income from payment services and other operating income, which includes compliance fees, membership fees, card fees, etc. Since NPCI is a non-profit company, it does not report profits.

(Business Standard)

SBI sanctions Rs 10,050 cr loan for 1,600 MW thermal power project: The country's largest lender State Bank of India (SBI) on Thursday announced that it has sanctioned a project loan of Rs 10,050 crore for a thermal power project by Damodar Valley Corporation (DVC). In an announcement, the country's largest lender said DVC plans to borrow Rs 10,050 crore for the 1,600 MW Ultra Super Critical Thermal Power Project. The project involves the construction of two units of 800 MW each in Koderma, Jharkhand, as per an official statement. This project has been identified by the Ministry of Power as one of the projects for capacity addition by 2030, it said.

(Economic Times)



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Yes Bank's stake sale runs into RBI hurdle: In March 2020, a State Bank of India-led consortium bailed out Yes Bank by infusing Rs 10,000 crore-a move primarily aimed at protecting depositors. SBI, which acquired a 49% stake with a three-year lock-in, now holds 24% after Yes Bank raised money through a follow-on public issue and the preferential issue of shares to private equity investors Carlyle and Advent International. In March 2020, a State Bank of India-led consortium bailed out Yes Bank by infusing Rs 10,000 crore-a move primarily aimed at protecting depositors. SBI, which acquired a 49% stake with a three-year lock-in, now holds 24% after Yes Bank raised money through a follow-on public issue and the preferential issue of shares to private equity investors Carlyle and Advent International.

(Economic Times)

INDUSTRY OUTLOOK



CCI investigation finds Amazon, Walmart's Flipkart breached antitrust laws: An Indian antitrust investigation has found U.S. e-commerce giant Amazon and Walmart's Flipkart violated local competition laws by giving preference to select sellers on their shopping websites, according to reports seen by Reuters. The Competition Commission of India (CCI) in 2020 ordered an investigation into Amazon and Flipkart for allegedly promoting certain sellers with which they had business arrangements and giving priority to certain listings.

(Business Standard)

Govt notifies NaBFID as a public financial institution under Companies Act: The government has notified the National Bank for Financing Infrastructure and Development (NaBFID) as a public financial institution under the Companies Act. This will help the government fortify the nation's infrastructure finance structures. In a notification issued on September 10, the Corporate Affairs Ministry said that in exercise of the powers, Section 2 of the Companies Act, 2013, the Central Government, in consultation with the Reserve Bank of India, hereby notifies National Bank for Financing Infrastructure and Development as a "public financial institution". The move will enhance the bank's capacity to finance large-scale infrastructure projects, thereby bolstering the country's infrastructure development.

(Business Standard)

WhatsApp launches Meta Verified badges for small businesses in India: Meta, parent of instant messaging platform WhatsApp, on Thursday announced a slew of features for small



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businesses, which includes Meta-verified badges. This announcement was part of the first WhatsApp Business Summit in India. It also signifies the social media platforms attempt to monetise WhatsApp in India. The platform boasts of a user base of over 500 million. Meta Verified will now be available to all eligible small businesses in India using the WhatsApp Business app. With Meta Verified, businesses that choose to subscribe and demonstrate their authenticity will receive a verified badge, impersonation protection, account support, and premium features that help amplify their brand online and make it more efficient to chat with customers. The same badge will appear on their WhatsApp Channels and Business pages, making it easy to share on social media and websites.

(Financial Express)



REGULATION & DEVELOPMENT

Finance ministry amends compounding rules for offences under Fema: The Finance Ministry on Thursday modified the compounding rules for offences under the Foreign Exchange Management Act (Fema) by raising the monetary limits for adjudications by RBI officials and allowing online payments. As per the Foreign Exchange (Compounding Proceedings) Rules, 2024, the fees for filing compounding application has been doubled to Rs 10,000 plus GST, from Rs 5,000 earlier. The notification further said that Assistant General Manager rank officials of the RBI can decide on compounding application of up to Rs 60 lakh, up from Rs 10 lakh earlier. Similarly, the monetary limits for Deputy GM and General Manager rank officers have been raised to Rs 2.5 crore and Rs 5 crore respectively. Chief General Manager in the RBI will be authorised to decide on compounding cases of above Rs 5 crore. In a statement, the Finance Ministry said the Foreign Exchange (Compounding Proceedings) Rules, 2024, will replace the Rules issued in 2000.

(Business Standard)

Govt launches digital platform to ease exports: The ministry of commerce and industry on Wednesday launched an online platform that pools in information on foreign trade from diverse sources to guide the existing and aspiring exporters on the opportunities available in the international market and how to capture them. The “Trade Connect e-Platform” serves as a one-stop solution, providing exporters with near real-time access to critical trade-related information, while seamlessly connecting them to key government entities such as the Indian Missions abroad, Department of Commerce, Export Promotion Councils, and other trade experts.

(Financial Express)



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FINANCIAL TERMINOLOGY

SOVERIGN WEALTH FUND

- ❖ A sovereign wealth fund is a state-owned investment fund comprised of money generated by the government, often derived from a country's surplus reserves. SWFs provide a benefit for a country's economy and its citizens.
- ❖ Sovereign wealth funds can be derived from a variety of sources and used for a variety of purposes. Acceptable investments in each SWF vary from fund to fund and country to country.
- ❖ The funding for a sovereign wealth fund can come from a variety of sources. Popular sources are surplus reserves from state-owned natural resource revenues, trade surpluses, bank reserves that may accumulate from budgeting excesses, foreign currency operations, money from privatizations, and governmental transfer payments.
- ❖ In general, sovereign wealth funds usually have a targeted purpose. Some countries have sovereign wealth funds that can be similar to venture capital for the private sector.



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 : 83.9843
INR / 1 GBP : 109.6141
INR / 1 EUR : 92.5490
INR /100 JPY: 58.8800

EQUITY MARKET

Sensex: 82962.71 (+1439.55)
NIFTY: 25388.90 (+470.45)
Bnk NIFTY: 51772.40 (+762.40)

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