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DAILY NEWS DIGEST BY BFSI BOARD

01 May 2024



ECONOMY

India's core sector growth slows to 5.2% in March from 7.1% in February: India's eight core sectors posted a growth of 5.2 percent in March, according to data released by the Ministry of Commerce and Industry on April 30. Though the growth in India's core sector during the previous month was slower compared to February 2024, which came in at 7.1 percent, it was higher than March 2023 at 4.2 percent. The output of the eight core sectors, which includes coal, crude oil, steel, cement, electricity, fertilisers, refinery products, and natural gas was 7.5 percent in 2023-24 lower year-on-year as against 7.8 percent in 2022-23. The fall in core sector growth in March was due to five of the eight sectors seeing their output either contract or grow at a slower pace compared to the previous month, with crude oil production posting a growth of just 2 percent compared to 7.9 percent in February 2024. The slower increase in core sector output in March means industrial growth, as per the Index of Industrial Production (IIP), may also edge lower as the eight core industries make up more than 40 percent of the weight of the IIP. Data on the IIP growth for March will be released on May 12. In February, IIP had risen to 5.7 percent from 4.14 percent in January.

(Moneycontrol)

Strong capex, domestic demand behind India's growth performance: IMF: Strong public investment supported by resilient domestic demand has made India the world's fastest-growing major economy, the International Monetary Fund (IMF) said. In its Regional Economic Outlook report for the Asia and Pacific region, the International Monetary Fund said that its upgrade of growth projection for the region was due to its higher growth expectations in India and China. The Fund raised its regional growth forecast for calendar year 2024 by 0.3 percentage points to 4.5 per cent, after a 5 per cent expansion in 2023. "The revision reflects upgrades for China, where we expect policy stimulus to provide support, and India, where public investment remains an important driver,



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making it the world's fastest-growing major economy," said Krishna Srinivasan, Director of the Asia and Pacific Department, International Monetary Fund, in a blog post.

(Business Standard)

US consumer confidence at lowest level since 2022: survey: The latest survey by The Conference Board revealed a decline in US consumer confidence, reaching its lowest level since July 2022. The consumer confidence index fell to 97.0 in April, below analysts' expectations of 104.0. Concerns about future financial conditions and the job market contributed to the decline, despite positive views on the current situation. Consumers expressed worries about elevated prices, especially for food and gas, while politics and global conflicts were secondary concerns.

(Economic Times)

BANKING & FINANCE



Central Bank of India reports 41% increase in standalone net profit at ₹807 crore:

Central Bank of India (CBoI) reported a 41 per cent increase in fourth quarter standalone net profit at ₹807 crore against ₹571 crore in the year ago quarter. The bottom-line was supported by decline in provisions towards non-performing assets (NPAs) and standard assets. Net interest income (difference between interest earned and interest expended) in the reporting quarter edged up 0.80 per cent y-o-y at ₹3,541 crore against ₹3,513 crore in the year ago period. Other income, including fee-based income, treasury income and recovery in written-off accounts, declined about 4 per cent y-o-y to ₹1,362 crore (Rs 1,424 crore). Net interest margin (yearly) declined to 3.58 per cent against 4.01 per cent in the year ago period. GNPA position was unchanged at 4.50 per cent of gross advances as at March-end 2024 vis-a-vis December-end 2023. Net NPAs position improved a shade to 1.23 per cent of net advances against 1.27 per cent.

(Business Line)

RBI issues guidance note on operational risk management, resilience: All regulated entities (REs) in India should implement a robust information and communication technology (ICT) risk management programme in alignment with their operational risk management framework, the central bank said on Tuesday. "REs should manage their dependencies on relationships, including those of, but not limited to, third parties (which include intragroup entities), for the delivery of critical operations," the Reserve Bank of India said in its guidance note. The RBI said all REs must perform a



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risk assessment and due diligence before entering into any arrangements with third parties or external entities. The REs should also verify whether the third party, including the intragroup entity to these arrangements, has at least an equivalent level of operational resilience to safeguard the RE's critical operations in both normal circumstances and the event of a disruption, the RBI added.

(Business Standard)

Bank credit to industry up 8.5% in March; moderation in personal loans: RBI: Bank credit to industry grew by 8.5 per cent annually in March while there was moderation in the personal loans segment, as per Reserve Bank data released on Tuesday. The growth in credit to industry and personal loans segment in March 2023 was 5.6 per cent and 21 per cent, respectively. "Among major industries, growth in credit (year-on-year) to 'chemicals and chemical products', 'food processing', and 'infrastructure' accelerated in March 2024 as compared with the corresponding month of the previous year, while that to 'basic metal and metal products' moderated," the RBI said. Credit growth to agriculture and allied activities was robust at 20.1 per cent in March 2024 (15.4 per cent a year ago), according to the data on 'Sectoral Deployment of Bank Credit -- March 2024'. Personal loans growth moderated to 17.7 per cent in March 2024 (21 per cent a year ago) due to decelerated growth in vehicle loans and other personal loans, it said. Further, credit growth to services sector improved to 20.2 per cent from 19.6 per cent in March last year, with higher growth in credit to "transport operators" and "commercial real estate".

(Business Standard)

INDUSTRY OUTLOOK



Indian Oil Corporation Q4 results: Net profit down 52% on year: Indian Oil Corporation in Q4 of FY24 reported a fall of 52% on year in its net profit standing at Rs 4,837.69 crore Vs Rs 10,058.69 crore it posted in the same period a year ago. The oil marketing major's revenue from operations stood at Rs 2.20 lakh crore for the quarter ending March of FY24, down 3% year-over-year in comparison to Rs 2.26 lakh crore it posted in the last quarter of the previous year. The board of IOC has declared a final dividend of Rs 7 per equity share, subject to shareholders' approval. "The final dividend would be paid within 30 days from the date of declaration at the AGM.

(Financial Express)

India buys more Russian, less Saudi oil in April: In April, India increased imports of Russian oil while decreasing imports from Iraq and Saudi Arabia, according to preliminary data from Kpler



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and LSEG. Despite geopolitical tensions, Russia remained India's top oil supplier. Indian refiners boosted overall oil purchases by 13-17% but reduced imports from Iraq by 20-23%. Russia's oil imports are projected to decrease in May.

(Economic Times)

Godrej Group may finalise family settlement to split business: Sources: The Godrej Group is reportedly going to announce the split of its diverse business shortly. The conglomerate has businesses ranging from engineering solutions, home appliances, security solutions, agricultural products, real estate, and consumer products. There are two factions of the Godrej family - one is Godrej Industries & Associates, led by Adi Godrej and his brother Nadir. Godrej & Boyce Manufacturing Company (G&B) is another wing, with cousins Jamshyd Godrej and Smitha Godrej Crishna at the helm. As per the sources, Adi and Nadir Godrej are likely to control most listed companies, while Godrej & Boyce Manufacturing Company control likely to be with Jamshyd Godrej and Smitha Godrej.

(Moneycontrol)



REGULATION & DEVELOPMENT

SEBI Board approves major changes to curb front-running in AMCs; to increase participation in IFSC-based FPIs: The market regulator's Board approved a framework that makes it easier for NRIs, OCI and resident Indians (RIs) to participate in foreign portfolio investors (FPIs) based out of International Financial Services Centres (IFSCs) in India, and asked asset management companies (AMCs) to have an institutional mechanism for deterrence of potential market abuse including front-running. At its meeting on April 30, the Board also allowed passive schemes of AMCs to take higher exposure on group companies of the sponsor to allow the schemes to better reflect the underlying index. This will be allowed for indices specified by the Securities and Exchange Board of India (Sebi) and be subject to an overall cap of 35 percent investment in the group companies of the sponsor. The Board also agreed to a proposal to provide flexibility to venture capital funds registered under the erstwhile SEBI (Venture Capital Regulations), 1996, to deal with unliquidated investments of their funds; and approved changes to SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations to make unit-based employee benefit scheme available. Funds set up in IFSC will be allowed to have 100 percent contribution from NRIs, OCIs or RIs provided they submit PAN cards or self-declaration along with



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identity documents. Funds who want to have 100 percent contribution from NRIs, OCIs or RIs can also do so without submitting these documents provided they meet certain conditions. To enhance participation of non-institutional investors in the bond market, the Board has allowed the private placement of non-convertible debentures (NCDs) or non-convertible redeemable preference shares (NCRPS) at a reduced face value of Rs 10,000.

(Moneycontrol)

Sebi board takes measures to curb fraudulent trades in mutual funds: Sebi board on Tuesday decided to amend norms governing mutual funds, whereby asset management companies (AMCs) need to put in place an "institutional mechanism" for identification and deterrence of potential market abuse, including front-running and fraudulent transactions in securities. The mechanism should consist of enhanced surveillance systems, internal control procedures, and escalation processes to identify, monitor and address specific types of misconduct, including front running, insider trading, and misuse of sensitive information, Sebi said in a statement issued after the conclusion of the board meeting. Sebi has also said that foreign funds set up at GIFT City in Gujarat state can take full investment from non-resident Indians and other Indian-origin citizens.

(Business Standard)



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FINANCIAL TERMINOLOGY

VULTURE CAPITALIST

- ❖ A vulture capitalist is an investor who seeks to extract value from companies in decline. The goal is to swoop in when sentiment is low—and the company is trading at a rock bottom price—and take whatever action is necessary to engineer a quick turnaround and sell it on for a profit.
- ❖ A vulture capitalist is an investor who purchases troubled companies whose prices have been severely depressed in the market.
- ❖ Aggressive action is taken to revive the company and boost profits, usually via hefty cost-cutting exercises like job layoffs.
- ❖ If they don't succeed in this goal, vulture capitalists will find other ways to line their pockets, such as engaging in asset stripping to make money.



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 : 83.5187
INR / 1 GBP : 104.6411
INR / 1 EUR : 89.3405
INR /100 JPY: 53.2500

EQUITY MARKET

Sensex: 74482.78 (-188.50)
NIFTY: 22604.85 (-38.55)
Bnk NIFTY: 49396.75 (-27.30)

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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.**
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