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DAILY NEWS DIGEST BY BFSI BOARD

19 August 2024



ECONOMY

FPIs turn net sellers; sell shares worth Rs 21,201 crore in Aug: Foreign investors sold shares worth Rs 21,201 crore in the Indian equity markets in August due to the unwinding of the yen carry trade, recession fears in the US, and ongoing geopolitical conflicts. This followed an inflow of Rs 32,365 crore in July and Rs 26,565 crore in June, according to depositories' data. FPIs had infused funds in these two months expecting sustained economic growth, continued reform measures, better-than-expected earnings, and political stability. Earlier, FPIs withdrew Rs 25,586 crore in May due to poll jitters and over Rs 8,700 crore in April over concerns about changes in India's tax treaty with Mauritius and rising US bond yields. From August 1 to 17, FPIs withdrew a net amount of Rs 21,201 crore from equities. So far this year, FPIs have invested Rs 14,364 crore in equities, the data showed.

(Moneycontrol)

India's GDP sees sharp growth trajectory: IMF Deputy Managing Director Gita Gopinath recently noted that India's economic performance exceeded expectations for FY24 and is projected to become the world's third-largest economy by 2027. Her comments follow the IMF's update to its 'World Economic Outlook' report, which raised India's growth forecast for the financial year 2024-25 to 7%, up from 6.8%. This revision is attributed to strengthening private consumption, especially in rural areas. Since gaining independence in 1947, India has undergone a remarkable economic transformation, with its Gross Domestic Product (GDP) evolving from a modest figure to the fifth largest economy in the world, after US, China, Germany and Japan. On the 78th Independence Day, Prime Minister Narendra Modi, addressing the nation from the ramparts of the Red Fort, said that the government is committed to "big reforms" that will accelerate growth and progress.

(Financial Express)

FM Sitharaman bats for critical multilateral development banks reforms: India Saturday made a case for reform in multilateral development banks (MDBs) to allow them mobilise additional funds to help developing countries meet their development needs and address global challenges."It is



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critical that the financing requests made to MDBs are met with speed and agility. This will require reforms both at operational levels as well as identifying new sources of finance," finance minister Nirmala Sitharaman said in her address at the third Voice of Global South Summit hosted virtually by India. She said fresh capital infusion should remain an active option for consideration of MDB boards.

(Economic Times)

BANKING & FINANCE



Bank union urges more staff, security amid Ladki Bahin Scheme rollout: An umbrella body representing at least nine bank unions on Sunday appealed to the Maharashtra government to increase the workforce and beef up security at branches to manage the customer rush as the government rolls out 'Ladli Behin' scheme. The request was made by the United Forum of Bank Unions which has shot off a letter to the Chief Minister Eknath Shinde. According to the union, the implementation of a new scheme for underprivileged women is encountering difficulties at bank branches. To address these issues, the union said that it is crucial to increase branch staffing and enhance security to manage the high customer volume effectively. Without these measures, the scheme's intended benefits may be overshadowed by escalating dissatisfaction and negative outcomes.

(Business Standard)

Improving low-cost deposit mobilisation focus area for bank: Canara Bank MD: Improving CASA or low-cost deposit mobilisation is the focus area for the Canara Bank, and efforts taken in the direction are yielding results, its Managing Director K Satyanarayana Raju has said. "Current Account Savings Account (CASA) stood at 31 per cent of the total deposits, and the aim is to increase to 33 per cent by the end of the current fiscal," he told PTI. Rapid growth cannot be expected on the current account side, and it is another challenge to keep them for the long term as businesses tend to move them to term deposits quickly, he said. On the savings side, he said, "Our initiatives have started giving the results. You can see the accumulation and creation of the deposits. From year-on-year basis, June to June, if you see, there is an improvement of Rs 12,000 crore".

(Business Standard)



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Aim for carbon neutrality in scope 1, 2 emissions by FY32: ICICI Bank: ICICI Bank has formulated a long-term vision for enhancing sustainability and becoming carbon neutral in scope 1 and scope 2 emissions by financial year 2032, a report released by the lender said. Scope 1 are those direct emissions that are owned or controlled by a company, while scope 2 and 3 indirect emissions are a consequence of the activities of the company. ICICI Bank, through its philanthropic arm, the ICICI Foundation for Inclusive Growth, planted more than 1.1 million trees in the financial year 2024. Additionally, its water conservation initiatives have generated an annual rainwater harvesting capacity exceeding 25.8 billion litres across the country, the report titled "Being Responsible, Being Sustainable: ICICI Bank ESG Report 2023-24" said.

(Business Standard)

INDUSTRY OUTLOOK



BPCL plans Rs 1.7 lakh crore investment for green energy, expanding core refining business: The state-owned Bharat Petroleum Corporation intends to invest Rs 1.7 lakh crore over the next five years to expand not only in its future big bets of petrochemicals and green energy, but also in its core businesses of gasoline marketing and oil refining, said chairman G Krishnakumar. According to Krishnakumar, "Our mid-term strategy is on a continuum. While we remain committed to growing our core businesses, which include refining and marketing petroleum products and upstream, we are equally focused on our big bets comprising petrochemicals, gas, green energy, non-fuel retail, and digital. Project Aspire, with a planned capex outlay of around Rs 1.70 lakh crore over five years, will enable us to create long-term value for our stakeholders while preserving our planet for future generations," he said.

(Financial Express)

Hero MotoCorp receives ₹17.64 crore GST notice from Delhi GST authority: Hero MotoCorp Ltd. received a goods and service tax (GST) demand notice of ₹17.64 crore from the Office of the GST Officer, Government of NCT Delhi's Department of Trade and Taxes, according to the company's Bombay Stock Exchange (BSE) filing on Sunday, August 18. The two-wheeler manufacturer received the GST order dated August 17, 2024, which cites the disallowance of input tax credit for the financial year 2019-20, as per the company's regulatory filing. Hero MotoCorp is to pay a total of ₹17.64 crore as the demand notice, which is divided into ₹9,38,66,513 or ₹9.38 crore as tax demand under Section 73 of the Central Goods & Service Tax Act, 2017 (CGST Act), ₹7,32,15,880 or



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₹7.32 crore as interest on the tax demand, and ₹93,86,651 or ₹93.86 lakh as the penalty fees, according to the company's regulatory filing on the BSE website.

(Mint)



REGULATION & DEVELOPMENT

Sebi proposes to introduce liquidity window facility for bond investors: Sebi has proposed to introduce a new liquidity window facility for investors in debt securities through the stock exchange mechanism, a move aimed to enhance liquidity in the corporate bond market, particularly for retail investors. In its draft circular released on Friday, Sebi proposed that the liquidity window facility seeks to mitigate the issue by providing a regulated mechanism for issuers to offer put options on debt securities at pre-specified dates or intervals. The facility will allow issuers to provide put options to investors, enabling them to sell their debt securities back to the issuer before maturity. It can be provided only for prospective issuances of debt securities through public issue process or on a private placement basis.

(Business Standard)

Sebi proposes expansion of sustainable fin framework in securities market: Markets regulator Sebi has proposed expansion of the sustainable finance framework in the securities market by introducing a new category of financial instruments. This category will include Social Bonds, Sustainable Bonds, and Sustainability-linked Bonds in addition to the current green debt securities. It aims to provide issuers with flexibility in raising funds for projects that align with environmental, social, and governance (ESG) objectives. In a consultation paper released on Friday, Sebi proposed that issuers, in addition to existing green debt securities, be allowed to raise funds through issuance of social bonds, sustainable bonds, and sustainability-linked bonds. These bonds will collectively be known as ESG Debt Securities. This will enable issuers to raise money for more sustainable projects, assisting in closing the funding gap for the Sustainable Development Goals.

(Business Standard)



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FINANCIAL TERMINOLOGY

OPEN NETWORK FOR DIGITAL COMMERCE (ONDC)

- ❖ The Open Network for Digital Commerce (ONDC) acts as a middleman in the world of online shopping, connecting buyers and sellers. It functions similarly to the Unified Payment Interface (UPI), a popular mobile payment system that allows people to make mobile payments regardless of the specific payment app they use.
- ❖ Govt. has taken this initiative to reduce the dominance of e-commerce giants like Flipkart and Amazon.
- ❖ ONDC is based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform.
- ❖ The foundations of ONDC are to be open protocols for all aspects in the entire chain of activities in exchange of goods and services, similar to hypertext transfer protocol for information exchange over internet, simple mail transfer protocol for exchange of emails and unified payments interface for payments.

Buyers get access to more sellers which ultimately leads to more finest choices. Sellers can cut the advertising and commission cost associated with intermediaries. Buyers can enjoy lower rates of goods & services due to the elimination of intermediaries.



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 : 83.9561
INR / 1 GBP : 108.1478
INR / 1 EUR : 92.2185
INR /100 JPY: 56.3700

EQUITY MARKET

Sensex: 80436.84 (+1330.96)
NIFTY: 24541.15 (+397.40)
Bnk NIFTY: 50516.90 (+789.60)

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- ❖ Certificate Course on Investment Management
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For details please visit
BFSIB portal of the ICMAI
website

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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 2nd Edition)
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TEAM BFSIB

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