



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

DAILY NEWS DIGEST BY BFSI BOARD

25 July 2024



ECONOMY

12.5% LTCG is low compared to global standards, says Finance Secretary Somanathan:

12.5% LTCG is low compared to global standards, says Finance Secretary Somanathan. The Union Budget 2024-25 sent the markets into a tizzy with its announcements on long-term capital gains tax. However, the budget has been hailed for its fiscal prudence, focus on employment for the youth, and closing the gap in skills in the workforce. Moneycontrol spoke to the chief architects of the budget, Finance Secretary T.V. Somanathan and DIPAM Secretary Tuhin Kanta Pandey, about the rationale behind their decisions and the likely impact of the budget measures on the economy over the next few months. Edited excerpts:

(Moneycontrol)

Centre to decide on fiscal consolidation strategy later, focus remains on meeting deficit targets:

The Centre will decide on its fiscal consolidation strategy at a later date, official sources said, adding that the current focus remains on meeting the fiscal deficit targets announced in the Union Budget. Finance Minister Nirmala Sitharaman set the fiscal deficit target at 4.9% of GDP for FY25 and said it would be reduced to less than 4.5% in FY26. As part of the Union Budget 2024-25, she also announced that from 2026-27 onwards, the government's goal will be to maintain the fiscal deficit at a level that ensures the Central Government debt is on a declining path as a percentage of GDP. Sources indicated that a decision on whether to maintain a fixed deficit target for each fiscal year or focus solely on the debt-to-GDP ratio will be made at a later date. "These issues are not being addressed now but will be considered later," they said, adding that there is no intention to amend the FRBM Act. Analysts and experts have welcomed the Centre's stance on fiscal consolidation and believe it will be achievable given the bumper dividend from the RBI.

(Moneycontrol)



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)

www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723



BANKING & FINANCE



RBI revamps regulatory framework for domestic money transfer services: Reserve Bank of India has revised the regulatory framework for domestic money transfer services by regulated entities by making Know Your Customer (KYC) record requirements stringent. The remitting bank should obtain and keep a record of the name and address of the beneficiary for cash payout, RBI said in a communication to authorised payment system operators. Every transaction by a remitter should be validated by an additional factor of authentication (AFA). The rules to regulate the domestic money transfer segment were introduced in 2021. Since then, there has been a significant increase in the availability of banking outlets, developments in payment systems, and ease in fulfilling KYC requirements. Now users have multiple digital options for funds transfer, the regulator said. The remitting banks/business correspondents (BCs) shall register the remitter based on a verified cell phone number and a self-certified 'officially valid document' (OVD), RBI said. The bank which is remitting funds will have to include remitter details as part of the IMPS/NEFT transaction message. The transaction messages should include an identifier to identify the fund transfer as a cash-based remittance, it added. The remitting banks and BCs have to conform to provisions of the Income Tax Act, 1961, and the related rules and regulations pertaining to cash deposits.

(Business Standard)

Axis Bank Q1FY25 results: Net profit increases 4% to Rs 6,035 crore: Axis Bank on Wednesday reported a subdued growth in net profit for the quarter ending June 2024 (Q1FY25), primarily impacted by a significant increase in loan loss provisions. The private sector lender's net profit was up 4 per cent at Rs 6,035 crore in Q1FY25, compared to Rs 5,797 crore in the corresponding period a year ago. However, net profit was down 15 per cent sequentially from Rs 7,130 crore. Analysts at Bloomberg had estimated a net profit of Rs 6,510 crore. The bank witnessed a decline in asset quality compared to the previous quarter. It reported a gross NPA ratio of 1.54 per cent in Q1FY25, up 11 bps sequentially. Similarly, net NPA ratio moved up 3 bps sequentially to 0.34 per cent.

(Business Standard)

Federal Bank Q1 results: Net profit increases 18% to Rs 1,010 crore: Private sector lender Federal Bank clocked 18.3 per cent growth in net profit to Rs 1,010 crore in the first quarter of FY25



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

from the year-ago period on the back of healthy growth in net interest income. Net interest income (NII) improved 19 per cent year-on-year to Rs 1,919 crore while other income increased by 25 per cent to Rs 915 crore. Its gross non-performing assets (GNPA) declined to 2.11 per cent in June 2024 from 2.38 per cent a year ago. Sequentially, it was flat as compared to 2.13 per cent in March 2024. Net NPAs slipped to 0.6 per cent in the quarter under review from 0.69 per cent in the year-ago period. Sequentially, net NPAs were flat at 0.6 per cent in March 2024.

(Business Standard)

Privatisation of two public sector banks still on Modi 3.0 government agenda: The Centre has stayed the announcement of privatisation of two public sector banks, sources told Business Today TV on Wednesday. Until the end of May, it was reported that the Centre was not keen to merge public sector banks (PSBs) in FY25. Sources added disinvestment pipeline is to be determined by the “situation of the market”. Earlier in the day, Finance Secretary TV Somanathan said that the government will not pre-announce the timing of its divestment plans for FY25 to ensure its best value for public companies. The Union Budget, for the second consecutive year, did not mention the term 'disinvestment'. This indicates the Modi 3.0 Government's continued emphasis on increasing the worth of Central Public Sector Enterprises (CPSEs) instead of divesting a portion of their equity holdings.

(Business Today)

INDUSTRY OUTLOOK



Over 70% intraday traders suffered losses during FY23, reveals Sebi study: Over 70 per cent of individual investors who trade intra-day incurred an average loss of Rs 5,371 during the financial year 2022-23 (FY23), reveals a study undertaken by market regulator Securities and Exchange Board of India (Sebi). The study was conducted on nearly 7 million investors who deal in the equity cash segment. In January 2023, another Sebi study had shown that 90 per cent of active futures and options (F&O) investors (those who trade more than five times a year) made an average loss of Rs 60,000 crore in FY22. The average daily trading turnover for the cash segment is Rs 1.5 trillion so far this month. About a third of these trades tend to be intra-day.

(Business Standard)

US Treasury warns India's banks about business with Russia: A U.S. Treasury official warned India's banks on Wednesday that financial institutions that do business with Russia's military



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



Telephones: +91-33- 2252-1031/1034/1035
+91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

www.icmai.in

industrial base risk losing access to the U.S. financial system, according to a letter seen by Reuters. "We know that the Russian military relies on importing sensitive goods, like machine tools and microelectronics, and it looks to foreign financial institutions to facilitate these transactions," Deputy Treasury Secretary Wally Adeyemo said in the letter to the Indian Banks Association.

(Economic Times)

Focus on affordable housing, infrastructure bodes well for realty sector : The government's focus on affordable housing, infrastructure development and urban planning is expected to provide a boost to the real estate sector, industry experts said. Plans to formulate policies for rental housing, land record digitisation, transfer-oriented development of cities with a population of over 3 million and development of industrial parks will also benefit the sector, they said. The decision to support construction of 30 million additional homes under the Pradhan Mantri Awas Yojna, with an allocation of Rs 10 lakh crore towards 10 million homes in urban areas and the potential reinstatement of interest subsidies, is expected to support the affordable housing segment. The proposed development of investment-ready industrial parks in or near 100 cities, along with sanctioning 12 industrial parks under the National Industrial Corridor Development Programme, will likely encourage industrial growth, create jobs and attract investments, experts said.

(Economic Times)



REGULATION & DEVELOPMENT

Taxpayers can opt for 'Vivad se Vishwas' scheme from Dec 31: CBDT chairman: The 'Vivad se Vishwas' scheme announced in the Budget for settlement of pending direct tax appeals will be launched this year and its notification apart from relevant FAQs would be issued soon, CBDT chairman Ravi Agrawal said Wednesday. Speaking to PTI during a post-Budget interview, the head of the direct taxes administration in the country said that a "substantial" number of income tax appeals are logged at the appellate stage in different forums and it is expected that a "reasonable" number of taxpayers will avail the new scheme. The first 'Vivad se Vishwas' scheme for cases under the direct taxes or income tax category was brought out by the government in 2020 and, according to the CBDT chief, it was "quite successful" with about Rs 75,000 cr revenue being garnered and about a lakh taxpayers availing the scheme. "The first date is (going to be) 31st of December by when we the taxpayer is supposed to actually opt for the scheme (Vivad se Vishwas 2024). Very soon, we will notify this scheme along with the FAQs (frequently asked questions) and all those things....," Agrawal said.

(Business Standard)



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

Reworking of long-term capital gain norm to benefit middle class, says FinMin: Removal of indexation to calculate capital gains on immovable properties targets the rich while benefiting the middle class, government said on Tuesday. It also clarified that indexation benefit for the period up to 2001 will continue. In the Budget, short-term gains on certain financial assets were hiked to 20 per cent from 15 per cent while under the long-term capital gains (assets held for more than a year will be classified as long term), the rate is to be hiked to 12.5 per cent from 10 per cent. The exemption limit for long-term capital gains has increased to ₹1.25 lakh from ₹1 lakh. Also, with rationalisation of rate to 12.5 per cent, indexation available under section 48 of the IT Act is proposed to be removed for calculation of any long-term capital gains, which is presently available for property, gold and other unlisted assets. “This will ease computation of capital gains for the taxpayer and the tax administration,” said the Budget document.

(Business Line)

Bankers hope tax changes make FDs more attractive: In her budget speech on Tuesday, finance minister Nirmala Sitharaman proposed to hike the short-term capital gains tax on all listed equity instruments to 20% from 15%. Long-term capital gains on listed equity instruments and specified financial and non-financial assets have been hiked to 12.5% from 10%. Moreover, the indexation benefit has also been removed from all the assets for computing long-term capital gains which will disallow any inflation adjustment, increasing the tax outgo. The increase in short-term and long-term equity capital gains taxes and discontinuation of indexation benefits for property sales have reduced the regulatory arbitrage that other investments held over deposits, potentially drawing more future savers to traditional banking instruments.

(Economic Times)



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)

www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723



Fax



FINANCIAL TERMINOLOGY

OPAQUE PRICING

- ❖ Opaque pricing is a way that companies can sell their merchandise at hidden, lower prices. Opaque pricing is a type of price discrimination, with the target customer being the one who will purchase a product or service primarily based on price (price-conscious customer)—and not based on the company’s amenities, reputation, etc..
- ❖ The opaque pricing strategy is popular in the travel industry. Websites like Hotwire and Priceline use it to sell unsold hotel rooms, airline tickets, and car rentals. Customers who wish to take advantage of an opaque pricing structure visit a website which offers hidden rates, choose their location, dates, and (for hotels) star-rating. After paying, the website will reveal the name of the hotel but doesn’t allow for refunds, changes, or cancellations.
- ❖ Opaque pricing benefits hotels because they can sell otherwise empty rooms without damaging brand integrity. In addition, once reserved, the hotel has guaranteed revenue for that room as the reservation can’t be modified.



ICMAI
 THE INSTITUTE OF
 COST ACCOUNTANTS OF INDIA
 (Statutory Body under an Act of Parliament)



www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
 + 91-33-2252-1602/1492/1619
 + 91-33- 2252-7143/7373/2204
 Fax :+91-33-2252-7993
 +91-33-2252-1026
 +91-33-2252-1723

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 : 83.7028
 INR / 1 GBP : 107.8477
 INR / 1 EUR : 90.7746
 INR /100 JPY: 54.1400

EQUITY MARKET

Sensex: 80148.88 (-280.16)
 NIFTY: 24413.50 (-65.55)
 Bnk NIFTY: 51317.00 (-461.30)

**Courses conducted
 by BFSI Board**

- ❖ Certificate Course on Concurrent Audit of Banks
- ❖ Certificate Course on Credit Management of Banks
- ❖ Certificate Course on Treasury and International Banking
- ❖ Certificate Course on Investment Management
- ❖ Certificate Course on General Insurance.

For details please visit
 BFSIB portal of the ICMAI
 website

**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 2nd Edition)
- To purchase please visit
 BFSIB portal of ICMAI

TEAM BFSIB

**Banking, Financial Services & Insurance Board
 The Institute of Cost Accountants of India (ICMAI)**

Disclaimer: Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICMAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICMAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.