



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)**
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DAILY NEWS DIGEST BY BFSI BOARD

29 Jan 2024

BANKING & FINANCE



Rana Talwar, first Indian to head a global bank, passes away at 76: Veteran banker Rana Talwar, who was the first Indian to head a global bank -- Standard Chartered Plc, died at the age of 76 years. Talwar, son-in-law of DLF Group chairman emeritus K P Singh, breathed his last on Saturday, sources said.

(Business Standard)

Karnataka Bank to raise Rs 100 cr equity from ICICI Lombard: Mangaluru-headquartered private lender Karnataka Bank has decided to allot Rs 100 crore worth preferential shares to ICICI Lombard General Insurance as a part of its plans to shore up Rs 700 crore in fresh equity. The bank, at a board meeting on Saturday, decided on this allotment at a share price of Rs 265.06 apiece.

(Economic Times)

YES Bank Q3 PAT jumps over 4X: Private sector lender YES Bank on Saturday reported over 4X year-on-year rise in its net profit for the quarter ended December at Rs 231 crore. The profit after tax for Q3FY24, however, was lower than a Bloomberg consensus estimate of Rs 367 crore. In contrast to the industry trends, the bank registered higher deposit growth than credit during Q3. The lender's overall deposits rose 13% year-on-year to `2.41 trillion as of December 31. YES Bank's gross and net-non performing asset ratio (GNPA, NNPA) was largely flat during Q3 at 2% and 0.9% as on December 31, as against 2% and 1% a year ago, respectively.

(Financial Express)



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ECONOMY

Rupee best performing Asian currency in January on back of FPI inflows: After an extremely stable 2023, the Indian rupee started 2024 on a promising note and has turned out to be the best-performing Asian currency so far in January, appreciating 0.1 per cent despite 2 per cent rise in the dollar index. All other Asian currencies depreciated by around 1.4-4 per cent during the month. The local currency regained its ground against the greenback on the back of foreign portfolio inflows, said market participants.

(Business Standard)

India-dedicated funds see \$16.2 billion inflows in CY23: India-dedicated funds saw inflows of \$3.1 billion in December, taking the total category inflows in CY23 to \$16.2 billion, the latest EPFR data compiled by Kotak Institutional Equities showed. The assets of these funds, which had seen outflows of \$2.2 billion in CY22, rose 67.5 per cent during the year to \$67 billion. December's flows for the category include \$2 billion of ETF inflows and \$1.1 billion of non-ETF inflows. Most India-dedicated offshore funds are actively managed and have expense ratios substantially higher than those of ETFs. The continuing popularity of these funds, despite higher expenses, indicates that many foreign investors prefer active management over passive when it comes to investing in India, said experts.

(Business Line)

State revenue grows 5% till Nov against 17.4% budgeted for FY24: Report: The growth rate of the combined revenue receipts of the 16 largest States dropped by almost 80 per cent to 5 per cent during April-November from the budgeted 17.4 per cent for the current fiscal, according to an ICRA Ratings report. The States have so far borrowed over 37 per cent more than they did last fiscal and given these poor numbers, they will have to borrow heavily this fiscal to service their debt and pay salaries and pensions. The plunge is due to a contraction in sales tax and lower-than-budgeted growth of State goods and services tax collections (SGST), excise duty and stamps and registrations during the period, restricting the growth of States own tax revenue (SOTR) to 11 per cent. "Another reason for the poor numbers is the steep decline in Central grants," ICRA Ratings said in a report.

(Business Line)



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INDUSTRY OUTLOOK



Global and domestic companies jostle for warehousing space in India: The warehousing and logistics sector in India is experiencing an explosion in demand and supply. Some of the biggest global names in the sector and private equity giants are battling it out as they seek to gain and consolidate their presence by establishing industrial parks and hubs across the country. In 2023, industrial and warehousing lease transactions rose eight per cent on the year to touch a record 39 million square feet across eight major cities in the country, according to property consultant CBRE South Asia. The total supply of industrial and logistics space also touched a record peak of 36 msf. Private equity inflows into the segment more than doubled in the year to around \$900 million, the second highest after the office segment. Some of the biggest deals in the sector last year were Blackstone buying some assets of TransIndia Real Estate for \$79 million, Morgan Stanley investing \$36 million in Prakhyat Group's warehousing project near Mumbai, and IndoSpace buying an eight lakh square feet Amazon fulfilment centre in Hyderabad from the GMR group for \$23 million.

(Business Line)

India's laptop, tablet imports unlikely to drop due to authorisation requirement: India's imports of laptops, computers and tablets are not likely to drop following the imposition of the import management system from October 1, 2023 as the import authorisations applied for by the industry and issued by the government, for the notified period ending September 30, 2024, indicate that the quantities would be "more or less the same" as in the corresponding period of the previous year, sources have said. There is no decision yet on what the import rules would be for the seven IT hardware items covered under the import management system after September 30, 2024, when the notification expires, as the Ministry of Electronics and Information Technology (MeitY) is still analysing import data, a source tracking the matter told.

(Business Line)

Tesla's Elon Musk is no longer the richest person in the world: Bernard Arnault surpasses Elon Musk as the richest person in the world, Forbes reports, with a net worth of \$207.6 billion. Arnault's rise to the top came as tech stocks struggled due to high inflation. The French billionaire's surge in net worth, driven by positive LVHM results, led him to overtake Musk. Arnault, Chairman and CEO of LVHM, saw a \$23.6 billion increase, while Musk's net worth dipped by \$18 billion after a 13% drop in Tesla's stock.

(Economic Times)



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REGULATION & DEVELOPMENT

Kerala Govt hikes wages of over 60,000 Anganwadi workers, helpers: The Kerala Government on Sunday announced a wage hike for over 60,000 Anganwadi workers and helpers in the State with an increment of up to ₹1,000. Announcing the decision, Finance Minister K N Balagopal said the wages of Anganwadi workers and helpers with over 10 years of service would be raised by ₹1,000. “The wages of others would be hiked by ₹500,” he said in a statement. At present, Anganwadi workers and helpers draw a monthly salary of ₹12,000 and ₹8,000 respectively in the State.

(Business Line)

CBIC celebrates International Customs Day-2024 with theme of ‘Customs engaging traditional and new partners with purpose’ in New Delhi: The Central Board of Indirect Taxes and Customs (CBIC) on 27th January celebrated the International Customs Day- 2024 in New Delhi. This year, the World Customs Organisation (WCO) has dedicated the International Customs Day to the theme of ‘Customs engaging traditional and new partners with purpose’. In her message on the occasion, Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman stated, “This year's theme of International Customs Day, with the theme of ‘Customs Engaging Traditional and New Partners with Purpose’, completely resonates with the Motto of ‘Sabka Saath Sabka Vikas’ given by Our Prime Minister. Every partner needs to collaborate to put India on course to becoming the third-largest economy by 2027-28, with a GDP surpassing \$5 trillion.”

(PiB)



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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 : 83.1155
INR / 1 GBP : 105.6542
INR / 1 EUR : 90.4175
INR /100 JPY: 56.2300

EQUITY MARKET

Sensex: 70700.67 (-359.64)
NIFTY: 21352.60 (-101.40)
Bnk NIFTY: 44866.20 (-216.20)

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TEAM BFSIB

Banking, Financial Services & Insurance Board
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