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THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**15 October 2024**



### **ECONOMY**

**Retail inflation rises to nine-month high of 5.5% in September; dims hope for a rate cut:**

India's retail inflation rose to a nine-month high of 5.5 percent in September after remaining below 4 percent for the previous two months owing to higher food inflation, dimming hopes of a rate cut in December. Given high inflation this month and another 5 percent plus number in October, RBI will be hard-pressed to retain the repo rate in the next policy. The steep jump in September was led by a jump in food inflation, which rose to 9.24 percent in September compared with 5.66 percent in the previous month.

***(Moneycontrol)***

**Real estate transactions drop 71% in Q3 2024, private equity dominates:**

Transactions in the real estate sector in the third quarter of 2024 saw a steep sequential fall of 71 per cent and annual decline of 41 per cent at \$452 million, dominated by private equity activity, according to Grant Thornton. The decline was due to the absence of large value transactions, compared to the year ago quarter when just four deals accounted for 85 per cent of the total value. In terms of numbers, sequentially, there was a 5 per cent rise and 54 per cent on the year, the report said. The deals being tracked included mergers and acquisitions and investments by private equity firms. If IPOs and QIPs are included, the overall activity will be at \$1.4 billion. An increase in activity was noticed during the fag end of the quarter, Grant Thornton said, indicating a potential revival in momentum for the fourth quarter.

***(Business Line)***

**Over-reliance on AI poses financial stability risks: RBI Governor Das:**

Reserve Bank of India (RBI) Governor Shaktikanta Das on Monday warned that while artificial intelligence (AI) and machine learning (ML) have opened new avenues for business and profit expansion in the financial sector, over-reliance on these technologies could pose risks to financial stability. As a result, he said banks and financial institutions must implement adequate risk mitigation measures. "The heavy reliance on AI can lead to concentration risks, especially when a small number of tech providers



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dominate the market. This could amplify systemic risks, as failures or disruptions in these systems may cascade across the entire financial sector,” Das said at a high-level conference organised by the RBI in Delhi. The growing use of AI introduces new vulnerabilities, such as increased susceptibility to cyberattacks and data breaches, Das said. “Also, AI’s opacity makes it difficult to audit or interpret the algorithms that drive decisions, potentially leading to unpredictable market consequences,” he said.

***(Business Standard)***

**Wholesale Price Index for the Month of September, 2024 (Base Year: 2011-12):** The annual rate of inflation based on all India Wholesale Price Index (WPI) number stood at 1.84% (Provisional) for the month of September, 2024(over Sep, 2023). Positive rate of inflation in September, 2024 is primarily due to increase in prices of food articles, food products, other manufacturing, manufacture of motor vehicles, trailers & semi-trailers, manufacture of machinery & equipment, etc. Department for Promotion of Industry and Internal Trade (DPIIT) releases index number of wholesale price in India on monthly basis on 14th of every month (or next working day) with a time lag of two weeks of the reference month, and the index number is compiled with data received from institutional sources and selected manufacturing units across the country.

***(PiB)***

## **BANKING & FINANCE**



**Payments major PhonePe launches firecracker insurance policy for Diwali:** Payments major PhonePe on Monday said it has tied up with Bajaj Allianz General Insurance to offer affordable insurance coverage against firecracker-related accidents during Diwali for a limited period. The insurance cover entails a sum insured of Rs 25,000 for a premium of Rs 9, inclusive of goods and services tax (GST). The coverage is for 10 days starting from October 25, 2024, to November 3, 2024. The plan includes hospitalisation cover, day care treatment, and accidental death, limited only to the policyholder. The sale of these policies will end on November 3, 2024. The plan can be purchased on the PhonePe app and provides coverage to families by insuring up to four family members, including the user, their spouse, and up to two children.

***(Business Standard)***

**Up to 65 weak Urban Cooperative Banks to exit turnaround regime by March:** Ahead of the new prompt corrective action (PCA) framework for Urban Cooperative Banks (UCBs), about 60-



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65 weak UCBs are expected to exit the current supervisory regime by March 2025 on improvement in performance. At present, a little over 500 weak banks are under the Supervisory Action Framework (SAF) for stressed banks, according to Ajay Bramhecha, director, National Federation Of Urban Cooperative Banks And Credit Societies Limited (NAFCUB). PCA will replace the existing SAF from the beginning of the new financial year – April 2025. During the financial year 2024 (FY24), 122 UCBs across the country came out of SAF. The number of UCBs stood at 1,470 at the end of March 2024. The capital position of UCBs has been continuously improving in the post-pandemic period. The capital adequacy of UCBs rose to 17.5 per cent in March 2024 from 16.5 per cent a year ago. This improvement (in capital) has been experienced across the tiers of UCBs, according to the Financial Stability Report (FSB) - June 2024.

***(Business Standard)***

**Credit card usage sees a big jump this festive season:** Usage of credit cards and credit-based payment instruments like pay-later products showed a robust increase during this year's festive season sales, according to industry insiders. While trends point towards a 35-50% jump in the total number of transactions this year against the festive months of last year, a significant chunk of the payments was through credit cards, EMIs (equated monthly instalments) and pay-later modes.

***(Economic Times)***

## INDUSTRY OUTLOOK



**Reliance Jio becomes world's fastest-growing 5G FWA provider; targets 1 mn user additions a month:** Reliance Jio is the fastest-growing 5G Fixed Wireless Access (FWA) provider globally. Its JioAir Fiber offering in India tripled subscriber growth in the second quarter of the fiscal year, a senior official said. "We continue to make good progress on the home side. We are the fastest-growing Fixed Wireless Access provider globally with our JioAir Fiber offering. We reached 2.8 million subscribers... that's almost doubling our subscriber base with Air Fiber this quarter, and the run rate has ramped significantly," Jio Platforms' Senior Vice President Anshuman Thakur said in the post-earning presentation on October 14. Kiran Thomas, president at Jio Platforms, said during the Q2 briefing call that the telco's next target is to add almost a million homes every month with the help of its 5G-based JioAir Fiber and wired JioFiber broadband services.

***(Moneycontrol)***



**Reliance Industries Q2 Results: RIL's net profit declines 4.8% YoY to Rs 16,563 cr, revenue remains stable:** Reliance Industries Ltd (RIL) released its financial performance for the second quarter of the fiscal year 2024-25 (Q2FY25) on October 14. The conglomerate experienced a modest growth during the quarter, primarily due to challenges in its oil-to-chemicals (O2C) segment. RIL posted a profit decline of 4.8 per cent on-year at Rs 16,563 crore in comparison to Rs 17,394 crore during the corresponding quarter of FY24. It posted revenue from operations at Rs 235,481 crore, marginally higher than Rs 234,956 crore posted during the second quarter of previous financial year. During Q1, Reliance Industries had posted profit at Rs 15,138 crore, down 5.5 per cent on-year in comparison to Rs 16,011 crore posted during Q1FY24. The revenue, meanwhile, was at Rs 236,217 crore.

***(Financial Express)***

**Anil Ambani challenges market regulator Sebi's Rs 625 crore penalty order:** Anil Ambani, chairman of the Reliance Group, has filed a plea in the Securities Appellate Tribunal (SAT) against an order by the Securities and Exchange Board of India (Sebi) on Reliance Home Finance (RHFL), imposing a total penalty of Rs 625 crore on 26 individuals. The penalty imposed on Ambani was Rs 25 crore, while he was also debarred from the market for five years. In an order dated August 22, Sebi had alleged siphoning off of money from RHFL by doling out loans to borrowers linked with the promoters. Reliance Commercial Finance, a subsidiary of Reliance Capital, and RFHL former chief financial officer (CFO) Pinkesh Shah have also challenged the Sebi order in the tribunal in separate pleas. Sebi had imposed a penalty of Rs 25 crore on Reliance Commercial Finance, while the penalty on Shah was Rs 21 crore. He was also restricted from accessing the market and taking any key role in other companies for five years.

***(Business Standard)***



## **REGULATION & DEVELOPMENT**

**Sebi unveils framework to monitor shareholding in market infra institutions:** Markets regulator Sebi on Monday introduced a framework to monitor shareholding limits, public shareholding requirements, and the "fit & proper" criteria for Market Infrastructure Institutions (MIIs), which include stock exchanges, clearing corporations, and depositories. This framework applies to both listed and unlisted MIIs, requiring them to disclose their shareholding patterns quarterly on their websites as per Sebi's Listing Obligations (LODR) norms, the regulator said in a





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circular. Each MII must appoint a non-associated Designated Depository (DD) to monitor compliance with shareholding limits. For depositories, the other depository will act as their DD. The DD will monitor breaches of the threshold limit of 5 per cent or 15 per cent as applicable under SECC Regulations, 2018 and D&P Regulations 2018, respectively, and take necessary actions.

***(Business Standard)***

**Skill ministry, Meta partner to launch AI assistant for Skill India Mission:** The Ministry of Skill Development & Entrepreneurship on Monday said it has entered into a partnership with Meta to launch an AI Assistant for the Skill India Mission and establish five centres of excellence in virtual reality and mixed reality. Under the partnership, an innovative AI-powered chatbot powered by Meta's open-source Llama model will be developed to enhance the learner experience on the Skill India Digital (SID) Portal. Moreover, the five centres of excellence at National Skill Training Institutes (NSTIs) in Hyderabad, Bengaluru, Jodhpur, Chennai, and Kanpur will equip learners and instructors with the latest VR technology to learn and enhance existing skills in a safe, immersive, and engaging environment, according to a statement.

***(Business Standard)***



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## FINANCIAL TERMINOLOGY

### NICHE MARKETING

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- ❖ Niche marketing is defined as channeling all marketing efforts towards one well-defined segment of the population. There is one important thing to understand that 'niche' does not exist, but is created by smart marketing techniques and identifying what the customer wants..
- ❖ Niche marketing is a marketing tactic deployed to target a specific market segment which is unique. Niche market is often created by identifying what a customer wants and this can be done if the company knows what the customer needs and then tries to deliver a better solution to a problem which was not presented by other firms. A niche market does not mean a small market, but it involves specific target audience with a specialized offering. By doing so, the company becomes a market leader and it becomes possible for other firms to enter that particular segment. For example, there are various cinema halls across India, but there are few which have recliner seats to offer. Not everybody wants to watch a movie by paying 5x-6x times the cost of a normal ticket. Hence, the target audience is very different and the hall is also only open at places where the company feels that it would be able to tap into target audience especially in posh areas.



### 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 : 84.0725  
INR / 1 GBP : 109.8771  
INR / 1 EUR : 91.8812  
INR /100 JPY: 56.3400

### EQUITY MARKET

Sensex: 81973.05 (+591.69)  
NIFTY: 25127.95 (+163.70)  
Bnk NIFTY: 51816.90 (+644.60)

### Courses conducted by BFSI Board

- ❖ Certificate Course on Concurrent Audit of Banks
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- ❖ Certificate Course on Treasury and International Banking
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- ❖ Certificate Course on General Insurance.
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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 2<sup>nd</sup> Edition)

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