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

**18 September 2024**



### **ECONOMY**

#### **Govt asks edible oil bodies to maintain MRP till availability under lower customs duty:**

The Union government has asked edible oil associations to ensure that the MRP of each edible oils such as sunflower oil, soybean oil and mustard oil is maintained till their availability under lower customs duty. The associations “were advised to ensure that the MRP of each oil is maintained till the availability of edible oil stocks imported at 0% & 12.5% Basic Customs Duty (BCD) and take up the issue with their members immediately,” according to a government statement released after a meeting of Secretary, Department of Food and Public Distribution (DFPD), with the representatives from Solvent Extraction Association of India (SEAI), Indian Vegetable Oil Producers’ Association (IVPA) and Soyabean Oil Producers Association (SOPA).

#### ***(Business Line)***

**Trade deficit surges to 10-month high of \$29.7-billion:** India’s merchandise trade deficit jumped to its highest in 10 months to \$ 29.6 billion in August, as exports shrank by a steep 9.3% on year, even as import growth to slowed to 3.3%. The contraction in export shipments was the sharpest in any month since July 2023, when the slump was 10%. In August last year, goods exports had grown 3.5%. Exports dropped to \$ 34.71 billion in August this year, from \$ 38.28 billion in the year ago month. The drop of \$ 3.57 billion in overall exports on an annual basis can be entirely attributed a 37% fall in value of petroleum exports to \$ 5.9 billion from \$ 9.5 billion.

#### ***(Financial Express)***

**WPI inflation drops to 4-month low of 1.31% in Aug on lower prices:** India’s wholesale price index (WPI)-based inflation fell to a four-month low of 1.31 per cent on an annual basis in August from 2.04 per cent in July due to a reduction in the prices of manufactured products and food items, according to data released by the Ministry of Commerce and Industry on Tuesday. Food prices inflation stood at 3.11 per cent in August as compared to 3.45 per cent in July, it said. The prices of



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other major sub-indices like manufactured products also witnessed a deceleration. Meanwhile, the prices of fuel and power contracted during the month.

***(Business Standard)***

## **BANKING & FINANCE**



**Slowing personal, farm lending drags bank credit growth by 6 percentage points:** Bank credit growth fell by nearly 6 percentage points in July from a year earlier, driven by a slowdown in personal, agriculture, and small business segments, research reports and bankers said. A September 10 CareEdge report showed banks' lending growth slowed to 13.7 percent in July from 19.5 percent in the year-ago period. Lending growth slowed across all major sectors except industry in the period, with growth in personal loans slowing to 14.4 percent from 31.2 percent. The decline was driven by a slowdown in vehicle and unsecured loans, impacted by the HDFC-HDFC Bank merger, though partially offset by an increase in gold loans, according to the CareEdge report. Similarly, lending to agriculture slowed to 4.1 percent in July 2024 from 5.8 percent. Bankers attributed the slowdown to seasonal pressures in the early months of FY25. "There was pressure seen in some areas of north India and in the first few months of the year in agri space. Hence, we are looking at some pressure going ahead too," the banker said.

***(Moneycontrol)***

**Gold loan surges post RBI curbs on unsecured personal credit:** The Reserve Bank of India's clampdown on unsecured lending has forced banks and non-banking financial companies (NBFCs) to focus on secured lending products such as gold loans. With gold prices surging almost 25 per cent in the last one year, and lenders ramping up digital on-boarding steps, gold loans have surged in the 12 months ending June 2024.

***(Business Line)***

**NBFCs witness higher deposit growth than banks, records 21% rise in FY24:** Non-bank lenders have collectively managed to expand their deposit base by 21% in FY24 while banks are struggling with a modest 13.5% rise year-on-year in the fiscal ending March 30, Reserve Bank of India (RBI) data showed. Major non-banking finance companies (NBFCs), such as Bajaj Finance and Shriram Finance, offer about 150 basis points more than banks making them attractive choices for savers. Entities such as Indiabulls Housing or Nido Home Finance (previously, Edelweiss Housing



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Finance), offer even higher rates. Fixed deposit rates of five large banks for a year remained between 6% and 7.25%. According to RBI's Handbook of Statistics on Indian Economy, aggregate public deposits of NBFCs stood at Rs 1.03 lakh crore at the end of March, registering a 20.8% year-on-year jump. In fact, the NBFCs have booked 20.8% growth for the past two consecutive years in FY23 and FY24, data showed. In contrast, banks witnessed deposits growth of 9.6% in FY23.

***(Economic Times)***

## INDUSTRY OUTLOOK



**Not paid GST, TDS, and PF dues of Rs 427 crore since 2020: SpiceJet:** Budget airline SpiceJet on Tuesday revealed that it did not pay statutory dues amounting to nearly Rs 427 crore between April 2020 and August 2024 due to its “constrained financial position”. The unpaid dues include Rs 219.8 crore in tax deducted at source (TDS), Rs 71.33 crore in goods and services tax (GST), and Rs 135.47 crore towards provident fund (PF) contribution. The cash-strapped airline also disclosed that 36 of its 58 aircraft are grounded, “primarily” due to “alleged default” in payments to aircraft lessors, financial difficulties affecting aircraft maintenance, and the unavailability of components and spare parts.

***(Business Standard)***

**Govt gives nod to NPCIL-NTPC JV for building nuclear plants in Rajasthan:** The government has approved a joint venture between NPCIL and NTPC to build four 700 MWe nuclear power plants at Mahi Banswara in Rajasthan. The Department of Atomic Energy handed over the document approving the joint venture 'Anushakti Vidyut Nigam Limited (ASHVINI)' to top officials of the Nuclear Power Corporation of India Limited (NPCIL) and the National Thermal Power. With this approval, ASHVINI has been authorized to build, own and operate nuclear power plants in India in accordance with the existing legal framework, the statement from NPCIL said. It said ASHVINI will be a subsidiary of NPCIL, which will have 51 per cent stake in the entity. The Mahi Banswara project of 4x700 MW Pressurised Heavy Water Reactors (PHWR) will be implemented by ASHVINI.

***(Business Standard)***

**Infosys enters collaboration with UK's Metro Bank to digitalise operations:** Indian IT major Infosys on Tuesday said it has entered into a long-term collaboration with British community bank Metro Bank to digitise the bank's operations. The collaboration will utilise Infosys Topaz, the



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firm's AI-first offerings, to enhance Metro Bank's digital capabilities, improve automation, refine data, and embed further AI capabilities.

***(Business Standard)***



## REGULATION & DEVELOPMENT

**NFRA issues revised Standards on Auditing 600 for public consultation:** The National Financial Reporting Authority on Tuesday issued the revised Standards on Auditing 600 (SA 600) for public consultation that would address deficiencies in group audit of firms that were highlighted in several cases of corporate frauds. As per the revised norms, the group auditor would be responsible for the audit work done by other auditors for group entities. “The revisions being proposed are to be applied to audits of Public Interest Entities (PIEs) that fall under Rule 3 of NFRA Rules 2018, except Public Sector Enterprises, Public Sector Banks, Public Sector Insurance Entities, and their respective branches,” the NFRA said. SA 600 is applied in case of audit of companies which have subsidiaries and associates, with the holding company being audited by a principal or main auditor and the subsidiaries and/or associates by ‘other’ or ‘component’ auditors. The standard outlines the responsibilities of the principal auditor vis a vis those of the component auditor. “Some of the largest corporations and companies with significant exposure to capital markets, investors, creditors and thereby involving huge public interest, operate through a network of subsidiaries, joint ventures, branches and associates which makes the requirements of this standard very significant,” said the NFRA.

***(Business Today)***

**Govt scraps windfall tax on petroleum crude, effective from Sep 18:** The government on Tuesday slashed windfall tax on domestically produced crude oil to 'nil' per tonne with effect from September 18. The tax is levied in the form of Special Additional Excise Duty (SAED) and is notified fortnightly based on average oil prices in two weeks. The last such revision took place effective August 31 when the windfall tax on crude petroleum was set at Rs 1,850 per tonne. The SAED on the export of diesel, petrol and jet fuel or ATF, has been retained at 'nil'. The new rates are effective from September 18, an official notification said. India first imposed windfall profit taxes on July 1, 2022, joining a host of nations that tax supernormal profits of energy companies.

***(Business Standard)***





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**Prime Minister Shri Narendra Modi launches ‘SUBHADRA’ - the largest women-centric scheme in Bhubaneswar, Odisha:** The Prime Minister, Shri Narendra Modi launched ‘SUBHADRA’, the flagship Scheme of Government of Odisha, in Bhubaneswar, Odisha today. It is the largest, single women-centric scheme and is expected to cover more than 1 crore women. Prime minister also initiated the fund transfer into the bank accounts of more than 10 lakh women. Shri Modi laid the foundation stone and dedicated to the nation Railway Projects worth more than Rs 2800 crore, and laid the foundation stone for National Highway Projects worth more than Rs 1000 crore. The Prime Minister released the 1st installment of assistance to nearly 10 lakh beneficiaries under PMAY-G of around 14 states, took part in Grih Pravesh celebrations for 26 lakh beneficiaries of PMAY (Gramin and Urban) from across the country and handed over house keys to PMAY (Gramin and Urban) beneficiaries. Further, he launched Awaas+ 2024 App, for survey of additional households for PMAY-G, and the Operational Guidelines of PMAY-U 2.0.

**(PiB)**



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## FINANCIAL TERMINOLOGY

### RESERVE CURRENCY

- ❖ A reserve currency is a large quantity of currency maintained by central banks and other major financial institutions to prepare for investments, transactions, and international debt obligations, or to influence their domestic exchange rate. A large percentage of commodities, such as gold and oil, are priced in the reserve currency, causing other countries to hold this currency to pay for these goods.
- ❖ A reserve currency reduces exchange rate risk since there's no need for a country to exchange its currency for the reserve currency to do trade.
- ❖ Since 1944, the U.S. dollar has been the primary reserve currency used by other countries. As a result, foreign nations closely monitor the monetary policy of the United States to ensure that the value of their reserves is not adversely affected by inflation or rising prices.
- ❖ In 1944, following the Bretton Woods Agreement, delegates from 44 nations formally agreed to adopt the U.S. dollar as an official reserve currency. Since then, other countries pegged their exchange rates to the dollar, which was convertible to gold at the time. Because the gold-backed dollar was relatively stable, it enabled other countries to stabilize their currencies.



**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 : 83.8302  
INR / 1 GBP : 110.7576  
INR / 1 EUR : 93.2991  
INR /100 JPY: 59.6300

**EQUITY MARKET**

Sensex: 83079.66 (+90.88)  
NIFTY: 25418.55 (+34.80)  
Bnk NIFTY: 52188.65 (+35.50)

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- ❖ 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)

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