



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



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DAILY NEWS DIGEST BY BFSI BOARD

07 June 2024



ECONOMY

Modi 3.0 effect: Investors regain Rs 21 lakh crore as Sensex rebounds 3,000 pts in two sessions: The benchmark Sensex recovered 2,995 points in the last two sessions as the stock market celebrated an impending third term for PM Narendra Modi-led NDA. Similarly, Nifty surged 937 points since Tuesday. Sensex, which closed at 72,079 on June 4 ended at 75,074 on Thursday. Nifty ended at 22,821 today against Tuesday's close of 21,884. Investors regained Rs 21.12 lakh crore as BSE market cap rose to Rs 415.95 lakh crore today against Rs 394.83 lakh crore two sessions ago. Market sentiment was boosted by PM Modi's statement on Tuesday night that NDA will form the government for the third successive time. The market recovery received another boost when INDIA alliance parties on Wednesday night announced they would not stake claim to form the government and sit in the Opposition.

(Business Today)

'India's medium-term growth performance to be 6.2% through FY28, despite NDA's slimmer majority': Fitch Ratings: Leading credit rating agency Fitch Ratings in a report said that the National Democratic Alliance (NDA) appears set to retain power with a narrower majority after the recent Lok Sabha election, following a weaker performance by its dominant member, the Bharatiya Janata Party (BJP). But despite the changes in the government, the outcome should support broad policy continuity. The government should continue to prioritise infrastructure capex, improvements to the business environment, and gradual fiscal consolidation, the ratings agency said. It said that despite a coalition government, the growth will remain rapid at 7% in FY25. The NDA government increased public infrastructure investment significantly, helping to put India among the fastest-growing major economies in recent years, with real GDP growth reaching 8.2% in the fiscal year ending March 2024 (FY24).

(Business Today)



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ECB jumps ahead of Fed, cuts interest rate by 25 bps for first time since 2019: The European Central Bank cut its key interest rate Thursday by a quarter point, moving ahead of the U.S. Federal Reserve as central banks around the world lean toward lowering borrowing costs - a shift with far-reaching consequences for home buyers, savers and investors. The ECB cut its benchmark rate to 3.75% from a record high of 4% at a meeting of the bank's 26-member rate-setting council in Frankfurt.

(Economic Times)

BANKING & FINANCE



Rate of interest on Government of India Floating Rate Bond 2031: The rate of interest on Government of India Floating Rate Bond 2031 (FRB 2031) applicable for the half year June 07, 2024 to December 06, 2024 shall be 7.98 per cent per annum. The FRB 2031 carries a coupon, which has a base rate equivalent to the average of the Weighted Average Yield of last three auctions (from the rate fixing day i.e. June 07, 2024) of 182 Day T-Bills, plus a fixed spread of One per cent.

(RBI Press Release)

Public-sector banks to launch new schemes to support women entrepreneurs: Public-sector banks (PSBs) will soon launch tailor-made financial schemes for women, especially entrepreneurs and startup founders, who often fail to attract funding through existing channels, according to people aware of the development. The department of financial services has asked banks to devise a strategy to support women customers as part of the Enhanced Access and Service Excellence (EASE 7.0) reforms agenda, these people said. EASE 7.0 focuses on assessing risk, managing non-performing assets, financial inclusion, customer service, and digital transformation.

(Mint)

SBI and Muthoot Microfin join forces to support women entrepreneurs: Muthoot Microfin on Thursday announced a strategic co-lending partnership with the State Bank of India to extend its financial services to women in the economically weaker segment in rural and semi-urban regions across India. Muthoot Microfin and SBI will co-lend to members of joint liability groups who are engaged in agricultural and allied activities as well as other income-generating enterprises. The loan amounts will range from Rs 10,000 to Rs 3 lakh, Muthoot said.

(Economic Times)



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INDUSTRY OUTLOOK



Robust demand drives investments in RE, coal-fired projects: Moody's Ratings: Moody's Ratings said that RE and electricity transmission will continue to drive investments in India's power sector over the next 6-7 years. India's rising power demand, growing at roughly 10 per cent annually, is brightening investment prospects in the sector with major focus being on renewable energy (RE) and transmission projects. Moody's Ratings on Thursday said that RE and electricity transmission will continue to drive investments in India's power sector over the next 6-7 years.

(Business Line)

Bajaj Housing Finance approves to file IPO to raise Rs 4,000 crore: Bajaj Housing Finance approved to file for an initial public offering (IPO) with a fresh issue of shares worth Rs 4,000 crore (\$479.2 million) on Thursday. The firm, a unit of non-banking finance company (NBFC) Bajaj Finance, said the IPO would include a sale of shares by existing shareholders. In September 2022, the Reserve Bank of India (RBI) had released a list of upper-layer NBFCs, or those entities with 500 billion rupees of assets under management. According to RBI norms, Bajaj Housing Finance, which was a part of the list, was required to be listed on stock exchanges by September 2025.

(Business Standard)

Calangute village in Goa plans to collect entry tax from tourists: The village panchayat of Calangute in North Goa will require tourists to show proof of hotel reservations or pay an entry tax. This decision aims to maintain cleanliness and reduce traffic issues caused by tourists who litter the beach. The panchayat will adopt the resolution on Friday and seek approval from the district collector. If approved, the new rule will be implemented from the next tourist season starting in October. Local residents are exempt from this requirement.

(Economic Times)



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REGULATION & DEVELOPMENT

Prime Minister launches 'Ek Ped Maa Ke Naam' Campaign: The Prime Minister, Shri Narendra Modi has launched 'Ek Ped Maa Ke Naam' Campaign on the occasion of World Environment Day. Shri Modi's planted a Peepal tree at Buddha Jayanti Park in Delhi. He has also urged all to contribute in making our planet better and informed that in the last decade, India has undertaken numerous collective efforts which have led to increased forest cover across the nation.

(PiB)

Sebi's warning to ICICI Bank over 'inappropriate' outreach over I-Sec vote: Acting on several complaints by shareholders of ICICI Securities, some of who received calls by ICICI Bank seeking favourable vote for the delisting scheme, market regulator SEBI has issued an administrative warning on the outreach. An exchange filing by ICICI Bank on June 6 cited regulator's observation that said, "The heightened outreach programme on the last day of voting citing holidays/weekend appears inappropriate". ICICI Bank's exchange filing cited Sebi's circular, which said the outreach programme was undertaken to explain the scheme of delisting of ICICI Securities and to maximize shareholders' participation. However, investor complaints revealed that some officials had 'gone beyond the outreach programme' and made repeated calls, and even sought screenshots of voting. According to one of the call recordings, a shareholder of ICICI Securities was told that opting for the scheme would be beneficial, a clear breach of the remit of the outreach programme, Sebi's letter revealed.

(Moneycontrol)



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FINANCIAL TERMINOLOGY

GORDON GROWTH MODEL

- ❖ The Gordon growth model (GGM) is a formula used to determine the intrinsic value of a stock based on a future series of dividends that grow at a constant rate. It is a popular and straightforward variant of the dividend discount model (DDM).
- ❖ The GGM assumes that dividends grow at a constant rate in perpetuity and solves for the present value of the infinite series of future dividends.
- ❖ It assumes that a company exists forever and that there is a constant growth in dividends when valuing a company's stock.
- ❖ The GGM is ideal for companies with steady growth rates, given its assumption of constant dividend growth.



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 : 83.4649
INR / 1 GBP : 106.7794
INR / 1 EUR : 90.8070
INR /100 JPY: 53.4700

EQUITY MARKET

Sensex: 75074.51 (+692.27)
NIFTY: 22821.40 (+201.05)
Bnk NIFTY: 49291.90 (+237.30)

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

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- ❖ **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)**
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