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THE INSTITUTE OF  
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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



Fax

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

**20 July 2024**



## **ECONOMY**

### **US markets tumble as investors shun tech stocks; Dow falls 1%, S&P 500 down 0.6%:**

The US markets tumbled on July 19 as investors moved away from tech stocks towards more cyclically oriented names. The Dow Jones Industrial Average fell over a percent to 40,250. The index was dragged mainly by American Express, Intel and IBM which shed up to nine percent. S&P 500 fell 0.62 percent to 5,512 and the Nasdaq Composite declined 0.66 percent to 17,754. Nvidia, American International Group and Hartford Financial Services drove this decline. Earlier during the month, tech stocks had driven the benchmark indices to new record highs. However, with revived hopes for Federal Reserve's rate cuts, investors are now looking at other sectors. The GIFT Nifty fell 0.3 percent to 24,464 after the Indian indices ended lower earlier during the day. Indian markets hit fresh record highs during intraday trade with Nifty at 24,854.80 and the Sensex at 81,587.76. However, the benchmark indices tumbled during closing hours. Nifty ended over 1 percent lower at 24,530 and Sensex fell 0.9 percent to 80,604.65.

***(Moneycontrol)***

### **'It is not a micro, but a macro issue': Sebi chief red flags explosive growth in F&O segment:**

The explosive growth in the derivatives market is no longer a micro issue but a macro one, warned Sebi chief Madhabi Puri Buch. With daily turnover in the futures and options (F&O) segment nearing Rs 400 trillion, Buch emphasized on the need for regulatory intervention to curb speculative activities that jeopardize household savings and economic stability. Buch, who was speaking at an event, underscored the unexpected spike in trading volumes and the adverse impact on household savings due to speculative trading. "Many young investors have suffered substantial losses, a scenario nobody foresaw. The focus must shift from protecting individual investors to addressing macro-level issues. We are concerned that household savings are being diverted from capital formation to speculative activities," Buch remarked.

***(Business Today)***



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**India's agriculture exports drop 3% to \$5.88 bn in Q1 on Red Sea crisis:** India's agriculture exports contracted 3 per cent to \$5.88 billion during the first quarter of the financial year due to major 'global headwinds and tight domestic supply conditions'. Agricultural and Processed Food Products Export Development Authority (APEDA) chairman Abhishek Dev said the current challenges in the agriculture sector include the rise in shipping costs and air freight triggered by the Red Sea crisis, fall in global prices of maize, which took a toll on exports. Rice exports have also been constrained by export controls on certain varieties of the grain including non-basmati rice imposed by India.

***(Business Standard)***

## **BANKING & FINANCE**



**Mutual fund sector's AUM may surpass Rs 100 lakh cr mark in 2 to 3 years: Report:** The Indian mutual fund industry, which has witnessed over five-fold growth in Assets under Management (AUM) in the last ten years, may surpass the Rs 100 lakh crore AUM mark in the next two to three years, a report by ICRA Analytics said. The MF industry's AUM crossed the Rs 50 lakh crore mark for the first time in December 2023, and is at Rs 60 lakh crore in a span of just six months and stood at Rs 61.16 lakh crore in June 2024.

***(Business Line)***

**Global tech outage: 10 banks, NBFCs witness minor disruptions, says RBI:** The Indian financial sector largely escaped unscathed, experiencing only minor disruptions, amid the global tech outage that severely impacted major services worldwide. In a statement on Friday, the Reserve Bank of India (RBI) said 10 Indian banks and non-banking financial companies (NBFCs) experienced minor disruptions. All of these have either been resolved or are being resolved. The outage affected IT systems globally. The RBI, however, did not name the institutions that were impacted. The banking regulator said that, overall, the Indian financial sector remains insulated from the global outage. "The Reserve Bank has made an assessment of the impact of this outage on its regulated entities. Critical systems of most banks are not in Cloud and further, only a few banks are using the CrowdStrike tool," the RBI said in its statement.

***(Business Standard)***

**IndusInd Bank Plans Rs 30,000 crores fund raise:** Private lender IndusInd Bank on Friday said that the board of directors of the bank had approved fund raise of more than Rs 30,000 crore



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bank. The lender has taken a board resolution for an equity fund raising of Rs 10,000 crores. The bank's board also approved fund raise of Rs 20,000 crore through debt securities, the bank said in an exchange filing.

***(Economic Times)***

**HDFC Bank sees priority sector loan shortfall rise by 25% in one year:** India's largest private sector lender HDFC Bank has seen priority sector loan (PSL) shortfall rise by 25% on year, a Macquarie Capital analysis of the lender's annual report revealed. "While overall PSL loans is well above RBI target of 40% at more than 50%, issue is HDFC Bank falls short in sub-segments like small and marginal farmers forcing it to buy some low yielding bonds like RIDF bonds," said Suresh Ganapathy, Head of Financial Services Research at Macquarie Capital.

***(Economic Times)***

## INDUSTRY OUTLOOK



**Global disruption: Microsoft outage grounds flights, hits banks:** A widespread outage severely disrupted services for millions of people and businesses worldwide, prompting concerns about the risks associated with centralized control of technology in the hands of a few players. The outage, which crippled systems running on the Microsoft Windows platform, knocked several banks offline, grounded airlines, hit stock trading operations and pushed many media outlets off air across the globe, including India. Microsoft blamed a content update by its cybersecurity partner CrowdStrike for the global outage. George Kurtz, President & CEO CrowdStrike, admitted the error but ruled out the possibility of a cyberattack. "We're deeply sorry for the impact that we've caused to customers, to travellers, to anyone affected by this, including our company," Kurtz told NBC News.

***(Business Line)***

**RIL Q1 results: Net profit falls 4% to Rs 17,448 crore; sales up 11.5%:** The Mukesh Ambani-led Reliance Industries Ltd (RIL) on Friday reported a 4 per cent year-on-year (YoY) drop in consolidated profit after tax (PAT) at Rs 17,448 crore for the June quarter compared with Rs 18,182 crore in the same quarter last year. Consolidated gross revenue rose 11.5 per cent YoY to Rs 2,57,823 crore compared with Rs 2,31,132 crore in the same quarter last year. The sales growth was led by O2C on higher oil & product prices and Oil & Gas segment with strong growth in volumes. Steady growth in consumer businesses also contributed to increase in revenue, RIL said in a BSE filing. Profit after tax for Jio Platforms at Rs 5,698 crore for the quarter was at record high. Average revenue per user (APRU) for the quarter came in at Rs 181.70. Reliance Retail reported profit stood at Rs 2,549 crore.



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The quarter recorded footfalls of over 296 million, up 19 per cent YoY. The focus on scaling up Digital Commerce and New Commerce continued with the channels contributing 18 per cent of Retail's total revenue. The registered Retail customer base grew to 316 million, RIL said.

***(Business Today)***



## REGULATION & DEVELOPMENT

**Platform to resolve exporters' complaints of non-tariff barriers soon:** The online portal to take feedback on sanitary and phytosanitary measures and technical barriers to trade being faced by exporters will be rolled out in the next two to three months which will help government provide focussed attention for addressing them, a senior official said Friday. The portal will collect from exporters instances where they find the process of conformity assessment with the standards of the markets where they want to export to be very difficult and its burden too high for resolution by the government, additional secretary in the department of commerce Rajesh Agrawal said.

***(Financial Express)***

**Govt lists six bills for monsoon session:** Six new bills will be presented during the Monsoon Session of Parliament that will be held from July 22 to August 12, and will see Finance Minister Nirmala Sitharaman presenting the Union Budget on July 23. The new bills already listed include Finance Bill, the Bhartiya Vayuyan Vidheyak 2024 that will replace the Aircraft Act of 1934 to provide enabling provisions for ease of doing business in the civil aviation sector, and a bill to amend the disaster management act. The Boilers Bill to replace a pre-independence era law, the Coffee (Promotion and Development) Bill, and the Rubber (Promotion and Development) Bill are the other three bills.

***(Economic Times)***

**CBDT awards Taxnet 2.0 Project to M/s Bharti-Airtel Ltd:** The Central Board of Direct Taxes (CBDT) has awarded the Taxnet 2.0 project to M/s Bharti-Airtel Ltd for providing network connectivity, facility management services and video conferencing services to the Income Tax Department (ITD), subsequent to approval by the Government. This is a state-of-the-art technology, providing secure, reliable and seamless connectivity services and marks a significant advancement over the current Taxnet 1.0 project. It will go a long way in enhancing the digital infrastructure of the Department. The Taxnet 2.0 aims to revamp the Income Tax Department's network system, provide enhanced security, improved reliability, and a seamless user experience for all stakeholders. M/s





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Bharti-Airtel Ltd, renowned for its expertise and innovative solutions in the field of telecommunication, has been selected for this critical project through an open tender selection process.

**(PiB)**



## FINANCIAL TERMINOLOGY

### FISHER EFFECT

- ❖ The Fisher Effect is an economic theory created by economist Irving Fisher that describes the relationship between inflation and both real and nominal interest rates.
- ❖ The Fisher Effect states that the real interest rate equals the nominal interest rate minus the expected inflation rate.
- ❖ Therefore, real interest rates fall as inflation increases, unless nominal rates increase at the same rate as inflation.
- ❖ The Fisher Effect has been extended to the analysis of the money supply and international currency trading. When the real interest rate is positive, it means the lender or investor is able to beat inflation. When the real interest rate is negative, it means the rate being charged on a loan or paid on a savings account is not beating inflation.



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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 : 83.6405  
INR / 1 GBP : 108.1667  
INR / 1 EUR : 91.0655  
INR /100 JPY: 53.0100

### **EQUITY MARKET**

Sensex: 80604.65 (-738.81)  
NIFTY: 24530.90(-269.95)  
Bnk NIFTY: 52265.60 (-355.10)

### **Courses conducted by BFSI Board**

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **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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### **Publications by BFSI Board**

- ❖ **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 2<sup>nd</sup> Edition)**
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### **TEAM BFSIB**

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