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DAILY NEWS DIGEST BY BFSI BOARD

18 October 2024



ECONOMY

India's economic growth slows: Nomura's NICAI index drops to 3% in September:

Nomura on Thursday said its high-frequency growth indicators have been signalling a economic slowdown in India since June. The Nomura India Coincident Activity Index (NICAI) is a composite index covering consumption, investment and the external sector. Aggregate NICAI growth slowed to 4.1 per cent y-o-y in August from 6.5 per cent in June and 7.0 per cent in March, and the preliminary reading for September is further lower at 3.0 per cent. The Nomura India Growth Thermometer (NIGHT) uses NICAI to estimate the sequential growth pulse. NIGHT is tracking -1.0 per cent (q-o-q) in Q3, down from 1.4 per cent in Q2 and 0.6 per cent in Q1, confirming that the growth momentum has slowed sharply. "This suggests GDP growth is currently tracking below 6.5 per cent y-o-y in Q3 (RBI: 7 per cent), down from 6.7 per cent in Q2, although we await the full set of September data to finalise our forecasts," Nomura said.

(Business Line)

Direct tax collections jump 182% in 10 years to over Rs 19.60 lakh crore in FY24:

Report: Direct tax collections have surged 182 percent to over Rs 19.60 lakh crore in 2023-24 in the 10-year period of Prime Minister Narendra Modi-led government. The latest 'Time Series Data' released by the Income Tax Department showed that the corporate tax collections more than doubled to over Rs 9.11 lakh crore in 10 years to 2023-24 fiscal. Personal income tax mop up grew close to four-fold to Rs 10.45 lakh crore during the period. In the first year of the Modi government in 2014-15, direct tax collection was about Rs 6.96 lakh crore. This included about Rs 4.29 lakh crore of corporate tax and Rs 2.66 lakh crore of personal income tax. The number of income tax returns filed (including revised returns) increased from over 4.04 crore in 2014-15 fiscal to over 8.61 crore in 2023-24. Direct tax-to-GDP ratio increased from 5.55 percent in 2014-15 to 6.64 percent in 2023-24. Tax buoyancy, which measures revenue mobilisation efficiency with respect to GDP growth, increased



from 0.86 to 2.12 in the 10-year period. The number of taxpayers increased from 5.70 crore in Assessment Year (AY) 2014-15 to 10.41 crore in 2023-24 AY.

(Business Today)

India poised to be 3rd largest economy, rising population a challenge: S&P: India is poised to be the third largest global economy by 2030 but rising population presents mounting challenges in basic service coverage and growing investment needs to maintain productivity, S&P Global Ratings said on Thursday. It said emerging economies have high ambitions for the next decade and beyond with India aiming to become a \$30 trillion economy by 2047, from the current \$3.6 trillion. India is currently the fifth largest economy. "India is poised to be the fastest-growing major economy over the next three years and the third largest globally by 2030. Its 2024 entry into JP Morgan's Government Emerging Market Bond Index could provide additional government funding and unlock significant resources in domestic capital markets. This is only a first step --investors will continue looking for improved market access and settlement procedures," S&P said.

(Business Standard)

BANKING & FINANCE



Axis Bank Q2 Results: Net profit rises 18% to ₹6,917.57 crore on robust credit demand, NII up 10% YoY: Axis Bank announced its July-September quarter results for fiscal 2024-25 (Q2FY25) on Thursday, October 17, reporting a rise of 18 per cent in standalone net profit at ₹6,917.57 crore, compared to ₹5,863.56 crore in the corresponding period last year. The net interest income (NII) rose 10 per cent year-on-year (YoY) to ₹1,3483.2 crore, compared to ₹1,2314.56 crore in the year-ago period. The gross NPA, improved to 1.44 per cent at the end of September, compared with 1.54 per cent three months earlier and 1.73 per cent a year ago. Net loans grew 11 per cent, while total deposits rose 14 per cent in the second quarter.

(Mint)

Central Bank Q2 Results: Net profit surges 51% to ₹913 crore, NII up 13% YoY: State-owned Central Bank of India on Thursday posted a 51 per cent jump in profit at ₹913 crore in the second quarter ended September 2024. The lender had earned a net profit of ₹605 crore in the same quarter a year ago. Net Interest Margin (NIM) in the reporting quarter rose to 3.44 per cent from 3.29 per cent at the end of second quarter of previous fiscal. The bank was able to reduce gross NPAs to



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4.59 per cent of the gross loans by the end of September 2024, from 4.62 per cent a year ago. Similarly, net NPAs or bad loans came down to 0.69 per cent, from 1.64 per cent at the end of the second quarter of the previous fiscal.

(Mint)

IOB posts strong Q2 performance; plans ₹2,000 cr fundraise by March 2025: Indian Overseas Bank (IOB) sustained its positive momentum in the second quarter of the current fiscal year, posting strong results across key metrics, including double-digit growth in net profit, improved asset quality, lower slippages, and a stable CASA (Current Account Savings Account) ratio. The Chennai-based bank plans to raise approximately ₹2,000 crore in 2-3 phases by March 2025, with the first tranche expected via a Qualified Institutional Placement (QIP). For Q2 25, IOB reported a net profit of ₹777 crore, up from ₹625 crore in the same period last year, driven by higher interest and non-interest income, as well as reduced provisions.

(Business Line)

RBI imposes biz restrictions on Asirvad Micro Finance, Arohan Financial Services, DMI Finance and Navi Finserv: The Reserve Bank of India has imposed business restrictions on four non-banking finance companies (NBFCs) – Asirvad Micro Finance Ltd, Arohan Financial Services Ltd, DMI Finance Pvt Ltd and Navi Finserv Ltd, asking them to cease and desist from sanction and disbursal of loans. The central bank said its action, which is effective from close of business of October 21, is based on material supervisory concerns observed in the pricing policy of these companies in terms of their Weighted Average Lending Rate (WALR) and the interest spread charged over their cost of funds, which were found to be excessive. Further, their pricing policy is not in adherence with the regulations as laid down in the Master Direction (MD) relating to regulatory framework for microfinance loans and MD relating to NBFC-scale based regulation. The pricing policy was also found to be not in conformity with the provisions laid down under Fair Practices Code issued by the Reserve Bank, per an RBI statement.

(Business Line)



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INDUSTRY OUTLOOK



R.K. Laxman's iconic cartoon character 'Common Man' set to spread awareness on digital payment fraud: National Payments Corporation of India (NPCI), which acts both as a digital payments services regulator and payment utility provider, has partnered with The Times of India for a nationwide campaign focused on digital payment safety. At the heart of the campaign is R.K. Laxman's iconic cartoon character Common Man, who will play a key role in spreading awareness about digital payment frauds. In this campaign, Common Man represents Indians who may feel overwhelmed by the intricacies of digital payments but are eager to adapt to digital payment. With his wit and humility, Common Man will guide the public through practical tips and advice on how to avoid scams and ensure safe digital transactions.

(Economic Times)

PSBs may go slow on infra loans on FM's nudge: Public sector banks (PSBs) are likely to go slow on extending infrastructure loans. This comes after finance minister Nirmala Sitharaman recently said that banks should be concentrating on their core business of deposit mobilisation and medium-term lending. "While the finance minister's statement seems to be aimed at banks which may face asset-liability mismatch due to high exposure to large infra projects, it will make all the public sector banks averse to funding long-term infra projects," a senior official at a state-run bank told FE. While the official does not expect banks to completely stop lending to infrastructure projects, he sees the funding of fresh projects coming down significantly.

(Financial Express)

FPI selling pulls indices down for 3rd straight day; Sensex falls 495 pts: Indian equity benchmarks declined for the third consecutive session on Thursday as heavy foreign portfolio investors (FPI) selling, clouded earnings outlook, and elevated valuations continued to act as headwinds for the markets. Bajaj Auto's warning about weak festival demand further put pressure on equities. The Sensex ended the session at 81,007, a decline of 495 points, or 0.6 per cent. The Nifty ended the day at 24,750, a drop of 221 points, or 0.9 per cent. Both indices are down 4 per cent each, with FPI selling topping Rs 71,000 crore (Rs 71,441 crore) month to date, including provisional outflow of Rs 7,421 crore, on Thursday — the worst-ever for a calendar month. The record outflows are seen on account of FPIs rotating out of India into China.

(Business Standard)



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REGULATION & DEVELOPMENT

Government and Meta join forces for "Scam se Bacho" Campaign to tackle rising online scams: Secretary of Information and Broadcasting, Sh. Sanjay Jaju, delivered the keynote address on the launch of "Scam se Bacho", a National User Awareness Campaign in New Delhi today. This initiative of Meta, being launched in collaboration of key ministries Ministry of Electronics and Information Technology (MeitY), the Ministry of Home Affairs (MHA), Ministry of Information and Broadcasting (MIB) and the Indian Cyber Crime Coordination Centre (I4C), aims to combat the growing menace of scams and cyber frauds, aligning with the government's commitment to addressing the rising cases of online scams and enhancing cyber safety. his campaign can be a national movement that can empower Indian citizens with the tools and knowledge to protect themselves from these threats. Our goal is simple but powerful to create a culture of digital safety and vigilance. By leveraging Meta's global expertise, the campaign will empower every Indian to protect themselves from cyber threats, ensuring that our digital progress is matched by robust digital security.

(PiB)

Centre releases fresh instructions to resolve concerns of pensioners: The Central government has released instructions for all relevant departments in addressing concerns raised by pensioners, mandating that all complaints be resolved within a span of 21 days, irrespective of their affiliation with a specific office. Currently, complaints are submitted through a unified online platform known as the Centralised Pension Grievances Redress and Monitoring System (CPENGRAMS), regardless of the department to which they are directed. As per the guidelines stipulated by the Ministry of Personnel, Public Grievances & Pensions, it is imperative for all departments to promptly and effectively address and resolve grievances. "Ministries/departments should strive to redress the pensioners' grievances within 21 days. In the cases, where redressal of the grievances requires longer time, an interim reply may be furnished on the portal," one of the instructions of the comprehensive guidelines stated.

(Business Today)

CBDT issues Revised Guidelines for compounding offences under the Income- tax Act, 1961: In conformity with the Finance Minister's budget announcement on simplification and rationalization of compounding procedure, CBDT has issued Revised Guidelines for Compounding of



offences under the Income-tax Act, 1961(the 'Act') on 17.10.2024. The revised guidelines supersede all existing guidelines on the subject and would apply to pending as well as new applications, from the date of its issue. The guidelines have been simplified inter-alia by eliminating the categorization of offences, removing the limit on number of occasions for filing applications, allowing fresh application upon curing of defects which was not permissible under earlier guidelines, allowing compounding of offences under section 275A and 276B of the Act, removing the existing time limit for filing application viz 36 months from the date of filing of complaint, etc. To facilitate compounding of offences by companies and HUFs, the requirement of main accused filing the application has been dispensed with. The offences of the main accused as well as any or all co- accused can be compounded on payment of relevant compounding charges by the main accused and/or any of the co-accused, under the revised guidelines. The compounding charges have also been rationalized by abolishing interest chargeable on delayed payment of compounding charges, reducing rates for various offences such as for TDS defaults, multiple rates of 2%, 3% and 5% have been reduced to single rate of 1.5% per month and basis for calculation of compounding charges for non-filing of return has been simplified. Other simplification measures include removal of charge of separate compounding fee from co-accused.

(PiB)



FINANCIAL TERMINOLOGY

e-NAM

- ❖ National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities.
- ❖ Small Farmers Agribusiness Consortium (SFAC) is the lead agency for implementing eNAM under the aegis of Ministry of Agriculture and Farmers' Welfare, Government of India.
- ❖ It's vision is to promote uniformity in agriculture marketing by streamlining of procedures across the integrated markets, removing information asymmetry between buyers and sellers and promoting real time price discovery based on actual demand and supply.
- ❖ It's mission is Integration of APMCs across the country through a common online market platform to facilitate pan-India trade in agriculture commodities, providing better price discovery through transparent auction process based on quality of produce along with timely online payment.



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 : 84.0304
INR / 1 GBP : 109.1146
INR / 1 EUR : 91.2072
INR /100 JPY: 56.1700

EQUITY MARKET

Sensex: 81006.61 (-494.75)
NIFTY: 24749.85 (-221.45)
Bnk NIFTY: 51288.80 (-512.25)

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