



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

05 June 2024



ECONOMY

Sensex, Nifty crack 6% on election results: Young investors should brace up for volatility, focus on long-term goals: Stock market indices closed nearly six percent lower on June 4, even as the day-long exercise of counting of votes cast in Lok Sabha 2024 elections inched closer to completion. This is bound to come as a shock for new retail investors who have only seen a bull run at the markets in the last four years since COVID-19 hit Indian shores in March 2020. However, despite the election result-induced market volatility that looms large at present, retail investors should stay focused on their long-term goals. While the sharp drop in the seats won by the Bharatiya Janata Party-led National Democratic Alliance (NDA) has dampened market sentiments, the formation seems to be coming back to power, albeit with significantly reduced majority.

(Moneycontrol)

Big export push on top of govt agenda: The government is considering setting up a dedicated overseas market development body– IndTrade– and a national branding division to get to the goal of \$ 2 trillion in exports by 2030. IndTrade would work for trade promotion and the branding division will work along with the export strategy to promote “Made in India” as a global brand, a senior official said. At present, there are 14 export promotion councils under the Department of Commerce which deal with different product groups. Besides, the Federation of Indian Export Organisations (FIEO) functions as an umbrella organisation of exporters. IndTrade will not seek to replace them but take a lead in “outward looking market development” for all sectors, the source said.

(Financial Express)



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



PNB Board approves 10% stake dilution in Canara HSBC Life Insurance via IPO: Punjab National Bank's (PNB) Board on Tuesday approved the initiation of process for divesting 10 per cent shareholding in its associate company Canara HSBC Life Insurance through an initial public offering (IPO) route. Currently, PNB holds 23 per cent stake in Canara HSBC Life Insurance. "The Board in its meeting held today, i.e., 04.06.2024 has accorded its approval for initiating the process of diluting 10 per cent stake of the Bank in Canara HSBC Life Insurance Company, an associate company of the bank, by listing the company in Stock Exchanges (BSE/NSE) through Initial Public Offer (IPO). The same shall be subject to regulatory approvals", said a PNB filing with the stock exchanges on Tuesday.

(Business Line)

Plan to take non-gold mix to 20% in 3-5 years: Muthoot Finance MD: Muthoot Finance is planning to increase its non-gold loan mix to 20% in the next 3-5 years from 15% currently, managing director George Alexander Muthoot said. In an interview with Ajay Ramanathan, he further said there's a need to unify practices between Kerala-based and non-Kerala based gold financiers.

(Financial Express)

Tata Motors Finance to be merged with Tata Capital: Tata Motors announced a merger of Tata Motor Finance with Tata Capital, approved by their respective boards. This aligns with Tata Motors' strategy to focus on core businesses and emerging technologies. Tata Capital will issue its equity shares to Tata Motor Finance shareholders, giving Tata Motors a 4.7% stake in the merged entity. Tata Capital, a major NBFC in India, will expand its presence in CV/PV financing, aiming to offer innovative products and digital services. The merger is subject to regulatory approvals and is expected to take 9-12 months to complete, with no adverse impact on customers or creditors.

(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

INDUSTRY OUTLOOK



India Inc expects rework on policy priorities in its most watched ballot count: Cupped chin and distracted from routine business meetings, many business leaders were either glued on to television or peering into their mobile phone tracking the trends in ballot counting. While many, did not wish to be named, they did see reason for both concern and hope. The concerns, especially high among those dependent on government project and hopes largely from a blindingly clear message that there is need to recalibrate the policy priorities on economy with the emphasis largely on measures to create jobs, spur rural demand and address the challenge of income inequality.

(Financial Express)

5G spectrum auction put off again till June 25: This is the second time the spectrum sale has been pushed back. It was originally scheduled on May 20, and was initially deferred to June 6, in the wake of the general elections. Now, mock auctions will be conducted on June 13 and 14, the DoT said in its official notification amending the auction rules. This time round, 5G airwaves in eight bands – the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz, 2500 MHz, 3.3 GHz and 26 GHz bands – worth over Rs 96,000 crore at base prices, will be on sale. Airtel and Vi are likely to focus on specific bands in markets where they face spectrum renewals while some analysts say Jio could virtually sit this one out as it has no airwave renewals anytime soon.

(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



REGULATION & DEVELOPMENT

Risk weighting slows unsecured loan growth: The pace of expansion in unsecured credit, such as personal loans and credit-card outstanding, has continued to slide in India after the central bank enhanced the risk weighting on such exposures to minimise the likelihood of mounting delinquencies in the banking system. Unsecured loan growth slowed to about 18% in April, from 23% in November 2023, when the central bank made it less attractive for lenders to advance such credit, the latest data published by the Reserve Bank of India (RBI) showed. Sequentially, personal and credit card loans expanded less than a percentage point in the month, while consumer durable loans shrank.

(Economic Times)

Government initiates parametric & hydroelectric insurance pools for enhanced disaster protection: The government, led by GIC chairman Ramaswamy Narayanan, is developing parametric and hydroelectric insurance pools to enhance disaster protection. Parametric coverage will pay claims based on predefined triggers like earthquakes, while the hydroelectric pool will insure losses to power projects due to natural disasters. These schemes draw inspiration from the successful post-2004 terrorism insurance pool. The government plans to prioritize these initiatives after the elections. Details like whether the coverage will be at the state or district level are still being finalized.

(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

RESERVE CURRENCY

- ❖ A reserve currency is a large quantity of currency maintained by central banks and other major financial institutions to prepare for investments, transactions, and international debt obligations, or to influence their domestic exchange rate. A large percentage of commodities, such as gold and oil, are priced in the reserve currency, causing other countries to hold this currency to pay for these goods.
- ❖ A reserve currency reduces exchange rate risk since there's no need for a country to exchange its currency for the reserve currency to do trade.
- ❖ Since 1944, the U.S. dollar has been the primary reserve currency used by other countries. As a result, foreign nations closely monitor the monetary policy of the United States to ensure that the value of their reserves is not adversely affected by inflation or rising prices.
- ❖ In 1944, following the Bretton Woods Agreement, delegates from 44 nations formally agreed to adopt the U.S. dollar as an official reserve currency. Since then, other countries pegged their exchange rates to the dollar, which was convertible to gold at the time. Because the gold-backed dollar was relatively stable, it enabled other countries to stabilize their currencies.



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 : 83.5021
INR / 1 GBP : 106.8621
INR / 1 EUR : 91.0195
INR /100 JPY: 53.5200

EQUITY MARKET

Sensex: 72079.05 (-4389.73)
NIFTY: 21884.50 (-1379.40)
Bnk NIFTY: 46928.60 (-4051.35)

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.