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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

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## **DAILY NEWS DIGEST BY BFSI BOARD**

**10 May 2024**



### **ECONOMY**

#### **Equity MF flows drop 16% in April; SIP contribution tops ₹20,000 crore for first time:**

Inflows into equity mutual funds stood at ₹18,917 crore in April, a 16 per cent drop over the previous month, data from the Association of Mutual Funds in India (AMFI) showed. Small-cap funds, which saw outflows of ₹94 crore in March after SEBI mandated stress tests, were back on investor radar, registering net inflows of ₹2,209 crore. Sectoral/thematic funds cornered 27 per cent or ₹5,166 crore of the total flows. Multi-cap funds, large & mid-cap funds, and flexi-cap funds saw flows of over ₹2,000 crore each. Flows in large-cap funds, however, declined 83 per cent to ₹357 crore.

***(Business Line)***

**Indices crack on FPI selling, election uncertainty:** With the BSE Sensex plunging below 72,500 level and Nifty slipping below a key support of 22,000, selling pressure seems to have intensified with 'uncertainty' being a key buzzword. A low voter turnout in general elections 2024 has tamed the Dalal Street bulls, even as a third term for BJP is still the base case. The recent FPI selling amid high market valuations, fears of no Fed rate cuts this year, not-so-surprising earnings and geopolitical concerns have all taken a toll on key indices, with every three stocks listed on BSE falling for every one that rose. BSE stocks lost over Rs 7.6 lakh crore in combined market capitalisation at one point. The BSE m-cap later stood Rs 3,93,13,049.66 crore against Rs 4,00,69,409.62 crore a day ago.

***(Business Today)***



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## **BANKING & FINANCE**



**SBI Q4 net profit rises 24% to Rs 20,698 cr, GNPA lowest in 10 years:** State Bank of India (SBI), the country's largest lender, on May 9 reported 24 percent rise in net profit at Rs 20,698 crore for the quarter ended March 31, 2024, aided by strong loan demand. SBI reported net profit of Rs 16,695 crore in the year-ago period. SBI's interest earned grew 19 percent to Rs 1.11 lakh crore in the reported quarter as against Rs 92,951 crore a year ago. The gross NPA SBI came in at 2.24 percent as against 2.78 percent last year, while net NPA came in at 0.57 percent compared to 0.67 percent last year. At the post results press conference, Dinesh Khara, Chairman, SBI, said that the GNPA is the lowest in 10 years at 2.24 percent.

***(Moneycontrol)***

**SBI says no plan to list asset management company despite attractive peer valuations:** SBI Chairman Dinesh Khara reiterated that the bank has no plan to list its AMC business - SBI Mutual Fund or SBI Funds Management despite premium valuations commanded by peers HDFC AMC and Nippon AMC. In a post-result analyst conference call, Khara cited challenges faced by listed entities such as ICICI Securities, which is going through a de-listing process. Chairman Khara said that he remains conscious of valuations grabbed by Nippon AMC and HDFC AMC and has no plans to list its asset management arm.

***(Moneycontrol)***

**PNB's net profit jumps over two-fold to ₹8,329 crore in FY24 on improved asset quality, lower credit cost:** Aided by improved asset quality and lower credit cost, Punjab National Bank (PNB), the country's second-largest public sector bank, on Thursday reported a 171.4 per cent increase in consolidated net profit for 2023-24 at ₹8,329 crore (₹3,069 crore). For the quarter ended March 31, 2024, PNB's consolidated net profit grew 78.11 per cent at ₹3,101 crore (₹1,741 crore). This is the first time ever that the bank's net profit has crossed ₹3,000-crore mark in a quarter and the latest quarterly bottom line performance is the highest in the last sixteen quarters, Atul Kumar Goel, Managing Director and CEO, said .

***(Business Line)***



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**NPCI may defer market cap deadline for UPI payment platforms by 2 years:** The National Payments Corporation of India (NPCI), which oversees the Unified Payments Interface (UPI), is set to defer implementing caps on market share for digital payment platforms by two years, according to Reuters. With only eight months left for the implementation deadline, NPCI appears to be favouring growth over concerns about market concentration. The move would benefit India's top digital payment platforms, PhonePe and Google Pay, which together processed a total of 11.5 billion UPI transactions in April. As of April, Phonepe's UPI market share surged to 48-49 per cent following the Paytm crisis in late January this year. Google Pay had a 38 per cent market share in April.

***(Business Standard)***

**Paytm denies claims on its lending partners invoking loan guarantees:** One97 Communications, the company operating under the Paytm brand, has denied reports suggesting that its lending partners have invoked loan guarantees provided by the company due to customer repayment defaults. The Noida-based company clarified that it does not offer a First Loss Default Guarantee (FLDG) or loan guarantees to its lending partners. "Paytm acts as a distributor of loans and does not provide a First Loss Default Guarantee (FLDG) or other loan guarantees to lending partners. Therefore, claims about invoking loan guarantees due to repayment defaults by our partnered lenders are inaccurate," the company stated in an exchange filing.

***(Business Standard)***

## INDUSTRY OUTLOOK



**India projects biggest power shortfall in 14 years in June:** India is projecting its biggest power shortfall in 14 years in June after a slump in hydropower generation, its government told Reuters, and is racing to avoid outages by deferring planned plant maintenance and re-opening idled units. The deficit also follows delays, a government source said, in the commissioning of 3.6 gigawatts (GW) of new coal-fired plants which had been targeted to be operational before March. A peak shortage of 14 GW is forecast in June during nighttime hours, when solar capacity is offline, the Central Electricity Authority, the country's planning body for the power sector.

***(Moneycontrol)***

**Rapido to provide free ride from polling booth to the voters' residence on May 25:** In a bid to enhance voter turnout and ensure accessibility during the upcoming polls in the national capital, the Chief Electoral Officer (CEO) of Delhi, P. Krishnamurthy, announced a strategic



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collaboration with ride hailing platform Rapido on Thursday. As part of this partnership, eligible voters in Delhi will be able to avail of free rides from the polling booths to their residences on the voting day, scheduled for May 25. "By offering option of free bike rides on the polling day, we aim to ensure ease of voting experience and to encourage citizens to exercise their vote and contribute to the democratic process. Every vote counts and it is essential to ensure that every eligible voter can cast their vote without hindrance," P. Krishnamurthy said.

***(Economic Times)***



## REGULATION & DEVELOPMENT

**IREDA incorporates subsidiary in GIFT City, Gujarat :** State-owned IREDA on Thursday said it has incorporated a subsidiary at the International Financial Services Centre (IFSC) located in GIFT City, Gujarat. IREDA Global Green Energy Finance IFSC Limited was officially incorporated on May 7, after receiving the no objection letter from the Reserve Bank of India (RBI) in February 2024, to set up the finance company in IFSC GIFT City, IREDA said. Indian Renewable Energy Development Agency Limited (IREDA), under the Ministry of New and Renewable Energy (MNRE), is a Non-Banking Financial Institution engaged in promoting, developing and extending financial assistance for setting up projects relating to new and renewable sources of energy and energy efficiency/conservation.

***(Economic Times)***

**UPI Service providers sought regulatory intervention to make transactions remunerative:** Payments service providers under the UPI ecosystem on Wednesday sought regulatory intervention to make transactions remunerative, which would encourage smaller players to make investments. Entities offering United Payment Interface (UPI) transaction service proposed this at a closed-door meeting with Reserve Bank of India (RBI) governor Shaktikanta Das, Deputy Governor T. Rabi Sankar, and other senior RBI officials. Executives from the National Payment Corporation of India, banks, third-party application providers, and technology Service providers also attended the meeting. The UPI payment ecosystem is currently under the sway of two major players – Google Pay, commanding a substantial 47% market share, and PhonePe, a Walmart subsidiary, holding a significant 37% share. This duopoly underscores the competitive landscape and the uphill battle faced by smaller players. Currently, UPI service providers are not imposing any fees on customers, despite incurring customer acquisition costs. Smaller players in the UPI ecosystem have



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proposed to the banking regulator that they should be permitted to charge a transaction fee on larger shops. They emphasized the need for a revenue model stating, "It is challenging to expand operations without one." The absence of merchant discount charges is not financially viable for small players competing with larger platforms, yet the government discourages charges on UPI transactions.

*(Economic Times)*



## FINANCIAL TERMINOLOGY

### FROTH

- ❖ Froth refers to a market condition where an asset's price begins to increase beyond its intrinsic value.
- ❖ Froth refers to market conditions preceding an actual market bubble, where asset prices become detached from their underlying intrinsic values as demand for those assets drives their prices to unsustainable levels.
- ❖ A frothy market is characterized by overconfident investors that ignore market fundamentals and bid up an asset's price beyond the asset's quantitative worth.
- ❖ Two examples of burst bubbles include the dot-com bust of 2001 and the housing crash of 2007-08.



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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 : 83.4976  
INR / 1 GBP : 104.2089  
INR / 1 EUR : 89.6675  
INR /100 JPY: 53.6000

### **EQUITY MARKET**

Sensex: 72404.17 (-1062.22)  
NIFTY: 21957.50 (-345.00)  
Bnk NIFTY: 47487.90 (-533.20)

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- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
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  - ❖ **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 2<sup>nd</sup> Edition)**
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### **TEAM BFSIB**

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