



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
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DAILY NEWS DIGEST BY BFSI BOARD

14 November 2024



ECONOMY

Nifty in correction territory, crashes 10% from September peak, Sensex down 8,300 points: The re-election of Donald Trump, which has triggered a rush of global capital back to the U.S., combined with a marked deterioration in earnings growth in Q2, has taken the wind out of the Indian stock market. The Nifty 50 index has plummeted over 10 percent from its September high of 26,277.35, entering the so-called correction territory amid persistent selling by foreign portfolio investors. The frontline index fell 374 points to as low as 23,509.6 points intraday, down 1.6 percent from the previous close. It ended the session at 23,559.05, down 1.4 percent. BSE Sensex fell more than 1,100 points to 77,533.3 at the day's low, before ending at 77,690.95. Yesterday's decline marked the Nifty 50's fifth straight session of losses amid persistent selling pressure from foreign institutional investors (FIIs). The correction reflects investors' growing caution amid rich valuations and macroeconomic uncertainties, with both Nifty and Sensex falling to their respective five-month lows. This latest downturn was intensified by sustained foreign investor outflows, disappointing corporate earnings, and rising inflation.

(Moneycontrol)

Economists revise FY25 CPI inflation estimates to 4.7-5 per cent: After October CPI shocker, most economists have raised their retail inflation estimates for the full year FY25 by 20 to 50 basis points, which they believe may prompt the RBI to consider cutting rates from the next fiscal only. According to 10 economists, who FE spoke to, CPI inflation in FY25 may now average 4.7-5%, which is higher than the 4.5% forecast of the RBI. As a result, say some economists, the possibility of a rate cut in December as well as February has now reduced, which was being suggested by several analysts before.

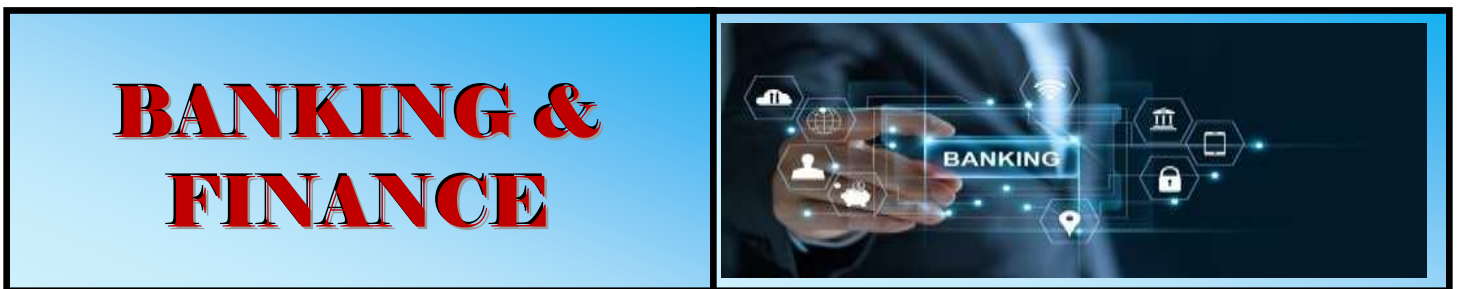
(Financial Express)

90 per cent of India-Russia trade in local currency now: Around 90% of trade between India and Russia is now being conducted using local or alternate currencies while the remaining still



happens in other freely convertible ones, Russian Deputy Prime Minister Denis Manturov said Tuesday. “Share of local and alternative currencies keeps growing in bilateral trade. It is now approaching 90%. We deem it necessary to continue our work on expanding correspondent relations between Russian and Indian banks,” he said in his opening remarks at the 25th Session of the India-Russia Intergovernmental Commission on Trade, Economic, Scientific, TEchnical and cultural cooperation.

(Financial Express)



Banking on tech: lenders keep an eagle 'AI' on mule accounts: Banks are using artificial intelligence to fight the growing menace of mule accounts, deploying AI tools to track suspicious patterns like dormant accounts receiving large credits or multiple accounts showing identical recurring transactions simultaneously. Financial technology companies such as Bureau, Clari5 and Datasutram are helping banks deploy AI-based fraud detection systems that can detect issues like mule accounts – bank accounts criminals use to launder money, often without the original account holder’s knowledge – in real time, rather than waiting for defrauded customers to raise the event.

(Economic Times)

MFIs reduce lending rates as RBI voices concerns: About half a dozen pure-play microfinance lenders have reduced lending rates in the past couple of months amid heightened regulatory scrutiny on the pricing policy adopted by these financiers that service the bottom of the consumer pyramid. The Reserve Bank of India (RBI) was conducting a scrutiny over the past six months or so, and that culminated into the decision to bar errant lenders from doing business from October 21 for charging "excessive" interest rate spreads over their cost of funds.

(Economic Times)

SBI, HDFC Bank and ICICI remain RBI's Systemically Important Banks: The Reserve Bank of India (RBI) on Wednesday announced that it has continued to identify State Bank of India (SBI), HDFC Bank, and ICICI Bank as Domestic Systemically Important Banks (D-SIBs) for the 2024 list, with the same categorization as the previous year. The RBI's D-SIB framework places each bank in specific buckets, which determines the additional CET1 requirement based on the bank's systemic importance:



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Bucket 4: SBI – 0.80% CET1 (effective April 1, 2025; up to March 31, 2025, it remains at 0.60%)

Bucket 2: HDFC Bank – 0.40% CET1 (effective April 1, 2025; up to March 31, 2025, it remains at 0.20%)

Bucket 1: ICICI Bank – 0.20% CET1

(Economic Times)

No criminal conspiracy by ICICI Bank officials in NDTV loan repayment at reduced rates: CBI:

There was no collusion, criminal conspiracy or abuse of position by officials of ICICI Bank in accepting repayment of a loan at a reduced rate of interest from promoters of NDTV Prannoy Roy and Radhika Roy, the CBI has concluded in its closure report in the 2017 case. The CBI FIR registered on the basis of a complaint from Sanjay Dutt of Quantum Securities Ltd had alleged that ICICI Bank had sanctioned a loan of Rs 375 crore in 2008 against the entire 61 per cent shareholding of the promoters as collateral. The bank had allegedly accepted the repayment of the loan by reducing the interest rate from 19 per cent per annum to 9.5 per cent causing a wrongful loss of Rs 48 crore to the bank and corresponding gain to the promoters, it had said.

(Economic Times)

INDUSTRY OUTLOOK



Apple's India exports hit record \$7 billion in 7 months: Breaking all previous records of smartphone exports, Apple's iPhone exports touched Rs 60,000 crore, or around \$7 billion, in the first seven months (April-October) of the current fiscal. This translates into an average of \$1-billion exports per month, a feat achieved for the first time by any company, according to industry sources. The milestone follows the smartphone production-linked incentive (PLI) scheme announced in 2020, after which Apple began shifting its manufacturing to India.

(Financial Express)

Gautam Adani commits \$10 billion investment in US energy security, infra projects:

Industrialist Gautam Adani announced Wednesday that his group will invest \$10 billion in energy and infrastructure projects in the United States. "As the partnership between India and the United States deepens, the Adani Group is committed to leveraging its global expertise and invest \$10 billion in U.S. energy security and resilient infrastructure projects, aiming to create up to 15,000 jobs," he wrote.

(Financial Express)



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India's outward FDI rises to \$3.7 billion in October 2024: RBI data: India's outward foreign direct investment (FDI) commitments rose to \$3.24 billion in October 2024, up from \$2.55 billion in October 2023. However, sequentially, they declined from \$3.77 billion in September 2024, according to data from the Reserve Bank of India (RBI). Outbound FDI, expressed as a financial commitment, comprises three components: equity, loans, and guarantees. Equity commitments fell to \$655.84 million in October 2024, compared with \$993.35 million a year ago and \$817.64 million recorded in September 2024. Debt commitments rose sharply to \$1.24 billion in October 2024, up from \$248.4 million in October 2023, and were also higher than the \$1.16 billion in September 2024. Guarantees for overseas units remained flat at \$1.33 billion in October 2024, compared with \$1.31 billion a year ago, but were down from \$1.79 billion in September 2024, RBI data showed.

(Business Standard)



REGULATION & DEVELOPMENT

Over 75 lakh updated income tax returns filed this fiscal, 90% by non filers: Over 75 lakh updated income tax returns have been filed by July 31 this fiscal helping tax authorities mobilise as much as Rs 8,000 crore in additional revenue. According to official sources, taxpayers have used the facility of updated returns to both update returns based on additional information and pay taxes, as well as to file returns in cases where no returns had been filed previously. The returns pertain to the Assessment Year 2021-22 and 2022-23. "Nearly 90% of the updated returns filed by July 31 this year were by non-filers," official sources said, adding that this reflects improved compliance by taxpayers.

(Business Today)

Sebi bats for easing angel fund norms; move to aid funding of startups: Market regulator Securities and Exchange Board of India (Sebi) may soon allow angel funds to expand the scope of investors by including Hindu undivided families (HUFs), family trusts, and sole proprietorships, among others. Angel funds, though structured as alternative investment funds (AIFs), are different as they only invest in startups and cater only to accredited investors currently. Accredited investors are considered to have a better understanding of risks in investment and are required to meet the net-worth criteria, which is verified by a third-party accreditation agency before being allowed to invest in angel funds. Sebi has proposed a slew of measures to ease norms for angel funds, including minimum investment, minimum corpus, relaxation in minimum and maximum investment limit in a startup, lower lock-in requirement, and diversification limit, among others.

(Business Standard)



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FINANCIAL TERMINOLOGY

NEO BANK

- ❖ A Neo bank is a digital only and mobile-first bank. In India, service providers partner up with traditional banks to create a digital banking platform to give customers seamless banking on the go. Neo banks work best for tech savvy and cashless individuals who are comfortable with a digital only bank. From online payments to saving and investing, neo banks are generally feature packed and super convenient.
- ❖ Neobanks are generally digital banks which work completely online. They don't have physical branches and all you'd need from the bank is on an app. Currently, RBI regulations recognise that neo banks aren't actual banks. While they can ease banking services by taking them online, the banking will be operated through a traditional recognised bank.
- ❖ Neo banks in India have not yet been permitted by the Reserve Bank of India (RBI) to hold a banking license. Therefore, they are, strictly speaking, platforms that offer financial services through their banking partners who hold a banking license.
- ❖ The stars of Neo banks in India look promising and brimming with potential. However, the biggest challenge for these platforms is gaining customers' trust. Understandably, most customers may find it difficult to trust an unfamiliar entity over banking names they have known for years. Some of the Neo Banks operating in India are Freo, Fi Money, RazorPay etc.



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 : 84.4063
INR / 1 GBP : 107.5342
INR / 1 EUR : 89.5658
INR /100 JPY: 54.4400

EQUITY MARKET

Sensex: 77690.95 (-984.23)
NIFTY: 23559.05 (-324.40)
Bnk NIFTY: 50088.35 (-1069.45)

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- ❖ **Advance Certificate Course on FinTech**

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