



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

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

DAILY NEWS DIGEST BY BFSI BOARD

24 May 2024



ECONOMY

RBI's Rs 2.1 lakh cr bonanza to govt brings cheer to stock market: The Reserve Bank of India's whopping dividend payout of Rs 2.1 lakh crore for FY24 has given the stock markets a major reason to celebrate. On May 23, frontline indices started with modest gains but soon soared to new highs, thanks to significant jumps in banking and financial stocks, the primary beneficiaries of this windfall. Doubling the Rs 1.02 lakh crore projected in the 2024 interim budget, this hefty dividend provides the government with extra funds to ramp up capital expenditure, lower the fiscal deficit, or a mix of both. Whatever the path, it's already lifting market sentiment. The higher fiscal headroom spells good news for banks, as it means less government borrowing, keeping interest rates in check. Lower rates could mean more treasury gains for banks. Nifty Auto led the sectoral gains, but otherwise, it was banking and financial services sector that led

(Moneycontrol)

India and Maldives agreed to pay for imports in their own currencies: India and Maldives have agreed to cooperate in efforts to pay for imports in their respective currencies instead of US dollars, said Maldives on Wednesday. This move would save the island nation almost 50 per cent of the annual \$1.5 million imports bill from the two countries. Maldives' Economic Development Minister Mohamed Saeed met Indian High Commissioner Munu Mahawar recently to discuss the matter, following which the Indian High Commissioner said New Delhi would cooperate in arranging for settlement of import payments in Indian rupee..

(Business Today)

The US House passed a landmark bill on digital assets: The US House of Representatives passed a landmark bill on Wednesday that aims to establish a new regulatory framework for digital assets, setting the stage for a potential showdown with the Securities and Exchange Commission (SEC). The "Financial Innovation and Technology for the 21st Century Act," passed with bipartisan support in a 279-136 vote, seeks to clarify the legal status of cryptocurrencies and foster industry



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

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

growth. However, the bill faces an uncertain future in the Senate and drew sharp criticism from SEC Chair Gary Gensler, who warned it could expose investors to "immeasurable risk."

(Business Today)

BANKING & FINANCE



Reliance Capital administrator seeks 90-day extension from NCLT to implement resolution plan: Reliance Capital's administrator has filed a request for a 90-day extension to implement a resolution plan submitted by the Hinduja Group, which was approved by the National Company Law Tribunal (NCLT) Mumbai. The resolution plan, approved by the tribunal, was for IndusInd International Holdings Ltd's Rs 9,650-crore plan. Reliance Capital's board was replaced by the Reserve Bank in November 2021 due to governance issues and payment defaults. The company's debt is over Rs 40,000 crore.

(Economic Times)

PSBs ask US to route advisories via finance ministry: Indian banks have suggested to the US Treasury that its advisories to them should be routed via the finance ministry to ensure speedy implementation, people privy to the development said. Executives from some of the top lenders, including State Bank of India, Punjab National Bank and Canara Bank, met with a six-member US Treasury delegation last month.

(Economic Times)

RBI dividend windfall unlikely to be fully used for fiscal consolidation: 'RBI dividend windfall unlikely to be fully used for fiscal consolidation. 'Surge in RBI dividend payout not that much of a surprise, says economists in foreign banks. Foreign banks do not expect the government to entirely direct the RBI's record surplus transfer (dividend) of ₹2.1-lakh crore for 2023-24 towards further consolidation of its finances.

(Business Line)



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

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

INDUSTRY OUTLOOK



India market-cap at striking distance from Hong Kong: With the steady rise in Indian stocks taking BSE's market-cap to \$5 trillion, it is now within striking distance of Hong Kong, which commands a market-cap of \$5.39 trillion currently. NSE's market-cap stands slightly short of \$5 trillion, at \$4.95 trillion. India thus occupies the Number 5 slot, after the US, China, Japan, and Hong Kong, in the pecking order of top stock exchanges in the world in terms of market-cap. This milestone of \$5 trillion market-cap achieved on May 22 marks a significant moment in India's economic rise. It signals India's growing economic strength and potential to challenge established financial centers, experts said.

(Moneycontrol)

Business class coming soon: IndiGo to launch 'tailor-made' product for busiest routes: Private carrier IndiGo will launch a new tailor-made business product to cater to India's busiest and business routes, Interglobe Aviation said on Thursday. The product will be operational by the end of this year. "In a groundbreaking move to redefine business travel in India, IndiGo, India's most preferred airline, announces the plan to launch a tailor-made business product for India's busiest and business routes," the airline said in a release. IndiGo CEO Pieter Elbers said it is constantly looking at innovating service offerings. IndiGo currently offers only economy class on its flights.

(Economic Times)

Google picks southern Indian state for smartphone production: Google is set to invest billions in Tamil Nadu, India to produce smartphones and drones. The move follows a trend of tech companies, like Apple, shifting production from China. The state aims to boost advanced manufacturing, with Google's decision contributing to its transformation. This shift benefits India's economy and aligns with Prime Minister Modi's incentives to attract electronics manufacturers.

(Economic Times)



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



www.icmai.in

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



REGULATION & DEVELOPMENT

Driving tests not mandatory at RTO from June 1: Marking a significant shift in how Indians obtain their driving licence, the ministry of road transport has announced new set of rules that is expected to simplify the process and reduce the long queues witnessed at regional transport offices (RTOs) for driving tests. Starting June 1, applicants will have the option to undertake driving tests at private driving training centres, instead of going to state-run RTOs.

(Moneycontrol)

US Treasuries behind RBI's Rs 2.1 trillion bumper surplus to Centre: A combination of factors, including heavy investments in US Treasury bonds and dollar sales at a healthy profit, facilitated the Indian central bank in transferring a record surplus of Rs 2.11 trillion to the government for 2023–24 (FY24). The RBI's dollar purchases increased in FY24, supported by robust capital inflows endorsing the economy's health. Economists noted that these dollars were invested in US Treasury securities, with yields rising due to monetary policy tightening — reflecting the higher-for-longer stance of the US Federal Reserve — resulting in substantial interest income for the RBI from foreign assets.

(Economic Times)



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)

www.icmai.in

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



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.
- ❖ Sri Lanka has been going through severe economic and political turmoil for the last several months now. High inflation and depletion of foreign reserves to an unsustainable level led the country to utter chaos. To help the neighbour, India signed a currency swap agreement of \$400 million with Sri Lanka. And in April, extended its term for repayment after the country said that it cannot meet its debt obligations. Since 2018, India has agreed to sign currency swaps with 23 countries.



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 : 83.2301
INR / 1 GBP : 106.1062
INR / 1 EUR : 90.3879
INR /100 JPY: 53.2100

EQUITY MARKET

Sensex: 75418.04 (+1196.98)
NIFTY: 22967.65 (+369.85)
Bnk NIFTY: 48768.60 (+986.65)

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.**

For details please visit
BFSIB portal of the ICMAI
website

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 2nd Edition)**
- To purchase please visit
BFSIB portal of ICMAI

TEAM BFSIB

**Banking, Financial Services & Insurance Board
The Institute of Cost Accountants of India (ICMAI)**

Disclaimer: Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICMAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICMAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.