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+ 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

30 April 2024



ECONOMY

Market bounces back as financials rally; Nifty above 22,600, Sensex up 941 pts: The market bounced back sharply as it erased all the previous session losses, with Nifty closing above 22,600 amid buying seen across the sectors, barring realty. At close, the Sensex was up 941.12 points or 1.28 percent at 74,671.28, and the Nifty was up 223.45 points or 1 percent at 22,643.40. Amid positive global cues, the market started on a positive note and extended its gains as the day progressed led by financials, helped benchmarks to close near day's high. Asian stocks rallied on Monday, led by Taiwan, Indonesia and South Korea. Crude oil futures fell amid a diplomatic push in West Asia to secure a cease-fire in Gaza. Corporate earnings optimism offset concerns about higher-for-longer interest rates ahead of the US Federal Reserve policy meeting outcome set for May 1.

(Moneycontrol)

Maharashtra highest contributor to mutual fund AAUM in March 2024: In March 2024, Maharashtra continued to be the highest contributor. Around five out of the 37 states and union territories in India saw a sequential decline in contributions to mutual fund AAUM (Average Assets Under Management) in March 2024, according to the latest ICRA report. The AAUM contribution from Maharashtra rose from Rs 22.41 lakh crore in February 2024 to Rs 22.52 lakh crore in March 2024. According to ICRA, Maharashtra continues to be the highest contributor to the Average Assets under Management (AAUM) in March 2024 at 40.93 percent. Apart from Maharashtra, the other states with high contributions are New Delhi at 8.41 percent, Karnataka at 6.92 percent, Gujarat at 6.89 percent, and West Bengal at 5.20 percent. The top 5 states accounted for around 68 percent of total contribution, the report noted. ***(Business Standard)***

India's imports from China has grown 2.3x faster than exports says GTRI report: Over the years, the dependence of India on Chinese imported goods such as telecom, machinery and electronics have increased. In fact, in the last 15 years there is a 30% rise in the import of such goods in India from China, as per a report by Global Trade Research Initiative (GTRI). The report highlights



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that the growing trade deficit with China is a cause of concern and the implications of this dependency is not only affecting the economic condition but it also has the implications on the national security dimensions. As per the report, India's exports to China have stagnated at around \$16 billion annually in the period between 2019 to 2024 while the imports from China in the same time period have surged from \$70.3 billion in 2018-19 to more than \$101 billion in 2023-24. This has resulted in a cumulative trade deficit of \$375 billion in five years.

(Financial Express)

BANKING & FINANCE



RBI directs lenders to review loan disbursement, interest related practices: India's central bank directed lenders on Monday to review practices such as disbursement of loans and application of interest in its latest move aimed at tightening the scrutiny of the sector. The Reserve Bank of India said it "came across instances of lenders resorting to certain unfair practices in charging of interest", referring to malpractices regarding duration for calculating interest and quantum of repayment installments, among others.

(Business Standard)

UPI credit line: NPCI may go easy on interchange fee for transactions: To increase the adoption of credit UPI, National Payments Corporation of India (NPCI) is looking at an interchange fee for transactions lower than that for a credit-card transaction. Sources in the know said these charges could be 1-1.2 per cent. Fintech participants concur with the view that the interchange fee is expected to be lower than that for a credit-card transaction. Credit-card transactions generally have an interchange fee of 1.8-2 per cent.

(Business Standard)

India's cash withdrawals from ATMs increase by 5.51% in FY24: India's leading cash logistics company, CMS Infosystems, revealed a notable 5.51% growth in the monthly average cash withdrawals from ATMs, reaching Rs 1.43 crore in FY24. Despite the increasing popularity of digital payment modes like UPI, which has led to speculation about a decline in cash usage, the report indicates a steady demand for cash across the country. The report highlights that the average cash withdrawn saw a significant 10.37% increase in metro areas, followed by a 3.94% increase in semi-



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urban and rural areas (SURU), and a 3.73% increase in semi-metros. This growth underscores the continued reliance on cash transactions in various parts of the country.

(Economic Times)

INDUSTRY OUTLOOK



Ola Cabs CEO Hemant Bakshi resigns, company to layoff 20% staff: Ola Cabs' Chief Executive Officer Hemant Bakshi is leaving the company in just four months after he joined the ride-hailing firm. Ola is also undertaking a restructuring bid that will see nearly 20 per cent downsizing in the team, which will be impacting nearly 250 employees. This comes at a time when the company is looking to file its initial public offer (IPO) papers.

(Business Line)

Uttarakhand suspends licences of 14 products made by Ramdev's firm in fresh setback for yoga guru: Uttarakhand's licencing authority has reportedly suspended manufacturing licences of 14 products made by Baba Ramdev's Patanjali's Divya Pharmacy for repeatedly publishing misleading advertisements about their efficacy. A criminal complaint has also been reportedly filed against Ramdev and Acharya Balkrishna and Patanjali for violating the Drugs and Magic Remedies Act. The Supreme Court of India has in recent weeks repeatedly criticized Ramdev for not complying with its directives in an ongoing lawsuit to stop misleading advertisements of some of his traditional ayurvedic medicines.

(Business Today)



REGULATION & DEVELOPMENT

RBI announces launch of 'inflation expectations' and 'consumer confidence' surveys for monetary policy inputs: The RBI has launched two new surveys, the 'Inflation Expectations Survey of Households' and the 'Consumer Confidence Survey,' ahead of its June monetary policy review. These surveys will gather insights crucial for monetary policy decisions. The 'Inflation Expectations Survey' will collect data on price changes and inflation expectations from households in



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19 cities. Meanwhile, the 'Consumer Confidence Survey' will gather views on the general economic situation, employment, prices, income, and spending. Both surveys aim to provide a comprehensive understanding of economic trends and sentiments.

(Economic Times)

Banks fail to meet RBI mandate on CRR multiple times: In an unusual occurrence, the average fortnightly cash balances of banks kept with the Reserve Bank of India (RBI) fell short of the central bank's mandated cash reserve requirement (CRR) 15 times in the past year alone, an analysis of daily data released by the banking regulator showed. The shortfall in the fortnightly CRR, one of the key regulatory reserve requirements set out by the RBI, could be broadly attributed to two factors, according to people familiar with the matter. "The RBI had given the dispensation on CRR maintenance in 2022 to at least one private bank which was facing some issues, but that dispensation does not exist anymore. Another factor is that there are issues with how the CRR maintenance data is reported. That is contributing to the shortfall and the RBI will rectify that issue," said one of the persons.

(Economic Times)



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FINANCIAL TERMINOLOGY

HELICOPTER MONEY Vs QUANTITATIVE EASING

- ❖ 'Helicopter Money' is basically means non-repayable money transfer from the central bank to the government.
- ❖ This is an unconventional monetary policy tool aimed at bringing a flagging economy back on track. It involves printing large sums of money and distributing it to the public. Friedman used the term to signify "unexpectedly dumping money onto a struggling economy with the intention to shock it out of a deep slump. "Under such a policy, a central bank "directly increase the money supply and, via the government, distribute the new cash to the population with the aim of boosting demand and inflation."
- ❖ Quantitative easing also involves the use of printed money by central banks to buy government bonds. But not everyone views the money used in QE as helicopter money. It sure means printing money to monetise government deficits, but the govt has to pay back for the assets that the central bank buys. It's not the same as bond-buying by central banks "in which bank-owned assets are swapped for new central bank reserves." Helicopter money is also different from a central bank directly financing the debt of a government.



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 : 83.4392
INR / 1 GBP : 104.5560
INR / 1 EUR : 89.4607
INR /100 JPY: 53.1300

EQUITY MARKET

Sensex: 74668.04 (+937.88)
NIFTY: 22643.40 (+223.45)
Bnk NIFTY: 49424.05 (+1223.00)

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