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+ 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

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BANKING & FINANCE



Mutual funds SIP investments increase 28% to Rs 2 trillion in FY24: Buoyant economic outlook and increased market participation helped drive the inflows in the mutual fund industry through systematic investment plans or SIPs route to record Rs 2 lakh crore in 2023-24, marking a rise of 28 per cent year-on-year. In comparison, an inflow of 1.56 lakh crore was witnessed through this route in 2022-23, Rs 1.24 lakh in 2021-22 and Rs 96,080 crore in 2020-2021, data with the Association of Mutual Funds in India (Amfi) showed. Moreover, mutual fund SIP contribution has seen over four-fold rise during the last 7 years. It was Rs 43,921 crore in 2016-17.

(Moneycontrol)

ECB keeps rates unchanged as world's central banks wrestle with when to cut: The European Central Bank left its key interest rate benchmark unchanged Thursday, choosing to wait for confirmation that rapidly receding inflation is firmly under control before cutting rates to support an economy that's struggling to grow. The bank's rate-setting council said in its post-decision statement that, Most measures of underlying inflation are easing... But domestic price pressures are strong and are keeping services price inflation high. President Christine Lagarde's news conference will be scrutinised for hints about the potential downward path of rates at future meetings. The policy meeting at the bank's skyscraper headquarters in Frankfurt is widely regarded as a prelude to a likely rate cut at the next meeting on June 6, after Lagarde dropped a broad hint by saying that the bank would have more information on the path of inflation at that meeting.

(Business Standard)

FSIB selects IFCI MD as SIDBI head, Sanjay Shukla for NHB MD: The Financial Services Institutions Bureau (FSIB) has recommended Manoj Mittal as the Chairman and Managing Director of Small Industries Development Bank of India (SIDBI) and Sanjay Shukla as the Managing Director of National Housing Bank (NHB).

(Economic Times)



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HDFC becomes first private bank to open branch in Lakshadweep: Private lender HDFC Bank opened a branch at Kavaratti Island in Lakshadweep, making it the only private sector bank to have a branch in the Union Territory. This branch is aimed at upgrading the banking infrastructure in the Union Territory by offering a wide range of services with a focus on personal banking, and digital banking which also includes customised digital solutions including QR-based transaction to retailers.

(Economic Times)



ECONOMY

India to see healthy oil demand growth driven by diesel in 2024: OPEC: India's oil demand growth is expected to expand by 228 thousand barrels per day (bpd) in 2024 from last year, Organisation of Petroleum Exporting Countries (OPEC) said on April 11. The demand growth is expected to be driven by diesel, supported mostly by agriculture, construction and manufacturing activities. The oil cartel said increase in transportation activity around festivities and air travel recovery would provide additional cushion to oil demand growth in the country in 2024. "Additionally, annual traditional festivities are expected to support transportation activity and boost gasoline demand. Finally, the ongoing air travel recovery is expected to bolster jet/kerosene demand," OPEC said in its monthly oil market report.

(Moneycontrol)

Uday Kotak sounds alarm bells on global economy; says US Fed may postpone rate cuts, China the 'only wild card': Veteran banker Uday Kotak took to platform X on Thursday to warn investors of possible global turbulence, citing several factors. The former MD and CEO of Kotak Mahindra Bank hinted that the US Fed may postpone rate cuts to later, possibly closer to the US Presidential elections, given higher-than-expected inflation. Kotak also spoke about the possibility of the Chinese economy imploding economically. The collapse of the property bubble has weakened the Chinese economy and deepened the unemployment crisis, leading overseas investors to pull out money from the Chinese stock market. "US inflation is higher than expected. Postpones US rate cuts to later, closer to US Presidential elections, if at all. Brent oil now \$90. Will keep rates higher for longer worldwide including India. Only wild card: China imploding economically. Get ready for global turbulence," the banker said in a post on platform X..

(Business Line)



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Engineering insurance premium doubles in 4 years on infrastructure push: Engineering insurance premiums in India have doubled in four years on the back of a surge in infrastructure investments during the period. The gross direct premium underwritten in the engineering segment has risen to Rs 4,848.06 crore in the April-February period (11 months) of 2023-24, or FY24 (the annualised figure is nearly Rs 5,300 crore), from Rs 2,634.9 crore in 2019-20 (FY20). According to General Insurance Council data, the gross direct premium underwritten increased by 30.84 per cent year-on-year in 11MFY24, from Rs 3,705.35 crore in the corresponding period of 2022-23. “Engineering is the fastest-growing business segment in the general insurance industry. The high growth can be explained by the huge public investment happening in the infrastructure space, which translates into construction insurance premiums for the general insurance market,” said Hari Radhakrishnan, an expert from the Insurance Brokers Association of India (IBAI) and regional director for First Policy Insurance Brokers.

(Business Today)

ADB revises India’s growth outlook higher to 7%, inline with RBI’s FY25 projection: When it comes to India’s FY25 growth projection, ADB’s estimates are in line with RBI’s projections. The Asian Development Bank has revised India’s GDP growth forecast for the current fiscal to 7 per cent from 6.7 percent earlier. According to them robust private and public sector investment and consumer demand is driving this upward revision. The April edition of the Asian Development Outlook which was released on Thursday highlighted that inflation may continue its downward movement in line with global trends.

(Financial Express)

INDUSTRY OUTLOOK



L&T completes divestment of L&T Infrastructure Development Projects, sells entire 51% stake: Larsen & Toubro (L&T) on Thursday announced the completion of divestment of L&T Infrastructure Development Projects Limited (LTIDPL), a joint venture between Larsen & Toubro Limited and Canada Pension Plan Investment Board (CPP Investments). In a regulatory filing, it stated that L&T’s 51 per cent and CPP Investments’ 49 per cent shares have been acquired by Epic Concesiones Private Limited, an investee company of Edelweiss Infrastructure Yield Plus Strategy, managed by Edelweiss Alternative Asset Advisors Limited (EAAA). This deal is in line with L&T’s



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strategy to exit non-core businesses for reducing its exposure to the asset heavy developmental projects portfolio enhancing its return on equity.

(Financial Express)

Hit by boycott, Maldives reaches out to India for tourism boost: As the number of Indian tourists to the Maldives continues to decline, the island country's tour and travel association has reached out to India to arrest the further slide. The Maldives Association of Travel Agents and Tour Operators (MATATO) met Munu Mahawar, the Indian High Commissioner to the Maldives on Monday "to explore collaborative efforts in tourism promotion". The association expressed its intention to collaborate closely with the Indian High Commission to bolster tourism initiatives. "Plans are underway to launch a comprehensive roadshow across key cities in India and to facilitate influencer and media familiarisation trips to the Maldives in the forthcoming months," it said. The number of Indian tourists, who ranked among the top sources for tourism for Male in the last few years, plunged after January when now three suspended ministers made derogatory remarks against India and Prime Minister Narendra Modi after he pitched Lakshadweep as a tourist destination. The insulting comments against India and PM Modi did not go down well with a section of people and organisations, who started "BoycottMaldives" campaign on social media.

(Business Today)



REGULATION & DEVELOPMENT

Tax benefits to be slashed as India, Mauritius ink new deal: The tax benefits for investors based out of Mauritius in India are set to be reduced substantially further, with the two countries signing a protocol to amend the convention encompassing the bilateral Double Taxation Avoidance Agreement (DTAA). The agreement signed by the two sides on March 7 at Port Louis – FE has seen a copy of it – is the first of its kind for New Delhi. It will for all practical purposes, result in denial of tax reliefs for assorted incomes –dividend, royalty, technical free etc. , to investors and traders from the island nation. Indian HNIs who take the island route for tax avoidance will also be impacted.

(Financial Express)

IMF head projects slightly stronger global growth in 2024 and warns of potential long-term pitfalls: Strong economic activity in the United States and emerging markets is projected to help drive global growth by about 3% this year, the International Monetary Fund's chief said Thursday, below the annual historic average and a warning sign about potential lackluster performances through the 2020s. "Without a course correction, we are indeed heading for the Tepid



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Twenties' -- a sluggish and disappointing decade," said Kristalina Georgieva, the organization's managing director, in announcing the economic projection and longer-term outlook.

(Economic Times)



FINANCIAL TERMINOLOGY

Date of Commencement of Commercial Operations' (DCCO) & effects of its deferment

- ❖ Banks must fix a DCCO for all project loans at the time of sanction of the loan / financial closure (in the case of multiple banking or consortium arrangements).
- ❖ Deferment of DCCO and consequential shift in repayment schedule for equal or shorter duration will not be treated as restructuring (and will continue as Standard Assets) provided that;
- ❖ The revised DCCO falls within the period of two years and one year from the original DCCO stipulated at the time of financial closure for infrastructure projects and non-infrastructure projects (including commercial real estate projects) respectively.
- ❖ In case of Infrastructure projects, additional period is provided up to another two years (beyond the two-year period quoted above, i.e., total extension of four years), in case the reason for extension of DCCO is arbitration proceedings or a court case. Further, additional period provided up to another one year (beyond the two-year period quoted above, i.e., total extension of three years), in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).
- ❖ In case on non-infrastructure projects, additional period provided up to another one year (beyond the one-year period quoted above, i.e., total extension of two years).



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 : 83.2253
INR / 1 GBP : 105.5186
INR / 1 EUR : 90.2945
INR /100 JPY: 54.8300

EQUITY MARKET

Sensex: 75038.15 (+354.45)
NIFTY: 22753.80 (+111.05)
Bnk NIFTY: 48986.60 (+256.05)

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 - ❖ **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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