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DAILY NEWS DIGEST BY BFSI BOARD

30 August 2024



ECONOMY

Govt removes cap on sugar diversion for ethanol production for 2024-25: The Union government, via a notification dated August 29, removed the cap on sugar diversion for ethanol production for ESY (Ethanol Supply Year) 2024-25. "Sugar mills and distilleries are allowed to produce ethanol from sugarcane juice/sugar syrup, B-Heavy molasses as well as C-Heavy molasses during ESY 2024-25 as per the agreement with OMCs," according to the notification from the Ministry of Consumer Affairs, Food and Public Distribution. DFPD (Department of Food and Public Distribution), in coordination with the MoPNG (Ministry of Petroleum and Natural Gas), shall periodically review the diversion of sugar to ethanol production vis-a-vis the production of sugar in the country, so that year-round sugar availability for domestic consumption is maintained.

(Moneycontrol)

Fitch retains India's sovereign debt rating at 'BBB-' with stable outlook on strong growth, fiscal credibility: Global rating agency Fitch affirmed India's 'BBB-' rating on August 29 on the back of a stable growth outlook and fiscal credibility citing the country's robust medium-term growth prospects and solid external finance position. The 'BBB' rating reflects low default risk expectations, where the capacity to meet financial commitments remains adequate despite potential vulnerabilities from adverse business or economic conditions, according to Fitch Ratings. Fitch said India is set to remain among the fastest-growing sovereigns globally with GDP growth of 7.2 percent in the current fiscal year and 6.5 per cent in FY26, down from 8.2 percent in FY24. Fitch Ratings has affirmed India's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB-' with a Stable Outlook," the global rating agency said in a statement. Fitch has kept India's sovereign rating unchanged at 'BBB-', the lowest investment grade, since August 2006. Earlier in May, US-based S&P Global Ratings upped India's rating outlook to positive from stable, while affirming the 'BBB-' rating on improved quality of government expenditure and robust GDP growth.

(Business Today)



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Moody's raises India's 2024 GDP growth forecast to 7.2% in 2024, 6.8% in 2025: Ratings agency Moody's has raised India's GDP growth projections for FY2025 to 7.2% in 2024 from 6.8% previously and 6.6% growth in 2025, against the earlier estimate of 6.4%. In July, Moody's kept India's economic growth forecast for calendar year 2024 unchanged at 6.8%, while predicting a 6.5% growth for 2025. In August, Moody's said forecast changes assume strong broad-based growth. "We recognise potentially higher forecasts if the cyclical momentum, especially for private consumption, gains more traction. The economy expanded 7.8% year-on-year in the first quarter of 2024, despite the persistence of tight monetary policy and demonstrated progress on fiscal consolidation," it said.

(Business Today)

Retail inflation rates for farm, rural workers ease to 6.17%, 6.2% in July: Retail inflation rates for farm and rural workers eased to 6.17 per cent and 6.20 per cent, respectively, in July. The retail inflation rates for farm and rural workers were 7.02 per cent and 7.04 per cent, respectively, in June this year. The All-India Consumer Price Index for Agricultural Labourers (CPI-AL) and for rural labourers (CPI-RL) registered an increase of 10 points each in July, reaching 1,290 and 1,302, respectively, a labour ministry statement said. The CPI-AL and CPI-RL were 1,280 points and 1,292 points, respectively, a year ago.

(Business Standard)

BANKING & FINANCE



SBI working on new version of digital banking platform: Dinesh Khara: Former SBI Chairperson Dinesh Khara on Thursday said the country's largest lender is working on a new version of its digital banking platform to take care of its customers' requirements and preferences. In his special address at the Global Fintech Fest 2024 here, Khara, who superannuated on Thursday, also said that a banker should always keep risks in mind, even though people tend to ignore the risk but that shouldn't happen. "We had envisaged YONO only as a retail solution and initially it was thought to replace internet banking but when we launched it, we thought that it should be much more than that, (as) it serves all banking and financial needs today. We're working on YONO 2.0 where it should be made more modular and faster in terms of processing," Khara said.

(Business Standard)

RBI likely to issue final project finance guidelines in 2-3 months: The Reserve Bank of India (RBI) is likely to issue final guidelines in two to three months on provisioning and accounting



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norms for project finance, said a senior official from the central bank. The banking regulator is also in the advanced stage of discussion for issuing guidelines on Expected Credit Loss (ECL), officials known to the matter said.

(Economic Times)

LGBTQ persons can open joint bank account: FinMin advisory: The finance ministry on Thursday said there are no restrictions for persons of the LGBTQ community to open a joint bank account and to nominate a person in a queer relationship as a nominee. This is to clarify that there are no restrictions for persons of the queer community to open a joint bank account and also to nominate a person in the queer relationship as a nominee to receive the balance in the account in the event of the account holder, the finance ministry said in an advisory dated August 28. A clarification in this regard has also been issued by the Reserve Bank of India (RBI) to all the scheduled commercial banks on August 21, 2024, the advisory by the Department of Financial Services under the finance ministry said.

(Economic Times)

INDUSTRY OUTLOOK



Mukesh Ambani targets 2x growth for Reliance by 2030; new energy, AI, and Jio to drive expansion: Mukesh Ambani is aiming to double the size of Reliance Industries by the end of the decade. Key businesses Jio and Retail's revenue and EBITDA will double in the next 3-4 years. The future growth engine is the new energy business, which will become as big and profitable as the O2C business in 5-7 years. "Overall, the Reliance Group is well on track to more than double in size before the end of this decade and grow faster in the decades ahead," said the Chairman and Managing Director in the concluding minutes of his speech at RIL's 47th annual general meeting. Ambani did not say anything about the listing of the digital and retail verticals, but after announcing a market-pleasing 1-for-1 bonus share issue, he charted out a value-creating roadmap powered by existing powerhouses RJio, Reliance Retail and new engines of growth green fuels and AI-based solutions.

(Business Line)

Finance ministry lowers entry barrier for GIFT City listing: In a bid to attract both Indian and foreign companies to list in the international stock exchanges at GIFT City, Gandhinagar (Gujarat), the finance ministry has reduced the minimum public float requirement to 10 per cent from 25 per cent. The ministry amended the Securities Contracts (Regulation) Rules on Wednesday to



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facilitate the reduced norm. The move is expected to especially enable Indian startups and unicorns to access a larger pool of foreign capital, experts said. Startups in the technology and other emerging sectors can target direct listing in the bourses at GIFT City, which is the country's sole international financial services centre (IFSC), they added. In January, the finance ministry had allowed domestic public companies to issue and list shares directly in global stock exchanges operating in GIFT City. Currently only foreign investors and non-resident Indians can undertake share transactions on the IFSC exchanges.

(Business Line)



REGULATION & DEVELOPMENT

SEBI proposes mandatory UPI block mechanism facility for secondary market trading:

Markets regulator SEBI on Wednesday proposed that qualified stock brokers (QSBs) mandatorily offer a facility for trading in the secondary market, using the UPI block mechanism, similar to the ASBA facility. Additionally, feedback has been sought on whether QSBs can offer a "3-in-1 trading account facility" as an alternative to making the ASBA-like facility mandatory, according to a consultation paper. Application Supported by Blocked Amount (ASBA) facility allows trading with blocked amounts and is currently optional for trading members. It provides enhanced protection to the client's funds and securities. The regulator had introduced the use of the RBI-approved Unified Payments Interface (UPI) with the facility of blocking of funds, as a payment mechanism for retail Investor applications submitted through intermediaries for public issues (IPO) from January 2019. In January 2024, SEBI introduced a supplementary mechanism for trading in secondary markets by integrating the UPI service of a single block and multiple debits.

(Business Line)

Sebi proposes mandatory maintenance of communication record for eight yrs:

Markets regulator Sebi on Thursday proposed to make it mandatory for all entities regulated by it to maintain communication records, including acknowledgements, for at least eight years. The move is aimed at improving regulatory compliance, increase transparency, protect investors' interest and boost their confidence in the securities market. In its consultation paper, the regulator suggested that all entities regulated by it should maintain records of all required communications, including acknowledgements, for at least eight years as per their governing regulations. These records must be



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made available to Sebi upon request, ensuring transparency and accountability. The Securities and Exchange Board of India (Sebi) has sought comments on the consultation paper till September 13. Under the current regulatory regime, Sebi-regulated entities are mandated to communicate various types of information to numerous stakeholders. This enables a regular and timely disbursement of information to the relevant stakeholders.

(Business Standard)



FINANCIAL TERMINOLOGY

BALLPARK FIGURE

- ❖ In business, "ballpark" refers to an estimate that is within the range of something desired. Indicating that something is within the right ballpark tells others that they are taking useful steps toward a certain goal for a project.
- ❖ A ballpark figure is a rough numerical estimate or approximation of the value of something that is otherwise unknown. Ballpark figures are commonly used by accountants, salespersons, and other professionals to estimate current or future results. A stockbroker could use a ballpark figure to estimate how much money a client might have at some point in the future, given a certain rate of growth. A salesperson could use a ballpark figure to estimate how long a product a customer was thinking about buying might be viable.
- ❖ Ballpark figures are used in daily life and in many aspects of business; however, it is important to remember it is just an estimate, not an accurate read of something.



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 : 83.8899
INR / 1 GBP : 110.9114
INR / 1 EUR : 93.3896
INR /100 JPY: 58.0300

EQUITY MARKET

Sensex: 82134.61 (+349.05)
NIFTY: 25151.95 (+99.60)
Bnk NIFTY: 51152.75 (+8.90)

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