



**ICMAI**  
THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**21 September 2024**



## **ECONOMY**

**Household consumption poised to grow faster in Q2 as headline inflation eases: RBI bulletin:** Household consumption is poised to grow faster in second quarter of the current financial year as headline inflation eases, Reserve Bank of India's (RBI) latest monthly bulletin said on September 20. "Household consumption is poised to grow faster in Q2 as headline inflation eases, with a revival of rural demand already taking hold," the RBI's monthly State of the Economy article said. Consumer price index (CPI) inflation came in below the Reserve Bank's target for the second consecutive month in August, although in light of the recent experience, food price volatility remains a contingent risk, bulletin said.

### ***(Moneycontrol)***

**Indices surge to record highs on Fed cheer, hopes of soft landing:** Indian equities rose over a per cent to fresh highs on Friday on robust foreign flows as fears of a sharp slowdown in the US receded somewhat after lower-than-expected jobless claims. Bank of Japan kept its rates steady on Friday as the central bank adopted a wait-and-watch approach after raising the interest rate in July. The US Fed had opted for a jumbo 50 bps rate cut on Wednesday, as it shifted its focus to supporting economic growth. The Bank of England stuck to a cautious tone and kept interest rates unchanged, citing inflation pressure. The Sensex rose 1,359 points or 1.63 per cent on Friday to close at 84,544. The Nifty 50 settled at 25,790, up 1.48 per cent. BSE-listed firms' overall market capitalisation rose to nearly ₹472 lakh crore, enriching investors by about ₹6 lakh crore.

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

**Direct tax Vivad se Viswas Scheme 2024 to be operational from Oct 1:** The second edition of the Direct Tax Vivad se Viswas scheme 2024 (VSV 2.0) will be operational from October 1, the Finance Ministry has said in a notification. The scheme was announced in the budget to reduce the litigations related with income tax. "In exercise of the powers conferred by sub-section (2) of section 88 of the Finance (No. 2) Act, 2024 (15 of 2024), the Central Government hereby appoints the 1st day



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of October, 2024 as the date on which the Direct Tax Vivad Se Vishwas Scheme, 2024 shall come into force,” the notification said. However, as of now, no last date has been notified. This notification is in response to finance minister Nirmala Sitharaman’s announcement in the budget, where she said: “For resolution of certain income tax disputes pending in appeal, I am also proposing Vivad Se Vishwas Scheme, 2024.” According to the budget document, the scheme provides for a mechanism of filing of appeals against orders passed under the proceedings of the Act, both by the taxpayer and the Department before respective appellate fora, such as Joint Commissioner of Income-tax (Appeals), Commissioner of Income-tax (Appeals), the Income-Tax Appellate Tribunal, High Courts and the Supreme Court.

***(Business Line)***

**Retail inflation for farm workers eases to 5.96%, rural labourers to 6.08%:** Retail inflation for farm workers and rural labourers eased to 5.96 per cent and 6.08 per cent, respectively, in August against the comparative figures of 6.17 per cent and 6.20 per cent recorded in July this year. The All-India Consumer Price Index for Agricultural Labourers (CPI-AL) and Rural Labourers (CPI-RL) registered an increase of 7 points each in August 2024, reaching levels of 1297 and 1309, respectively.

***(Business Standard)***

## **BANKING & FINANCE**



**LIC MF to reduce minimum SIP level to ₹100 a day:** LIC Mutual Fund plans to reduce the minimum daily SIP investment limit to ₹100 from ₹300 for widening investor base and channel more commoners’ savings into equity markets. The fund house also plans to cut the monthly minimum SIP investment cap to ₹200 from ₹1,000. The move comes on the heels of SEBI Chairperson Madhabi Puri Buch directing mutual funds to develop a new systematic investment plan of ₹250 per month to make financial inclusion more accessible to a wider range of people. RK Jha, Managing Director and CEO, LIC Mutual Fund said the fund house is working with registrar KFintech Service and will file an addendum early next month to reduce minimum daily and monthly SIP limit of ₹100 and ₹200 to cater a wider section of the society which have not benefited from the equity market boom.

***(Business Line)***



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**IMPS transaction fraud: Over 90% of money recovered, actions on to recover rest of money, says UCO Bank MD:** State-run UCO Bank has recovered more than 90 per cent of the “erroneous credits” which certain account holders of the bank had received via Immediate Payment Service (IMPS) last year and actions are on to recover the rest of the money, its Managing Director and Chief Executive Officer Ashwani Kumar said on Friday.

***(Business Line)***

**Top bankers urge govt to initiate disinvestment process in banks:** This is the right time for the government to initiate disinvestment process in the banks, top bankers said at a CII event in Kolkata. The primary candidates for disinvestment could be the banks where the government holds more than 75%, against the Sebi rule of a minimum 25% public shareholding. Veterans in the sector said that the health of Indian banking was never better than the present situation with low non-performing assets and strong capital base and therefore the government may get a good price from the disinvestment process.

***(Economic Times)***

## INDUSTRY OUTLOOK



**India to impose retaliatory measures against European Union's steel tariffs:** India informed the World Trade Organisation (WTO) that it has decided to impose retaliatory measures against the European Union’s (EU’s) steel tariffs that has been in effect since 2018, and was extended till June 2026. The move comes after bilateral engagements with the trade bloc had failed earlier this year. While India did not share the details of the retaliatory measures, it said it will “increase tariffs on select products originating in the EU.”

***(Business Standard)***

**Net FDI in India rises to \$5.5 billion in Apr-Jul 24, shows RBI data:** India's net foreign direct investment (FDI) during the April-July period of the current financial year (FY25) rose to \$5.5 billion compared to \$3.8 billion in the year-ago period, according to the latest report by the Reserve Bank of India (RBI). The increase was due to an improvement in gross inward FDI, which grew by 23.6 per cent year-on-year (Y-o-Y) to \$27.7 billion during the four months of FY25. Repatriation and divestment by those who made direct investments in India rose to \$15.9 billion in the four months of the financial year from \$14.7 billion in the year-ago period, the RBI data showed.

***(Business Standard)***



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**Amazon India launches AI chatbot Rufus ahead of its festive sale event:** E-commerce major Amazon India has launched a new generative AI-powered conversational shopping assistant, Rufus, ahead of the start of its festive sale event. Rufus enables natural language interactions within the Amazon app, making it easy to ask product-related questions, get recommendations, or compare products, the company said.

***(Business Standard)***



## REGULATION & DEVELOPMENT

**Sebi clears way for mutual funds to sell credit-default swaps:** The market regulator has cleared the way for mutual funds to sell credit default swaps (CDS), under specific conditions. Until now, mutual funds in India were allowed to participate in CDS transactions only as users, that is, to buy credit protection to hedge risk on corporate bonds held by them and only in portfolios of fixed maturity plan (FMP schemes). A circular issued on September 20 by the Securities and Exchange Board of India (Sebi) has eased norms. The circular stated that the Reserve Bank of India, via a master direction issued in February 2022, revised its framework to help the CDS market develop by expanding the base of protection sellers by including major non-bank regulated entities including mutual funds.

***(Moneycontrol)***

**Bombay HC strikes down changes to IT Rules on Fact Check Units as 'unconstitutional':** The Bombay High Court on Friday struck down the 2023 amendments to the IT Rules, which allowed the Centre to establish Fact Check Units to identify and debunk "fake and misleading" information about its functioning on social media platforms. The bench led by Justice Atul Chandurkar said, "I have considered the matter extensively. The impugned rules are violative of Articles 14 (right to equality), 19 (freedom of speech and expression) and 19(1)(g) (freedom and right to profession) of the Constitution of India," Justice Chandurkar said and struck down the proposed IT amendments. The Union Electronics and IT Ministry had notified the FCU on March 20, as a statutory body under the Press Information Bureau, with powers to flag what it believes is false information related to the central government and its agencies on social media sites. According to the IT rules amended in April 2023, content marked by the FCU as "fake or misleading" will have to be taken down by online intermediaries if they wish to retain their "safe harbour" (legal immunity against third-party content).

***(Moneycontrol)***





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**Sebi refuses to disclose instances when Madhabi Buch recused on conflict of interest cases in RTI reply:** The cases where Sebi chairperson Madhabi Puri Buch recused herself due to potential conflict of interest is not "readily" available and collating them would "disproportionately divert" its resources, the securities market regulator said in an RTI response on Friday. In the response furnished to transparency activist Commodore Lokesh Batra (retd), the regulator also refused to provide copies of Buch's declarations to the government and Sebi Board on the financial assets and equities held by her and her family members on the grounds of these being "personal information" and that their disclosure may "endanger" personal safety.

**(Moneycontrol)**



## FINANCIAL TERMINOLOGY

### AFFILIATE MARKETING

- ❖ Affiliate marketing is the process by which an affiliate earns a commission for marketing another person's or company's products. The affiliate simply searches for a product they enjoy, then promotes that product and earns a piece of the profit from each sale they make.
- ❖ Affiliate marketing is an advertising model in which a company compensates third-party publishers to generate traffic or leads to the company's products and services. The third-party publishers are affiliates, and the commission fee incentivizes them to find ways to promote the company.
- ❖ The internet has increased the prominence of affiliate marketing. Amazon (AMZN) popularized the practice by creating an affiliate marketing program whereby websites and bloggers put links to the Amazon page for a reviewed or discussed product to receive advertising fees when a purchase is made.



### **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 : 83.4922  
INR / 1 GBP : 111.2344  
INR / 1 EUR : 93.2853  
INR /100 JPY: 58.8300

### **EQUITY MARKET**

Sensex: 84544.31 (+1359.51)  
NIFTY: 25790.95 (+375.15)  
Bnk NIFTY: 53793.20 (+755.60)

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### **Publications by BFSI Board**

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **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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### **TEAM BFSIB**

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