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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
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DAILY NEWS DIGEST BY BFSI BOARD

30 November 2024

ECONOMY

GDP growth slows down to 5.4% in Q2 from 6.7% in April-Jun quarter: The National Statistics Office on Friday announced that the Q2 GDP was 5.4%, down from 6.7% in the April-June quarter. As per the data shared by NSO, real GDP grew by 5.4% in the second quarter of the fiscal year 2024-25, a decrease from the growth rate of 8.1% in the same quarter of the previous fiscal year. Despite slow growth in the Manufacturing (2.2%) and Mining & Quarrying (-0.1%) sectors in the second quarter of the fiscal year 2024-25, real GVA in the first half of the year (April-September) saw a growth rate of 6.2%. Real GVA increased by 5.6% in the second quarter of the fiscal year 2024-25, down from the growth rate of 7.7% in the same quarter of the previous financial year.
(Moneycontrol)

India's April-October fiscal deficit at 46.5% of FY25 target: India's fiscal deficit inched higher for the first seven months of the year compared with the similar period during FY24, according to government data released on November 29. The country's fiscal deficit, at 46.5 percent of the Budget until October, was higher than the previous year's 45 percent for a similar period. Capex spending, however, remained muted, with the government spending 42 percent of the fiscal year budget of Rs 11.11 lakh crore, compared with 54.7 percent spent during the April-October period last fiscal. "After the 10.3 percent YoY growth in Q2 FY2025, the GoI's capex recorded an unexpected ~8 percent contraction in October 2024, possibly dampened by the ongoing festive season," said Aditi Nayar, chief economist, Icra.
(Moneycontrol)

India's core sector growth rises further to 3.1% in October: India's core sector growth rose further to 3.1 percent in October as compared to a revised 2.4 percent in September, as four of the eight sectors recorded a faster pace of growth, according to data released on November 29. The eight core industries, which also represent India's infrastructure output, had contracted 1.6 percent in

August. The index of eight core industries forms the basis of index of industrial production as it contributes 40 percent to India's industrial index.
(Moneycontrol)

BANKING & FINANCE

FM asks RRBs to boost ground-level agriculture credit disbursement: Union Finance Minister Nirmala Sitharaman on Friday directed regional rural banks (RRBs) to increase their share in ground-level agriculture credit disbursement with special focus on allied agriculture activities like dairy, animal husbandry, fisheries. Sitharaman chaired a meeting to review the performance of eight RRBs of the eastern region covering the four states of Bihar, Jharkhand, Odisha and West Bengal in Patna. She also directed Uttar Bihar Gramin Bank to increase credit flow to fisheries and foxnut (makhana) to realise the full potential of these activities in the region. ***(Business Standard)***

Govt proposes to raise FDI limit in insurance sector to 100%, seeks public comments: The central government has floated a few proposals for the insurance sector, including raising the FDI limit in Indian insurance companies from 74 per cent to 100 per cent, and enabling an insurer to carry on one or more classes of insurance business and activities. Further, the requirement of Net Owned Funds for foreign re-insurers is also proposed to be reduced from Rs 5,000 crore to Rs 1,000 crore. The government has invited comments on the proposed amendments to the Insurance Act, 1938, the Life Insurance Corporation Act, 1956, and Insurance Regulatory and Development Authority Act, 1999.
(Economic Times)

RBL Bank pulls plug on Bajaj Finance partnership: RBL Bank has ended its eight-year co-branded credit card partnership with Bajaj Finance because of changed synergies. The bank will stop issuing new co-branded credit cards, which previously made up 30% of its credit card issuances. RBL will continue to service existing cards and has formed new partnerships with other companies like Mahindra & Mahindra Finance and Indian Oil Corp.
(Economic Times)

Government of India and ADB sign $98 million loan to promote plant health management in India's horticulture: The Government of India and the Asian Development Bank (ADB) today signed a $98 million loan to improve horticulture crop farmers' access to certified disease-free planting materials, which will boost their crops' yield, quality, and resilience to climate impacts. "The project supports the Government of India's Atmanirbhar Clean Plant Programme (CPP) that enhances plant health management. It will help develop regulatory framework and institutional systems to effectively implement the CPP for horticulture in India. The project will involve close consultation with private nurseries, researchers, state governments, and growers' associations to ensure its success and sustainability," said Mr. Yeo. The plant health management promoted through the project will also help farmers adapt to climate change, as rising temperatures not only cause extreme weather events but also affect pest and disease behaviour. The project will roll out a clean plant certification scheme, accrediting private nurseries, and testing and certifying their planting materials. It will be implemented by the Ministry of Agriculture and Farmers Welfare through the National Horticulture Board and the Indian Council of Agricultural Research.

(PiB)

INDUSTRY OUTLOOK

Sebi fines Reliance Securities of Rs 9 lakh for breach of market norms: Capital markets regulator Sebi on Friday slapped a monetary penalty of Rs 9 lakh on Reliance Securities for flouting market norms as well as stock brokers rules. The order came after the regulator and exchanges, NSE and BSE, had conducted a thematic onsite inspection of the books of accounts, records and other documents of authorised persons (APs) of Reliance Securities Ltd (RSL), a Sebi-registered stock broker. The inspection was conducted to ascertain whether the same are being maintained in the manner required by RSL, with respect to provisions of stock brokers rules, NSEIL Capital Market (CM) regulations and NSE Future & Options (FO) trading norms.

(Business Standard)

House price index rises 4.3% in Q2 against 3.3% in previous quarter: RBI: All-India House Price Index (HPI) increased 4.3 per cent annually in the second quarter of the 2024-25 fiscal year as compared to 3.3 per cent growth in the previous quarter and 3.5 per cent growth a year ago, according to data released by the Reserve Bank of India (RBI). The RBI released its quarterly house price index for the September quarter of 2024-25 on Friday, based on transaction-level data received from the registration authorities in ten major cities. The cities are Ahmedabad, Bengaluru, Chennai, Delhi, Jaipur, Kanpur, Kochi, Kolkata, Lucknow, and Mumbai.

(Business Standard)

Gig economy to add 90 million jobs, 1.25 per cent to GDP: Report: India's gig economy could add 90 million jobs enabled by large multinationals, according to a white paper released by the Forum for Progressive Gig Workers. The study said that the country's gig economy market is expected to grow at a compound annual growth rate (CAGR) of 17% to reach a gross volume of $455 billion by 2024. Also, it has a potential to add 1.25% to the country's GDP over time.
(Financial Express)

REGULATION & DEVELOPMENT

Govt mulls change in base year to 2022-23 from 2011-12 for GDP computation: The government is considering changing the base year for computation of the GDP to 2022-23 in February 2026 to reflect an accurate picture of the economy, a top government official said. This will be the first revision in over a decade. It was last done in 2011-12. Addressing an event here, Ministry of Statistics and Programme Implementation (MoSPI) Secretary Saurabh Garg further said the ministry will come up with monthly estimates of Periodic Labour Force Survey (PLFS) from January next year. "...next base year (GDP) will be 2022-23...will be implemented from February 2026," Garg said. The 26-member Advisory Committee on National Accounts Statistics (ACNAS), which was constituted under the Chairmanship of Biswanath Goldar, is expected to complete the exercise by early 2026.
(Business Standard)

EPFO 3.0 coming soon? Flexible savings, ATM PF withdrawals in the pipeline: Just days after the introduction of PAN 2.0, the central government is now reportedly preparing to launch the EPFO 3.0 plan, which is expected to include several subscriber-friendly features. According to a report by CNBC Awaaz, the Employees' Provident Fund Organisation (EPFO) may remove the 12 per cent cap on employee contributions to the Provident Fund (PF). The initiative includes plans to enable subscribers to withdraw PF amounts directly via ATMs, simplifying the withdrawal process. The Labour Ministry is also reportedly working on issuing cards to facilitate PF withdrawals through ATMs. This facility is projected to be operational by May-June 2025, further improving convenience for EPFO subscribers.
(Business Standard)

SHe-Box portal recently launched by Ministry of Women and Child Development: As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", the appropriate government has been mandated to maintain the data of number of complaints received and disposed of. Till recently, there was no central database for maintaining the data on number of ICs and LCs as well as number of complaints filed and disposed of. Hence, being the Nodal Ministry, the Ministry of Women and Child Development (MWCD) launched SHe-Box recently. The complaint registration feature in the She-Box went live on October 19, 2024, after a majority of Central Ministries and Departments onboarded the portal. Since then, the portal has received 9 complaints. The portal has been designed to serve as a central repository for ICs and LCs at various State/ UT administration level workplaces as well as workplaces in private sector, once they on-board the portal. The SHe-Box portal has been developed in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the time prescribed for inquiry under the Act is 90 days.

(PiB)

FINANCIAL TERMINOLOGY

EXCHANGE RATE MECHANISM

- An exchange rate mechanism (ERM) is a set of procedures used to manage a country's currency exchange rate relative to other currencies. It is part of an economy's monetary policy and is put to use by central banks.
- Such a mechanism can be employed if a country utilizes either a fixed exchange rate or one with a constrained floating exchange rate that is bounded around its peg (known as an adjustable peg or crawling peg).
- More broadly, ERM is used to keep exchange rates stable and minimize currency rate volatility in the market.
- An exchange rate mechanism is not a new concept. Historically, most new currencies started as a fixed exchange mechanism that tracked gold or a widely traded commodity. It is loosely based on fixed exchange rate margins, whereby exchange rates fluctuate within certain margins.

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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 : 84.4971
INR / 1 GBP : 107.4612
INR / 1 EUR : 89.3568
INR /100 JPY: 56.3100

EQUITY MARKET

Sensex: 79802.79 (+759.05)
NIFTY: 24131.10 (+216.15)
Bnk NIFTY: 52055.60 (+148.79)

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