



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

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
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



Fintech major Paytm plans to deploy AI to improve business operations: Fintech major Paytm has set its sights on deploying artificial intelligence (AI)-powered systems to improve business efficiency, company executives said at the firm's Q3 earnings call with analysts. "Instead of expanding business functions, we are trying to add capabilities of machines and systems to the platform. The systems will continue to grow and this will create demand in a linear way of the number of people we need," said Vijay Shekhar Sharma, founder and chief executive officer (CEO), Paytm.

(Business Standard)

States' loan guarantee more than triples since FY17 to Rs 9.4 lakh cr in FY23: The total loan guarantees extended by 17 major states to their entities have more than tripled to Rs 9.4 lakh crore by FY23 from Rs 3 lakh crore in FY17, says a report. While guarantees are contingent liabilities, they may pose a risk to states' fiscal health if a substantial proportion of the stock needs to be serviced by them, warranting robust guarantee monitoring and prudent extension of guarantees in the future so that the financial system as a whole remains resilient. The total loan guarantees extended by the 17 major states to their entities have more than tripled to Rs 9.4 lakh crore as of FY23 from Rs 3 lakh crore in FY17. This is equivalent to the entire increase in such guarantees of these states during FY2017-22

(Economic Times)

IDBI Bank net profit rises 57% in Q3: IDBI Bank has reported a 57% increase in net profit to Rs 1,458 crore for the third quarter, with net interest income rising 17% to Rs 3,435 crore. The bank's net advances grew by 18% to Rs 1.75 lakh crore, aided by growth in the retail segment. Gross net performing assets were down to 4.69%, while provision coverage ratio improved to 99.17%.

(Business Today)



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ICICI Bank net up 24%, beats estimates with record high profit in Q3: ICICI Bank, the country's second-largest private lender, on Saturday reported 24% rise in net profit to Rs 10,272 crore in the third quarter of the current financial year, aided by strong loan growth. The lender surpassed street expectations, as Bloomberg analysts expected the bank to post Rs 9,950 crore net profit in the the quarter. Net interest income, the difference between interest earned and paid, increased 13.4% to Rs 18,678 crore in the second quarter of the current fiscal from Rs 16,465 crore in Q3 FY23.

(Financial Express)

Union Bank Q3 PAT rises 60 per cent: Public sector lender Union Bank of India on Saturday reported a 60% year-on-year (y-o-y) rise in its net profit for the quarter ended December at Rs 3,590 crore, led by lower provisions and healthy asset growth. The Q3FY24 net profit was higher than a Bloomberg consensus estimate of Rs 3,465 crore. The lender's asset quality improved during Q3, with gross and non-performing asset ratio (GNPA, NNPA) moderating to 4.83% and 1.08% as of December 31 from 7.93% and 2.14% a year ago, respectively. Accordingly, bad loan provisions moderated sharply to Rs 1,226.31 crore during Q3 from Rs 2,443.11 crore in same period last year.

(Financial Express)



ECONOMY

Indian agri exports decline 10% in April-November due to drop in cereal shipments: India's exports of agri-products monitored by APEDA fell by a tenth during the April-November period of the current financial year, mainly on account of a decline in cereals shipments, excluding basmati rice. Agri exports for the April-November 2023-24 period stood at \$15.729 billion, a decline of 9.73 per cent over the same period last year's \$17.425, as per the latest provisional data released by APEDA. Basmati rice shipments registered a 17.58 per cent growth at \$3.7 billion over the same period last year's \$2.87 billion on higher purchases by buyers such as Saudi Arabia and Iraq, among others. In volume terms, basmati rice exports were up 9.6 per cent at over 29.94 lakh tonnes over same period last year's 27.32 lakh tonnes.

(Business Line)

Funding winter turns harsher; global startup hubs hit by poor VC fund flow: The adverse impact of the much-talked-about funding winter continues to hit startups across the global hubs. While venture capital funding plummeted by 63 per cent to \$7.8 billion, it fell by about 47 per cent to \$109.4 billion in the United States and by 27.4 per cent in China to \$42.6 billion in 2023. "Venture



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capital funding in 2023 failed to touch the \$10-billion mark, a level that was reached in just the first four months of 2022,”

(Business Line)

Interim Budget: Analysts peg fiscal deficit target at 5.3% of GDP for FY25: The fiscal deficit target for FY25 is likely to be pegged at 5.3 per cent of the GDP in the upcoming interim budget, suggests an analysis of multiple projections made by economists and forecasting agencies. Economists expect a moderation in growth in the capital expenditure (capex) from the highs seen in the last two financial years following the pandemic. Of the 10 research reports by forecasting agencies that Business Standard analysed, eight expect a fiscal deficit at 5.3 per cent of the GDP for FY25, while two agencies have pegged it at 5.4 per cent. In view of the upcoming general elections, Finance Minister Nirmala Sitharaman is scheduled to present a vote-on-account, or the next government presents an interim budget on February 1 to meet the initial expenditure until a full budget. “We expect the central government to announce a fiscal deficit target in the range of 5.2-5.4 per cent of the GDP (with 5.3 per cent of GDP as our base case) in FY25 Goldman Sachs said.

(Business Standard)

INDUSTRY OUTLOOK



Q3FY24 results: India Inc profit growth slowest in the last 14 quarters: The early-bird results for the October-December 2023 quarter (Q3FY24) hint at a slowdown in corporate profit growth and a further deceleration in India Inc’s revenue growth. The combined net profit of 215 early-bird companies that have declared their quarterly results so far is up 12.5 per cent year-on-year (Y-o-Y) in Q3FY24, growing at the slowest pace in the last 14 quarters. These companies’ net sales (gross interest income for banks and non-banking finance companies) were up 9.4 per cent Y-o-Y in the third quarter, their worst show since the December 2020 quarter when net sales were down 3.5 per cent.

(Business Standard)

FY25 Capex target for CPSEs may rise by 12-13%: The Indian government is expected to increase the capital expenditure target for central public sector enterprises (CPSEs) in the fiscal year 2025 by 12-13%. The capital expenditure for 54 CPSEs and five departmental arms, including the Railway Board and National Highways Authority of India, is projected to be around ₹8.20-8.30 lakh crore for the upcoming fiscal year. In absolute terms, the capital expenditure of 54 CPSEs and five



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departmental arms of government including Railway Board and National Highways Authority of India is expected at around ₹8.20-8.30 lakh crore for the next fiscal year, said the people cited above. The capex target for CPSEs for FY24 was set at ₹ 7.33 lakh crore, up 13.4% over the revised FY23 target of ₹6.46 lakh crore. "The capex target for CPSEs is likely to be up by 12-13% in FY25,"

(Economic Times)

LIC becomes 7th most valued company in market-cap: Shares of Life Insurance Corporation of India, for the first time, closed above the retail investor's IPO price of ₹904 on Saturday. The market capitalisation of LIC stood at ₹5.92-lakh crore at the end of the day. LIC has now surpassed ITC and Hindustan Unilever to occupy the seventh most-valued company in market capitalisation. During the day, it hit an all-time high of ₹948, a rupee below the allotted IPO price for institutional and high net worth investors and closed at ₹936, up 3.76 per cent, over Friday's closing price. On the NSE, the stock closed even better at ₹936.85.

(Business Line)



REGULATION & DEVELOPMENT

NARCL offers ₹270 cr for Pink City Expressway, recovery likely at 15%: The National Asset Reconstruction Co (NARCL), has made a ₹270 crore offer for Pink City Expressway Private Limited (PCEPL), the company which was formed to build, operate and maintain the six-lane Gurugram-Kotputli-Jaipur section of the Delhi-Jaipur highway. PCEPL has ₹1,761 crore of outstanding loans and another ₹30 crore of bank guarantees, according to rating agency Care, which means lenders can recover about 15% of their claims from NARCL. The bad bank acquires loans by paying 15% of the amount in cash and the rest in security receipts (SRs), which are to be matched with recovery over time. These SRs are guaranteed by the government.

(Economic Times)

Minimum assured returns still in works, not out of our radar, says PFRDA Chairman: PFRDA has not dropped its earlier plan to introduce a Minimum Assured Return Scheme (MARS) under the National Pension System (NPS), its Chairman Deepak Mohanty said. "It is very much on our radar. It is still in the works. We have to balance returns and cost of guarantee. I can't commit to a specific timeline on when it can be introduced. We are working on various formulations and hopefully we should be able to come out with some scheme", Mohanty said when asked if the regulator has dropped its earlier planned launch of this scheme.

(Business Line)



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FINANCIAL TERMINOLOGY

CURRENCY SWAP

- ❖ A currency swap is an agreement between two cross-border entities where one of them agrees to provide a loan to another in a foreign currency. The repayment takes place in a different currency at a fixed date and an exchange rate. The interest rate charged on such loans is usually lesser than that available in the foreign market.
- ❖ Let us understand it with an example. Suppose India signs a currency swap agreement worth \$5 million with say, Nepal. India will then provide a loan to Nepal in a foreign currency which may be US Dollar. In return, Nepal will have to return the money in Indian Rupees at a fixed interest rate.
- ❖ This comes as a saviour for the countries going through a foreign reserve crisis as it allows them to get a loan in USD, at a lower rate of interest.



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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 : 83.1338
INR / 1 GBP : 105.5662
INR / 1 EUR : 90.4457
INR /100 JPY: 55.9000

EQUITY MARKET

Sensex: 71423.65 (-259.58)
NIFTY: 21571.80 (-50.60)
Bnk NIFTY: 46058.20 (+357.00)

Courses conducted by BFSI Board

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- ❖ **Aide Memoire on Infrastructure Financing.**
 - ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
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