



INDUSTRY

MAY - JUNE 2024

Insights

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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Behind every successful business decision, there is always a CMA

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“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

Mission Statement

“The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”

Institute Motto

असतोमा सदगमय
तमसोमा ज्योतिर् गमय
मृत्योर्मा मृतं गमय
ॐ शान्ति शान्ति शान्तिः

From ignorance, lead me to truth
From darkness, lead me to light
From death, lead me to immortality
Peace, Peace, Peace

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The Institute of Cost Accountants of India (ICMAI) is a statutory body set up under an Act of Parliament in the year 1959. The Institute as a part of its obligation, regulates the profession of Cost and Management Accountancy, enrolls students for its courses, provides coaching facilities to the students, organizes professional development programmes for the members and undertakes research programmes in the field of Cost and Management Accountancy. The Institute pursues the vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. In today's world, the profession of conventional accounting and auditing has taken a back seat and cost and management accountants increasingly contributing towards the management of scarce resources like funds, land and apply strategic decisions. This has opened up further scope and

tremendous opportunities for cost accountants in India and abroad.

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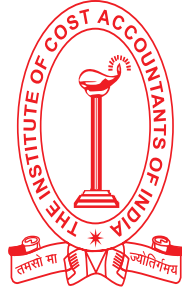


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MESSAGE

Dear Esteemed Members,

We are pleased to welcome you to this issue of the 'Industry Insights' bulletin, dedicated to the dynamic and ever-evolving field of the Indian port sector. This sector remains at the forefront of economic development, continually adapting to technological advancements and regulatory changes to better serve trade and logistics needs across the country. We are committed to providing our members with the latest trends, insights, and developments in various industry sectors.

We encourage you to actively engage with the content of this bulletin and participate in the initiatives and discussions that follow. Your contributions and feedback are invaluable as we continue to support a robust and innovative financial services industry.

Thank you for your continued support and commitment to excellence.

Best regards,



CMA TCA Srinivasa Prasad



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Indian Ports : Powerhouses of Economic Growth



Indian ports play a crucial role in the country's economic growth, serving as vital gateways for trade and commerce. They facilitate the movement of goods both domestically and internationally, contributing significantly to India's economy. With a coastline stretching over 7,500 kilometers, India's ports are strategically located to connect with major global shipping routes, enhancing trade efficiency and reducing logistics costs. Major ports like Mumbai, Chennai, Kolkata, and Visakhapatnam handle a significant portion of India's maritime trade, while newer ports like Mundra and Krishnapatnam have emerged as key players in handling container traffic and bulk cargo. The development and modernization of these ports are integral to India's goal of becoming a global trade hub, supporting industries,

creating jobs, and driving economic growth across the country.

India's coastline stretches over 7,500 kilometers, providing ample opportunities for maritime activities. The country has 12 major ports managed by the central government and over 200 non-major ports along its shores. These ports serve as crucial links for both domestic and international trade.

The major ports include iconic names like Jawaharlal Nehru Port Trust (JNPT), Kolkata Port, Mumbai Port, and Chennai Port. JNPT, located near Mumbai, handles a significant portion of India's containerized cargo. Meanwhile, Kolkata Port stands as the oldest operating port in West Bengal.



The total cargo handling capacity of Indian ports is approximately 2,400 million tonnes per annum (MTPA). Major ports alone handled 783.50 million tonnes of cargo traffic in FY23, showcasing steady growth over the years.

India's maritime history dates back to 3000 BC when the inhabitants of the Indus Valley Civilization engaged in maritime trade with Mesopotamia. Ports played a pivotal role in connecting civilizations, facilitating the exchange of goods, culture, and ideas.

Economically, ports support 95% of India's trade by volume and 70% by value. They contribute to job creation, industrial clusters, and foreign trade. Non-major ports have witnessed significant growth due to shifting traffic patterns.

Government initiatives, such as the National Maritime Development Programme (NMDP), encourage port development. Tax incentives and public-private partnership (PPP) projects further boost India's maritime sector.

In summary, Indian ports are not just infrastructure; they embody centuries of trade, connectivity, and economic progress.

❖ Historical Evolution of Indian Ports

India's maritime history dates back several millennia, with ports playing crucial roles in trade with ancient civilizations such as Mesopotamia and Egypt. During the colonial era, ports like Mumbai (formerly Bombay), Chennai (Madras), and Kolkata (Calcutta) emerged as major hubs under British rule, serving as gateways for goods and resources to and from the Indian subcontinent.

Post-independence, the Indian government recognized the importance of developing its port infrastructure to support industrialization and trade. The Major Port Trusts Act of

1963 established governance frameworks for major ports under central administration, laying the foundation for modern port management and development.

❖ Structure of the Indian Port Sector

The Indian port sector is categorized into two segments: major ports and non-major ports.

1. Major Ports: There are 12 major ports in India, governed by the central government through the Major Port Trusts Act of 1963. These ports are:

- Kolkata (including Haldia)
- Paradip
- Visakhapatnam
- Chennai
- Kamarajar (Ennore)
- V.O. Chidambaranar (Tuticorin)
- Cochin
- New Mangalore
- Mormugao
- Mumbai
- Jawaharlal Nehru (Nhava Sheva)
- Deendayal (Kandla)

Major ports handle about 55% of the total cargo traffic in India, with Jawaharlal Nehru Port Trust (JNPT) being the largest container port in the country.

2. Non-Major Ports: Also known as minor or intermediate ports, these are managed by state governments. There are around 200 non-major ports, which have gained prominence in recent years, especially in states like Gujarat, Maharashtra, and Tamil Nadu. These ports handle the remaining 45% of

the cargo traffic, with Gujarat's ports alone accounting for about 40% of the total traffic handled by non-major ports.

❖ Overview of Major Ports in India

Location and Importance

India has 12 major ports, strategically located along its eastern and western seaboard to cater to different regions and economic sectors. These ports handle approximately 60% of the country's maritime cargo. Key major ports include:

1. **Mumbai Port:** Located on the west coast, Mumbai is India's largest port by size and handles a significant portion of the country's liquid bulk and container cargo.



- **Location:** Located on the west coast of India in Mumbai, Maharashtra.
- **Type of Cargo:** Handles primarily liquid bulk cargo such as petroleum products and chemicals, as well as container cargo.
- **Infrastructure:** Mumbai Port has several terminals including oil terminals, container terminals, and general cargo terminals.
- **Significance:** It is the largest port in India by size and handles a significant portion of the country's maritime trade.

2. **Chennai Port:** Situated on the eastern coast, Chennai is known for its container terminal and automobile exports, serving as a gateway to South India.



- **Location:** Situated on the eastern coast of India in Chennai, Tamil Nadu.
 - **Type of Cargo:** Known for its container terminal which handles containerized cargo, automobile exports, and general cargo.
 - **Infrastructure:** Chennai Port has specialized terminals for containers, bulk cargo, and a dedicated terminal for automobiles.
 - **Significance:** It serves as a major gateway to South India and contributes significantly to the region's economy through trade and commerce.
3. **Kolkata Port:** Located on the Hooghly River, Kolkata is crucial for trade in eastern India, particularly for bulk cargo such as coal and iron ore.



- **Location:** Located on the Hooghly River in Kolkata, West Bengal.
 - **Type of Cargo:** Specializes in handling bulk cargo such as coal, iron ore, and dry bulk commodities.
 - **Infrastructure:** Kolkata Port has specialized berths and terminals for handling different types of bulk cargo.
 - **Significance:** It is crucial for trade in eastern India and plays a key role in the export and import of bulk commodities.
4. **Vishakhapatnam Port:** This port on the eastern coast specializes in handling bulk cargo and serves as a key port for the export of iron ore, steel, and fertilizers.



- **Location:** Situated on the eastern coast of India in Vishakhapatnam, Andhra Pradesh.
- **Type of Cargo:** Specializes in handling bulk cargo including iron ore, steel, coal, and fertilizers.
- **Infrastructure:** Vishakhapatnam Port has modern cargo handling facilities and specialized terminals for different types of bulk cargo.
- **Significance:** It is one of the largest ports in India by cargo handled and serves as a key port for the export of minerals and industrial goods from the region.

These ports collectively support India's economy by efficiently managing diverse types of cargo and facilitating trade across different regions.

❖ Role of Port Sectors in Economic Growth of India

Indian ports play a crucial role in India's economic development. Which can be discussed as follow:

- **Trade Facilitation:** Ports serve as gateways for imports and exports, ensuring smooth movement of goods. They handle cargo such as raw materials, finished products, machinery, and consumer goods. In the fiscal year 2022-23, Indian ports handled approximately 1,310 million metric tonnes (MMT) of cargo, with major ports contributing 720 MMT and non-major ports 590 MMT.
- **Industrial Clusters:** Proximity to ports attracts industries like power, refineries, petrochemicals, cement, steel, electronics, and textiles. These industries benefit from efficient transportation and reduced logistics costs. Major ports handled around 18 million twenty-foot equivalent units (TEUs) of container traffic in 2022-23, with JNPT alone handling over 5 million TEUs.
- **Job Creation:** Ports directly employ workers in operations, maintenance, and logistics. Indirectly, they create jobs in related sectors like shipping, warehousing, and trucking. Over the next decade, it is estimated that approximately 1 crore jobs will be generated, including 40 lakh direct jobs and 60 lakhs indirect jobs. These employment opportunities span various roles within the maritime industry, from port operations to logistics and related services. Additionally, initiatives such as increasing ship recycling capacity are expected to contribute further to employment growth
- **Infrastructure Investment:** The government encourages private investment in port development.



Foreign Direct Investment (FDI) of up to 100% is allowed for port projects. The National Maritime Development Programme (NMDP) aims to enhance the maritime sector with a planned outlay of US\$ 11.8 billion. India's government has announced a long-term plan to invest \$82 billion in the nation's seaports.

- **Tax Revenues and Value Addition:** Indian ports play a crucial role in India's economic development. They serve as gateways for imports and exports, facilitate industrial clusters, create jobs, and enhance foreign trade. The government's substantial investment in port infrastructure, including initiatives like the Sagarmala program, reflects its commitment to fostering trade, connectivity, and economic prosperity. Additionally, these ports contribute tax revenues and add value by reducing logistics costs and improving supply chains. Overall, Indian ports are vital engines of growth, connecting the nation to global markets and driving economic progress. In summary, Indian ports are not just transportation hubs; they drive economic growth, create employment, and strengthen India's global trade connections.

❖ **Challenges Facing Major Ports in India**

- **Infrastructure Constraints:** Despite significant improvements, some major ports face challenges related to outdated infrastructure, congestion at terminals, and inadequate connectivity to hinterlands. Modernization efforts are ongoing, but funding constraints and bureaucratic processes sometimes slow down progress.
- **Regulatory Framework:** Complex regulatory frameworks, overlapping jurisdictions between central and state governments, and outdated laws hinder operational efficiency and investment in the

port sector. Streamlining regulations and enhancing transparency are crucial for attracting private investment and fostering growth.

- **Competition and Efficiency:** Indian ports face stiff competition from neighboring countries such as Singapore, Dubai, and Colombo, which offer superior infrastructure, efficiency, and logistics services. To remain competitive, Indian ports must continuously upgrade technology, streamline processes, and improve turnaround times for vessels.

❖ **Initiatives and Policies Driving Port Sector Development**

- **Sagarmala Programme:** Launched in 2015, the Sagarmala Programme aims to harness India's maritime potential by modernizing ports, enhancing port connectivity, developing coastal economic zones, and promoting port-led industrialization. It seeks to reduce logistics costs, improve supply chain efficiency, and boost coastal shipping and inland waterways transportation.
- **Bharatmala and Industrial Corridors:** The Bharatmala Programme focuses on improving road connectivity to ports, integrating ports with national highways, and creating multimodal logistics hubs. Additionally, dedicated freight corridors and industrial corridors enhance connectivity between ports and hinterland manufacturing centers, supporting industrial growth and trade.
- **Ease of Doing Business Reforms:** Recent reforms to simplify port procedures, digitize documentation, and introduce single-window clearances aim to improve the ease of doing business at Indian ports. These initiatives reduce paperwork, enhance transparency, and accelerate cargo processing, making Indian ports more attractive to global trade partners.

❖ Overview of Minor Ports in India

- **Role and Importance:** In addition to major ports, India has numerous minor ports operated by state governments or private entities. These ports play a crucial role in catering to local industries, supporting fishing communities, and easing congestion at major ports by handling smaller volumes of cargo.
- **Diverse Operations:** Minor ports specialize in handling specific types of cargo such as agricultural products, minerals, and petroleum products. Some minor ports have also developed as tourist destinations, attracting cruise ships and leisure vessels, contributing to local economies through tourism revenue.
- **Challenges and Opportunities:** Minor ports face challenges similar to major ports, including infrastructure deficiencies, regulatory hurdles, and competition from neighboring ports. However, they also present opportunities for growth through strategic investments in infrastructure, technology adoption, and integration with regional development plans.

❖ Green Ports: A step towards Achieving Sustainable Development Goals

India's ports are thriving with increasing cargo traffic and digital technologies, aiming for energy independence by 2047 and net zero emissions by 2070, requiring renewable energy use. India's major and non-major ports experienced significant growth in traffic movement in 2022-23, with major ports handling 795 million tonnes and non-major ports handling 8.5%, driven by increased shipments of coal, petroleum, and crude products. The ports and shipping sector in India is gaining importance in the green transition, as it can catalyze change across the economy. India currently imports over 40% of its primary energy

requirements, but renewable energy accounts for 41% of its total installed power capacity, with solar accounting for 38.9%, hydro (27.15%), and wind (24.8%). Biopower and small hydro contribute to the remainder.

Harit Sagar Green Port Guidelines: The Ministry of Ports, Shipping and Waterways (MoPSW) has launched Harit Sagar green port guidelines, focusing on ecosystem dynamics in port development, operations, and maintenance. The guidelines aim to minimize impact on harbor ecosystems and cover all 12 major parts with green hydrogen bunkering facilities by 2035. The Harit Sagar green port initial focus will be on the ports of Patna, Kandla, and Tuticotin.

- This initiative focuses on integrating environmental sustainability into port operations and infrastructure development. Key developments include renewable energy projects, energy efficiency, shore power systems, green building standards, waste management, water conservation, marine and coastal ecosystem protection, air quality monitoring, digitalization, and community engagement and CSR initiatives.
- Recent projects include the Jawaharlal Nehru Port Trust's solar power project, Chennai Port's shore power system, and Visakhapatnam Port's green initiatives. These projects aim to reduce the carbon footprint of Indian ports, diversify renewable energy sources, and improve energy efficiency.
- Ports are also implementing LED lighting and energy-efficient equipment to reduce energy consumption and emissions. Additionally, they are constructing eco-friendly infrastructure, implementing advanced waste treatment facilities, and promoting recycling within port areas.



- The initiative also aims to control air pollution through cleaner fuels and electrification of cargo-handling equipment. Additionally, ports are implementing digitalization and smart port initiatives, such as the Port Community System (PCS) and IoT and AI technologies.

Hence, the “Harit Sagar” initiative reflects India’s commitment to integrating sustainability into port operations, ensuring economic growth is balanced with environmental protection and social responsibility.

Sagarmala programme: The Indian government is aiming to reduce shipping emissions and promote net-zero solutions by 2030. Major ports will be self-sustainable on electricity, using renewable sources for energy. Green warehousing will be implemented using natural solutions like natural light, automated storage systems, roof top solar, HVLS fans, and rainwater harvesting. The Sagarmala programme, led by the Ministry of Ports, Shipping, and Waterways, aims to promote port-led development by harnessing India’s coastline and strategic location on international maritime trade routes. Over 800 projects, estimated at around ₹ 5.5 lakh crore, have been identified for implementation between 2015 and 2035 across all coastal states. The Maritime India Vision (MIV) 2030 aims to develop global standard ports, including Mega Ports, transshipment hubs, and infrastructure modernization. Investments are estimated to be between ₹ 1,00,000 and 1,25,000 Crores.

National Hydrogen Mission: The National Hydrogen Mission was launched in India on August 15, 2021, with the goal of producing 5 million tons of green hydrogen by 2030. Hydrogen is classified into grey, blue, and green subtypes, and will initially be carried in ammonia carriers. The mission aims to overcome

the high cost and hazardous nature of liquid hydrogen transportation.

❖ Future Outlook and Growth Prospects

- **Infrastructure Development:** The future of the Indian port sector hinges on continued investments in infrastructure modernization, technology adoption, and connectivity enhancement. Projects under the Sagarmala Programme and Bharatmala Programme are expected to transform port infrastructure, reduce logistics costs, and boost trade competitiveness.
- **Sustainability and Environmental Concerns:** With growing emphasis on sustainability, Indian ports are adopting eco-friendly practices such as shore power facilities, waste management systems, and green port initiatives. Sustainable port development not only mitigates environmental impact but also enhances long-term viability and attractiveness to global shipping lines.
- **Digital Transformation:** The adoption of digital technologies such as blockchain, Internet of Things (IoT), and artificial intelligence (AI) is revolutionizing port operations, enabling real-time cargo tracking, predictive maintenance, and data-driven decision-making. Digital transformation improves efficiency, reduces operational costs, and enhances customer satisfaction in the port sector.
- **Global Integration:** India’s ports are increasingly integrating with global supply chains, forming alliances with international port operators, and participating in initiatives such as the International Maritime Organization’s (IMO) Port State Control to ensure compliance with global maritime standards. Enhanced global integration enhances India’s role in global trade and maritime commerce.

❖ Challenges Facing Major Ports in India

The challenges faced by Indian ports are

1. Infrastructure Bottleneck:

- **Inadequate and Outdated Infrastructure:** Many Indian ports suffer from insufficient infrastructure. Issues include limited berths, shallow drafts, and outdated cargo-handling equipment.
- **Capacity Constraints:** Ports need expansion to handle growing cargo volumes efficiently.
- **Dredging Challenges:** Ensuring adequate water depth for large vessels is crucial but often challenging due to sedimentation and environmental concerns.

2. Logistics Bottleneck:

- **Congestion:** Port congestion leads to delays in cargo handling. Overcrowded terminals and inefficient processes hinder smooth operations.
- **Hinterland Connectivity:** Inadequate rail, road, and inland waterway connections between ports and hinterland regions affect cargo movement.
- **Container Pressure:** The surge in containerized cargo places immense strain on port facilities.

3. Technology Bottleneck:

- **Lack of Advanced Technology Adoption:** Indian ports lag behind in adopting modern technologies. Automation, digitalization, and smart port solutions are essential for efficiency.
- **Navigational Aids and IT Systems:** Insufficient investment in navigational aids, facilities, and IT infrastructure impacts safety and operational effectiveness.

4. Regulation Bottleneck:

- **Complex Regulatory Frameworks:** Cumbersome procedures, unclear guidelines, and bureaucratic hurdles hinder port operations.
- **Ease of Doing Business:** Simplifying regulations and promoting transparency are critical for attracting investment and improving competitiveness.

5. Labor Issues:

- **Skilled Labor Shortages:** Ports struggle to find skilled workers for operations, maintenance, and logistics.
- **Labor Disputes:** Ensuring harmonious labor relations is essential for uninterrupted port activities.

❖ Key Statistics on Recent Developments of Indian Port Sector

- **In 2024, Paradip Port becomes the biggest major port in India**

India's state-owned Paradip Port in Odisha has become the largest major port in terms of cargo volumes, with 145.38 million tonnes of cargo throughput in FY24, surpassing Deendayal Port Authority in Gujarat. The Ministry of Ports, Shipping and Waterways reported that Paradip Port's remarkable journey has reached new heights, with the highest-ever coastal shipping traffic of 59.19 million metric tonnes and thermal coal shipping reaching 43.97 million metric tonnes. The growth trajectory of Paradip Port was driven by an improved system of operation at a mechanised coal hand plant, resulting in the highest handling of thermal coal — 27.12 million tonnes. The port has



improved its berth productivity to 33,014 MT, the highest among all the ports of the country. It handled 21,665 numbers of rakes in FY24, handling 2,710 ships, and registering a 13.82% increase in FY23. Paradip Port's operating revenue has crossed ₹ 2,300 crore in FY24, a 14.30% increase from the previous fiscal.

- **Nine Indian ports are placed among the top 100 in the Container Port Performance Index 2023.**

India's nine ports have been ranked among the Global Top 100 in the Container Port Performance Index (CPPI) 2023, a report by the World Bank and S&P Global Market Intelligence. The success is attributed to the Sagarmala programme, which focuses on modernizing and mechanising ports, integrating advanced technologies, and enhancing operational efficiency. Union Minister of Ports, Shipping & Waterways, Sarbananda Sonowal, praised the efforts of the Narendra Modi Government in incorporating new technologies and green infrastructure, ensuring global market stability and sustainability of India's maritime industry. Vishakhapatnam Port, among the top performers, demonstrated exceptional efficiency in handling container ships, enhancing customer preference and port performance. Other Indian ports included Pipavav, Kamarajar, Cochin, Hazira, Krishnapatnam, Chennai, and Jawaharlal Nehru.

- **Major Indian Ports Increased Revenue and Efficiency Between 2023 And 2024**

The Ministry for Ports, Shipping, and Waterways reported an improvement in average container turnaround time (TRT) for eight Major Ports in India during 2023-24, from 23.44 hours in fiscal 2022-23. These ports handle 65% of all cargo moving

on central government-administered ports, with an average turnaround time of less than a day. The most efficient port was the New Mangalore Port Authority (NMPA), with a TRT of 18.65 hours. The ports also handled 532.6 million tonnes of cargo, 6% more than the preceding fiscal. The Paradip Port Authority (PPA) handled the most cargo, with a volume increase of 10.02 MT over 2022-23 levels. The ports also reported improved operational performance, with PPA reporting a 21% higher net surplus at ₹ 1570 crore by the end of fiscal 2023-24. The Deendayal Port Authority (DPA) recorded a decline in cargo handling but a 2.04% higher net surplus at ₹ 1096.6 crore.

- **In June, cargo volume increased 6.8% to 69.8 MT across 12 major Indian ports**

Cargo traffic across 12 major Indian ports increased by 6.8% to 69.08 million tonnes in June from 64.69 MT in the previous month, with 10 ports showing positive growth and two experiencing a decline. Jawaharlal Nehru Port in Maharashtra saw the highest growth at 15.12%, followed by Cochin Port at 15.12%, Kamarajar Port at 10.70%, Deendayal Port at 8.57%, and New Mangalore Port at 8.53%. The 12 major ports include Deendayal, Mumbai, Mormugao, New Mangalore, Cochin, Chennai, Ennore, Tuticorin, Visakhapatnam, Paradip, Kolkata, and Jawaharlal Nehru Port. Mumbai Port experienced a 6.59% decline in cargo traffic, while Visakhapatnam Port saw a 0.27% year-on-year drop.

- ❖ **Some Other Noteworthy Recent Advancements of the Indian Port Sector**

- India plans to establish a new shipping company to expand its fleet by at least 1,000 ships in the next decade, aiming to reduce freight costs and capture more

revenue from increasing trade, with joint ownership by state-run oil, gas, and fertilizer companies, along with the state-run Shipping Corporation of India and foreign companies, targeting a reduction of at least one-third in foreign freight outgoings by 2047.

- India's 12 major ports handled 819.227 million tonnes of cargo in FY24, a 4.45% increase from 784.305 million tonnes in FY23, driven by strong growth in iron ore, raw fertilizer, coking coal, and container shipments, with Jawaharlal Nehru Port Authority handling over half of the total container volumes.
- Adani Group plans US\$ 3 billion investment over 3-5 years to expand global ports capacity, targeting strategic acquisitions in Europe, Africa, and Southeast Asia to increase revenue from overseas ports to 20-25% and support the India-Middle East-Europe Economic Corridor.
- On February 2023, sanctioned projects under PPP include upgrading JNPA Hospital to a 100-bed multi-specialty hospital (US\$6.8 million), developing Berth No.13 at Deendayal Port for handling clean cargo (US\$23.8 million), and mechanizing NCB-III at V.O. Chidambarnar Port for dry bulk cargo (US\$37.8 million).
- Additionally, operations and maintenance of Berth Nos. 10 & 11 at Mormugao Port, Goa (US\$19.9 million), and the development of Mumbai Marina at Prince's Dock of Mumbai Port Authority (US\$82.2 million) were approved under PPP arrangements in February 2023.
- On March 15, 2024, The Ministry of Ports, Shipping and Waterways approved ₹ 645 crore (US\$ 77.79 million) for 10 new waterways projects on the Brahmaputra in Assam, enhancing connectivity,

boosting river tourism, and facilitating public commute, all under the Sagarmala programme.

- In March 09, 2024, India's trade in container shipments experienced notable growth, totaling nearly 1.9 million TEUs, marking a 5% increase from January. Mundra Port managed 635,000 TEUs, Nhava Sheva Port handled 565,000 TEUs, and PSA Mumbai processed 158,000 TEUs.
- India has plans to invest US\$ 82 billion in port projects by 2035.
- FDI equity inflow in the Port industry is US\$ 1.63 billion during the period April 2000 to September 2023.
- Indian ports received cumulative FDI inflow worth US\$ 1.63 billion between April 2000-June 2021.

(Source: <https://www.ibef.org/industry/indian-ports-analysis-presentation>)

❖ Government Initiatives to Promote Indian Port Sector

Some of the major initiatives taken by the government to promote the ports sector in India are as follows:

- In the Interim Union Budget 2023-24, the total allocation for the Ministry of Shipping was US\$ 281.24 million (₹ 2,345.45 crore).
- Under the Sagarmala Programme, 45 projects totaling ₹ 47,166 Cr. (US\$ 5.69 billion) have been earmarked for execution at Non-Major Ports. Of these, 4 projects worth ₹ 5,419 Cr. (US\$ 0.65 billion) have been finalized, while 17 projects valued at ₹ 27,673 Cr. (US\$ 3.34 billion) are presently underway. Thirty-one out of the 45 projects are being carried out through Public-Private Partnership (PPP) mode, with a collective investment of ₹ 45,973 Cr. (US\$ 5.54 billion)



- On March 07, 2024, the Union Minister for Ports, Shipping, and Waterways, Mr. Sarbananda Sonowal approved a project exceeding ₹ 800 crore (US\$ 96.48 million) to revamp Syama Prasad Mookerjee Port, Kolkata, encompassing berth reconstruction and mechanization to enhance operational efficiency and global competitiveness.
- On February 20, 2024, The Union Minister of Ports, Shipping & Waterways and Ayush, Mr. Sarbananda Sonowal initiated major waterways projects in North East India, including inaugurating terminals at Bogibeel and Sonamura, unveiling projects worth ₹308 crore (US\$ 37.14 million), and announcing initiatives for improved connectivity and economic growth.
- On October 17, 2023, the Global Maritime India Summit (GMIS) achieved ₹10 lakh crores (US\$ 120.60 billion) of investment within three days of its unveiling, with 360 MoUs valued at ₹8.35 lakh crores (US\$100.7 billion) and additional investible projects worth ₹1.68 lakh crores (US\$ 20.26 billion) announced.
- On September 19, 2023, the Ministry of Ports, Shipping, and Waterways proposed the Indian Ports Bill with the aim of enhancing transparency in port tariffs and updating penalties. The bill empowers the Maritime States Development Council (MSDC) for integrated planning and introduces a three-tier dispute resolution mechanism for conflicts between state maritime boards.
- On August 24, 2023, the Ministry of Ports, Shipping and Waterways initiated the development of a Next-Gen Container Terminal at Tuna Tekra, Gujarat, through a ₹ 4,243.64 crore (US\$ 511.7 million) PPP agreement with DP World, enhancing port infrastructure and trade connectivity.
- On January 27, 2023, the Honorable Minister for Ports, Shipping, and Waterways inaugurated the National Logistics Portal (Marine). This platform connects logistics stakeholders, enhancing efficiency, transparency, and reducing costs and time delays through IT integration. Covering all transport modes, it offers seamless end-to-end logistics service coverage.
- The government aims to increase Inland Water Transport (IWT) share to 5% by 2030 as per Maritime India Vision (MIV)-2030, emphasizing its cost-effectiveness and sustainability for bulk cargo transportation, particularly along National Waterway No. 1 (River Ganga).
- Under the Sagarmala initiative, the Ministry has initiated Ro-Pax Ferry operations connecting Ghogha to Hazira in Gujarat and Mumbai to Mandwa in Maharashtra. These services have facilitated the transportation of over 24.15 lakh passengers, 4.58 lakh cars, and 36.3 thousand trucks, promoting environmental sustainability and public welfare.
- In Union Budget 2023-24, the total allocation for the Ministry of Shipping was US\$ 1,813.16 million (₹2,218.74 crore).
- In July 2022, the Sagarmala programme is the flagship programme of the Ministry of Ports, Shipping and Waterways to promote port-led development in the country through harnessing India's 7,500 km long coastline, 14,500 km of potentially navigable waterways and strategic location on key international maritime trade routes.

(Source: <https://www.ibef.org/industry/indian-ports-analysis-presentation>)

The Indian Banking Sector: A Colossus in Motion



Banking System in India

The Indian banking sector is a vital cog in the nation's economic engine, playing a pivotal role in mobilizing savings, channeling investments, and facilitating financial inclusion. This article delves into the intricate landscape of Indian banking, exploring its historical roots, contemporary structure, and future prospects.

A Historical Perspective

Modern banking in India can trace its origins back to the mid-18th century. The Bank of Hindustan (1770-1832) and the General Bank of India (1786-1791) were early attempts at establishing financial institutions. However, the true foundation of the sector was laid in the 19th century with the establishment of the Allahabad Bank (1863), the Bank of Bengal (1806), and the State Bank of India (SBI) (1927, through the amalgamation of the Presidency Banks).

The colonial era witnessed a significant expansion of banking services, primarily catering to the needs of the government and foreign trade. However, post-independence, the focus shifted towards promoting development and financial inclusion. The nationalization of major banks in the 1960s and 1970s brought a large portion of the banking sector under state control.



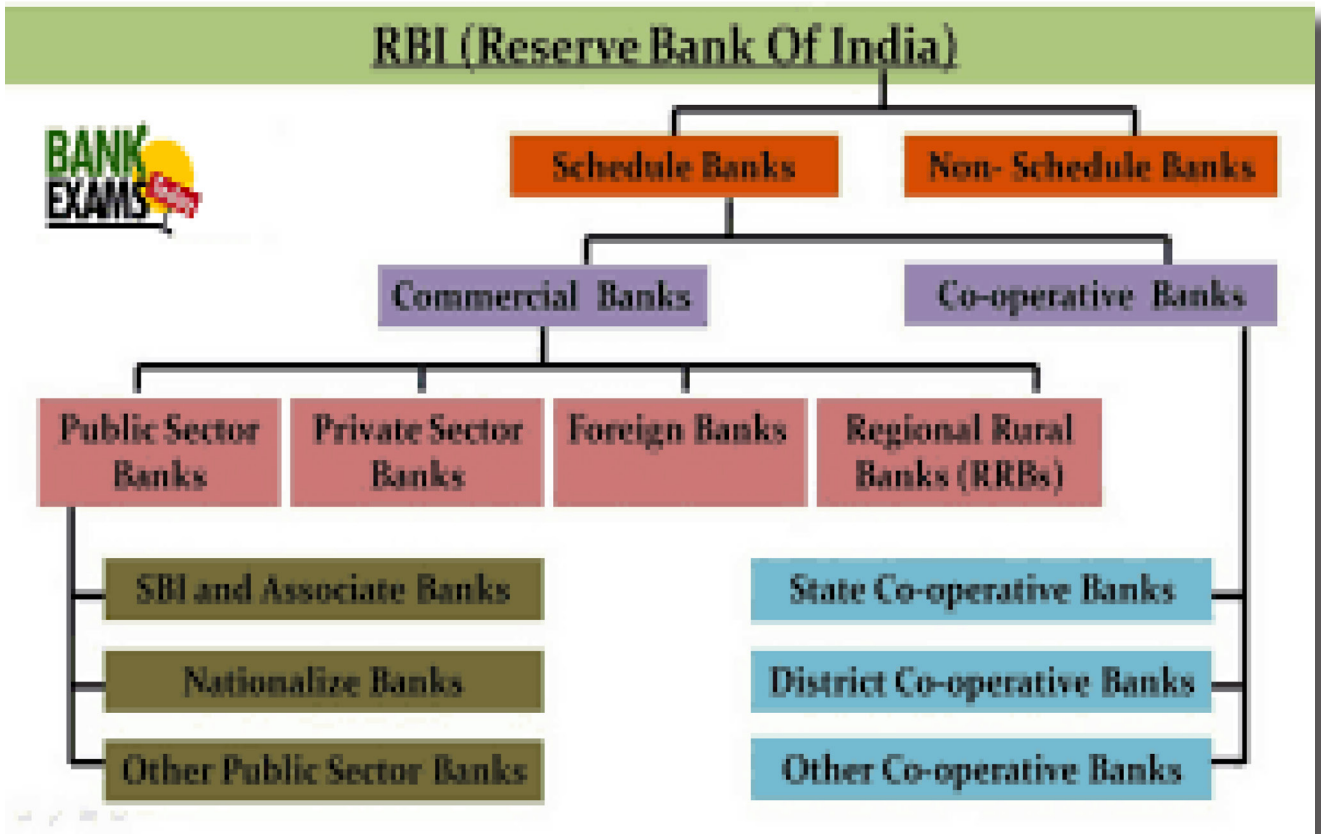
The Evolving Structure (with Real Life Data)

The contemporary Indian banking sector is a complex tapestry woven from various types of institutions. Here's a breakdown of the key players, along with some real-life data to showcase their size and reach:

- **Scheduled Commercial Banks (SCBs):** These are the principal players, accounting for over 90% of the banking sector's assets exceeding ₹175 lakh crore (₹175 trillion) as of March 2023 [Source: RBI]. SCBs are further categorized into:
 - **Public Sector Banks (PSBs):** Owned by the government, PSBs like SBI (with over 23,000 branches), Bank of Baroda (over 8,400 branches), and Punjab National Bank (over 7,500 branches) form the backbone of Indian banking, with a wide network of branches, particularly in rural areas [Source: banks' official websites].
 - **Private Sector Banks (PSBs):** These banks, like HDFC Bank (the largest private sector bank by assets, exceeding ₹18 lakh crore (₹18 trillion) as of March 2023) [Source: HDFC Bank Investor Relations], ICICI Bank, and Axis Bank, are known for their innovation, efficiency, and focus on customer service.
- **Foreign Banks:** A smaller segment comprising international banking giants with a presence in India, offering specialized services and global reach.
- **Regional Rural Banks (RRBs):** Established specifically to address the credit needs of rural and agricultural sectors, with over 450 RRBs spread across the country [Source: NABARD].
- **Small Finance Banks (SFBs):** Cater to the financial requirements of small businesses and underbanked sections of society, with around 12 SFBs operational in India [Source: RBI].
- **Payment Banks:** Offer basic banking services like deposits, money transfers, and bill payments, with a focus on financial inclusion, with about 60 payment banks functioning in India [Source: RBI].

- Cooperative Banks:** These banks are owned by their members and operate at the local level, playing a crucial role in rural and semi-urban areas, with over 1,500 Urban Cooperative Banks (UCBs) and 99,000 Primary Agricultural Credit Societies (PACS) [Source: National Cooperative Union of India].

- Non-Banking Financial Companies (NBFCs):** These institutions provide financial services like loans, investments, and money transfers, but don't hold a full banking license. The Indian NBFC sector is estimated to be around ₹73 lakh crore (₹73 trillion) in size [Source: CRISIL].



The Regulatory Landscape

The Reserve Bank of India (RBI) acts as the central bank, responsible for monetary policy, regulation, and supervision of the banking system. The RBI issues licenses, sets capital adequacy requirements, and ensures the smooth functioning of the financial system.

A Sector on the Move

The Indian banking sector is undergoing a period of rapid transformation, driven by several key trends:

- Financial Inclusion:** Bringing unbanked and

underbanked segments of the population into the formal financial system is a major priority. This is being achieved through initiatives like Pradhan Mantri Jan Dhan Yojana (PMJDY), which has opened over 46 crore (460 million) bank accounts as of February 2024 [Source: PMJDY website].

- Digitalization:** The rise of digital banking has revolutionized the way people access financial services. Mobile banking apps, online payments, and digital wallets like PhonePe (developed by Flipkart) and Paytm, which boast over 35 crore (350



million) and 33 crore (330 million) users respectively [Source: Business Today], are making banking more convenient, efficient, and accessible.

- **Consolidation:** The sector is witnessing consolidation, with mergers between PSBs aimed at creating stronger, more competitive entities. For instance, in 2023, six public sector banks merged to form a new banking behemoth, bringing together institutions like Syndicate Bank and Vijaya Bank with Canara Bank [Source: Financial Express].
- **Technological Innovation:** Banks are increasingly adopting new technologies like artificial intelligence (AI) for fraud detection and risk management, blockchain for secure transactions, and big data for personalized offerings.

Challenges and Opportunities

Despite its progress, the Indian banking sector faces several challenges:

- **Non-Performing Assets (NPAs):** High levels of bad loans, particularly in PSBs (where NPAs can be around 12-14% of total advances), can impede growth and financial stability. Resolving NPAs through stricter loan assessment and swift recovery mechanisms remains a key priority [Source: The Hindu BusinessLine].
- **Cybersecurity Threats:** The increasing reliance on digital channels exposes banks to cyber threats. Strengthening cybersecurity measures by investing in robust security systems and educating customers about cyber hygiene is crucial.
- **Financial Literacy:** Low financial literacy levels, especially in rural areas, can hinder financial inclusion efforts. Initiatives to educate people about various financial products and services are essential.

- **Competition from Fintech:** Fintech startups offering innovative financial solutions like peer-to-peer (P2P) lending and digital wealth management are disrupting the traditional banking landscape, posing both challenges and opportunities for established players. Banks need to adapt and innovate to stay competitive.

Looking Ahead: Top 5 Banks and Opportunities

The Indian banking sector presents immense opportunities for growth, driven by:

- **Credit Growth:** As the Indian economy expands, the demand for credit from various sectors like infrastructure, agriculture, and small and medium enterprises (SMEs) is expected to rise. Banks that can cater to these segments effectively will be well-positioned to grow.
- **Government Initiatives:** The government's focus on financial inclusion and digitization is expected to create new opportunities for banks.

Top 5 Banks in India (as of May 2024):

The Indian banking sector boasts a diverse landscape, with a blend of established giants and emerging players. Here's a closer look at the top 5 Indian banks, delving into their strengths, areas of focus, and unique offerings:

1. HDFC Bank: The Digital Frontrunner



- **Legacy:** Established in 1995, HDFC Bank has emerged as the largest private sector bank in India by assets (over ₹18 lakh crore as of March 2023).
- **Strengths:** Renowned for its robust digital infrastructure and seamless mobile banking app, HDFC Bank leads the charge in digital banking adoption. They offer a wide range of retail banking products, including savings accounts, current accounts, loans (home loans, car loans, personal loans), credit cards, and wealth management solutions.
- **Focus:** HDFC Bank prioritizes customer service and innovation. Their user-friendly digital platform allows for convenient account management, online payments, and investment options. They are constantly expanding their digital offerings and integrating cutting-edge technologies like AI and chatbots to enhance the customer experience.
- **Future Outlook:** HDFC Bank's focus on digitalization and customer-centric approach positions them well to capitalize on the growing demand for tech-enabled banking solutions. Their recent merger with HDFC Ltd., a leading housing finance company, creates a comprehensive financial services powerhouse.

2. State Bank of India (SBI): The Legacy Leader



- **Legacy:** Established in 1927, SBI is the largest public sector bank in India, boasting an unparalleled branch network (over 23,000 branches) and a vast customer base.
- **Strengths:** SBI offers a comprehensive suite of banking products and services catering to all segments, from individuals and small businesses to large corporates and government entities. Their extensive rural branch network makes them a vital player in financial inclusion initiatives.
- **Focus:** Financial inclusion and social responsibility are key priorities for SBI. They actively participate in government schemes like Pradhan Mantri Jan Dhan Yojana and offer financial products tailored to the needs of rural and underbanked populations.
- **Future Outlook:** SBI faces the challenge of modernizing its vast infrastructure and integrating digital solutions effectively. However, their brand recognition, strong financial base, and focus on social responsibility position them for continued growth.

3. ICICI Bank: The Innovation Powerhouse



- **Legacy:** Founded in 1994, ICICI Bank is a leading private sector bank known for its innovative approach and strong presence in corporate banking.

- **Strengths:** ICICI Bank is a pioneer in adopting new technologies and launching innovative financial products. They offer a wide range of corporate banking solutions, including project finance, trade finance, and cash management services. Additionally, they have a robust retail banking presence with a user-friendly digital platform.
- **Focus:** Innovation and customer centricity are key drivers for ICICI Bank. They actively invest in research and development to bring new financial solutions to market and constantly strive to improve the customer experience through digital channels.
- **Future Outlook:** ICICI Bank's focus on innovation and strong corporate banking presence position them well to cater to the growing needs of Indian businesses. Their continued investment in digitalization will be crucial for maintaining their competitive edge in the retail banking segment.

4. Axis Bank: The Retail Banking Champion



- **Legacy:** Established in 1994, Axis Bank is a major private sector bank focused on retail banking and digital initiatives.
- **Strengths:** Axis Bank is known for its customer-

centric approach and user-friendly digital platform. They offer a wide range of retail banking products, including savings accounts, current accounts, loans (home loans, car loans, personal loans), credit cards, and wealth management solutions. Their focus on digitalization and seamless mobile banking experience has attracted a large customer base.

- **Focus:** Axis Bank prioritizes providing convenient and accessible banking solutions to individuals and small businesses. They actively invest in digital infrastructure and offer a wide range of online banking services.
- **Future Outlook:** Axis Bank's strong presence in retail banking and focus on digitalization make them well-positioned for future growth. However, they may need to expand their corporate banking offerings to compete effectively with players like ICICI Bank.

5. Kotak Mahindra Bank: The Wealth Management Specialist



- **Legacy:** Founded in 1985, Kotak Mahindra Bank has grown into a fast-growing private sector bank known for its focus on wealth management and investment banking.

- **Strengths:** Kotak Mahindra Bank offers a comprehensive suite of wealth management products and services, including mutual funds, private wealth management, and investment advisory services. Additionally, they have a strong presence in investment banking and cater to the needs of corporate clients.
- **Focus:** Kotak Mahindra Bank prioritizes providing personalized wealth management solutions and advisory services to high-net-worth individuals. They also actively participate in the corporate banking

space, offering services like mergers and acquisitions advisory and debt financing.

- **Future Outlook:** Kotak Mahindra Bank's niche focus on wealth management and strong investment banking presence position them well to cater to the growing wealth management needs of India's affluent population. However, they may need to expand their retail banking offerings to reach a broader customer base.

Indian Financial Services: The Backbone of Transformation

India's financial services sector is a vast and dynamic field, encompassing a wide range of services including banking, insurance, asset management, stock broking, and financial advisory services.

Banking

India's banking industry is vital to the nation's economic growth since it offers a wide range of financial services. The central bank of India, the Reserve Bank of India (RBI), is principally responsible for regulating the banking industry. The following lists the services that the banks offer:

- **Deposit Accounts**

One of the primary services offered by banks is the provision of various deposit accounts. These accounts are essential for saving, managing day-to-day transactions, and planning for future financial needs.

- **Loans and Advances**

Banks provide various loan products to cater to the financial needs of individuals and businesses. These loans are critical for supporting personal aspirations, business expansion, and economic development.

- **Payment and Settlement Services**

In the digital age, efficient payment and settlement services are crucial for the smooth functioning of the economy. Banks offer a range of services to facilitate seamless transactions like Fund Transfers, Mobile Banking, Internet Banking, Debit and Credit Cards etc.

- **Investment Services**

Banks also offer a variety of investment products to help customers grow their wealth and achieve financial goals. Some of these investment products are Mutual Funds, Insurance Products etc.



- **Trade Finance**

Banks facilitate international trade by providing trade finance services, which are crucial for businesses engaged in global commerce.

Insurance

Insurance protects against monetary losses and promotes economic stability, making it an essential part of India's financial services industry. It acts as a safety net against unanticipated events for people and enterprises, acting as a risk management tool. The Insurance Regulatory and Development Authority of India (IRDAI) oversees the insurance sector in India, ensuring both the policyholders' interests are safeguarded and the industry grows methodically.

Types of Insurance

Insurance in India can broadly be classified into life insurance and general (non-life) insurance.

- **Life Insurance**

Life insurance policies provide financial protection against the risk of death. They offer a lump sum payment to beneficiaries upon the policyholder's death or after a specified period.

- **General Insurance**

General insurance policies cover risks other than life, providing financial protection against various types of losses. This type of insurance includes Health Insurance, Motor Insurance, Home Insurance etc.

Recent Developments in Insurance Services in India

The insurance industry in India has witnessed significant developments in recent years, driven by regulatory reforms, technological advancements, and a focus on enhancing customer experience. These developments are shaping the future of insurance in India, making it more

accessible, efficient, and responsive to the needs of the population. Here are some of the recent key developments in the insurance sector in India:

1. Digital Transformation and Technology Integration

- **Adoption of Artificial Intelligence (AI) and Machine Learning (ML):**

Insurers are using AI and ML to streamline claims processing, underwriting, and customer service. These technologies help in fraud detection, risk assessment, and personalized product offerings. Chatbots and virtual assistants are increasingly used for customer support, providing 24/7 assistance and reducing response times.

- **Blockchain Technology:**

Blockchain is being explored for enhancing transparency and security in insurance transactions. It can help in maintaining immutable records of policies and claims, thereby reducing fraud and improving trust.

- **Telematics and Internet of Things (IoT):**

Usage-based insurance (UBI) is gaining traction, particularly in the motor insurance sector. Telematics devices track driving behavior and offer customized premiums based on usage and driving patterns. IoT devices are used in health and home insurance to monitor real-time data, leading to proactive risk management and personalized premium rates.

2. Regulatory Reforms

- **IRDAI Initiatives:**

The Insurance Regulatory and Development Authority of India (IRDAI) has introduced several reforms to enhance transparency, improve customer protection, and encourage innovation. Simplification of policy documents to make them more understandable

for policyholders. Introduction of the Regulatory Sandbox, which allows insurers to test innovative products and services in a controlled environment.

- Increased Foreign Direct Investment (FDI) Limit:**
 The government increased the FDI limit in the insurance sector from 49% to 74%, attracting more foreign investments and encouraging global insurers to enter the Indian market.

3. New Product Offerings and Innovations

- COVID-19 Specific Insurance Products:**



In response to the pandemic, insurers launched COVID-19 specific health insurance policies that cover hospitalization, quarantine, and treatment costs. The introduction of Corona Kavach and Corona Rakshak policies, standardized short-term health insurance plans to cover COVID-19 related expenses.

- Microinsurance and Inclusive Products:**
 Expansion of microinsurance products to cater to the low-income and rural populations. These products offer affordable premiums and simplified coverage for health, life, and assets. Customized products for specific segments, such as agricultural insurance for farmers, weather-based insurance, and crop insurance schemes.

4. Enhanced Customer Experience

- Digitization of Processes:**

End-to-end digitization of insurance processes, from policy issuance to claims settlement, has improved efficiency and customer satisfaction. Online platforms and mobile apps allow customers to purchase policies, renew them, file claims, and track claim status with ease.

- Paperless and Contactless Services:**

The pandemic accelerated the adoption of paperless and contactless services. E-KYC, digital signatures, and online documentation have become standard practices. Video-based KYC and claims assessment have been introduced to facilitate remote verification and reduce processing times.

- Customized and Flexible Policies:**

Insurers are offering more flexible and customizable policies to meet the diverse needs of customers. Options like top-up plans, add-on covers, and modular policies provide greater choice and flexibility. Pay-as-you-go insurance models, especially in motor and travel insurance, cater to changing customer preferences and usage patterns.

5. Financial Inclusion and Awareness

- Government Schemes and Initiatives:**



Initiatives like the Pradhan Mantri Fasal Bima Yojana (PMFBY) for crop insurance, Ayushman Bharat for health insurance, and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) for life insurance are expanding the reach of insurance to the underserved and rural areas. The Jan Dhan Yojana, aimed at financial inclusion, integrates insurance products to provide comprehensive financial security to account holders.

- **Insurance Literacy Programs:**



Efforts to improve insurance literacy through educational campaigns and outreach programs. These initiatives aim to increase awareness and understanding of insurance products among the general public. Collaboration between insurers, regulators, and non-governmental organizations to promote insurance education and awareness.

Mutual Funds

- Mutual funds have become a significant component of the financial services landscape in India, offering a versatile investment option for individuals and institutions alike. By pooling resources from numerous investors, mutual funds invest in diversified portfolios of stocks, bonds, and other securities. This collective investment approach allows investors to benefit from professional management, diversification, and economies of scale. Regulated by the Securities and Exchange Board of India (SEBI), mutual funds in

India have grown substantially over the years, playing a crucial role in mobilizing savings and promoting investment in the capital markets.

- In 2024, Mutual funds (MFs) showed strong confidence in Indian equities this year, injecting around ₹ 1.3 trillion, driven mainly by significant retail investor interest and the robust performance of the stock market. According to the data from the Securities and Exchange Board of India (SEBI), MFs invested ₹ 26,038 crore in the first fortnight of the ongoing month and ₹ 20,155 crore in April. Moreover, the highest MF buying for 2024 was experienced in March, as they put in a net of ₹ 44,233 crore. Also, they invested ₹ 14,295 crore in February and ₹ 23,010 crore in January. With the latest deployment, mutual funds investment in equities reached around ₹ 1.3 trillion in 2024 (till May 16), the data showed.

(Source: https://www.business-standard.com/markets/mutual-fund/mfs-invest-rs-1-3-trn-in-equities-in-2024-on-strong-market-performance-124051900180_1.html)

Capital Markets

- An essential part of the financial system, capital markets enable money movement and investment in the economy. Capital markets are essential to India's economic growth since they allow companies to raise funds for operations and expansion while providing investors with chances to increase their wealth. The Securities and Exchange Board of India (SEBI) oversees the regulation of India's capital markets, which include the debt and equity markets as well as a number of organizations and tools that support their operation.

Recent Developments in India's Financial Services Sector

Recent developments in India's financial services sector reflect the country's ongoing efforts to enhance financial inclusion, leverage technology, and improve regulatory frameworks. Here are some key trends and developments:

1. Digital Banking and FinTech Innovation



- **Digital Banks and Neo Banks:** The rise of digital-only banks (neo banks) like Niyo, Jupiter, and Fi is transforming how banking services are delivered, focusing on customer experience through app-based interfaces.
- **Unified Payments Interface (UPI):** Continued growth in UPI transactions, with monthly volumes crossing 7 billion, has solidified India's position as a global leader in digital payments.

2. Regulatory Enhancements

- **RBI's Digital Lending Guidelines:** The Reserve Bank of India (RBI) issued guidelines to regulate digital lending platforms, ensuring transparency and customer protection.
- **Framework for Digital Banks:** Discussions and consultations are ongoing regarding the framework and licensing for digital banks in India.

- **Revised Regulatory Sandbox:** The RBI expanded the scope of its regulatory sandbox to include more fintech innovations, promoting a controlled environment for testing new financial products and services.

3. Financial Inclusion Initiatives

- **Jan Dhan Accounts:** As of early 2024, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has opened over 450 million bank accounts, contributing significantly to financial inclusion.
- **Microfinance and SHG Initiatives:** Enhanced support for Self-Help Groups (SHGs) and microfinance institutions to extend credit and financial services to underserved populations.



- **Sustainable Finance Initiatives:** Indian financial institutions are increasingly focusing on green finance. The RBI is exploring frameworks to promote sustainable and green banking practices.
- **Green Bonds:** In India, green bonds are becoming more and more popular as a means of funding environmental sustainability-related initiatives. The purpose of these bonds is to raise money for environmentally friendly initiatives like clean transportation, renewable energy, sustainable water management, and mitigating the effects of climate change. The promotion of green bonds has been spearheaded by the Indian government. In the Union

Budget 2022–2023 for example, the government announced the issuing of sovereign green bonds. The purpose of these bonds is to raise funds for sustainable and environmentally friendly projects.

5. Cryptocurrency and Blockchain

• **Regulatory Approach to Cryptocurrencies:**

The Indian government and RBI are working on a comprehensive regulatory framework for cryptocurrencies. While private cryptocurrencies face scrutiny, there is significant interest in the potential of blockchain technology.

- **Central Bank Digital Currency (CBDC):** The RBI launched pilot projects for its digital currency (e-Rupee) aimed at enhancing the efficiency of the payment systems and reducing dependency on cash.

6. Insurance Sector Reforms

- **Sandbox for InsurTech:** The Insurance Regulatory and Development Authority of India (IRDAI) is promoting innovation through an insurance sandbox, encouraging startups to experiment with new ideas.
- **Increased FDI Limit:** The government raised the Foreign Direct Investment (FDI) limit in the insurance sector from 49% to 74%, attracting more foreign capital.

7. Capital Markets

• **Introduction of Social Stock Exchange (SSE):**



The SSE aims to help social enterprises and voluntary organizations raise capital. This is a pioneering step towards blending social impact with capital markets. The latest developments in India's Social Stock Exchange (SSE) demonstrate the market's increasing traction and the efforts being made to build a strong foundation for social impact investing. The following are some significant updates:

Launch and Regulatory Framework:

Formal Launch:

In December 2022, the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) formally inaugurated the SSE. The Securities and Exchange Board of India (SEBI), which has been developing the idea since 2019, gave its clearance before this launch.

Regulatory Guidelines:

The full regulatory framework for the SSE, which outlined the conditions for registration, disclosures, and reporting, was released by SEBI in September 2021. Accountability and transparency for listed entities are guaranteed under this framework.

- **Direct Market Access for Retail Investors:** The Securities and Exchange Board of India (SEBI) has introduced measures to allow retail investors direct access to the stock exchange, increasing market participation.

8. Non-Banking Financial Companies (NBFCs)

- India's Non-Banking Financial Companies (NBFCs) market has experienced tremendous expansion, positioning itself as a major force in the nation's financial system. Furthermore, since its inception, the industry as a whole has seen significant changes,

helped along by the growth of industries like consumer finance, microfinance, and housing finance. Numerous causes, including an expanding middle class, improved financial inclusion, and beneficial governmental initiatives, are responsible for this increase. In light of all of these, the RBI updated the rules governing NBFCs in order to improve their financial and operational stability and to guarantee improved risk management and governance procedures.

9. Credit and Lending Innovations

- Buy Now, Pay Later (BNPL): The BNPL model continues to gain popularity, with several fintech companies offering this service to enhance consumer credit access.
- Enhanced Credit Infrastructure: Introduction of

Account Aggregators (AAs) to streamline the sharing of financial data among financial institutions, aimed at improving credit assessment and lending efficiency.

10. Pension and Retirement Savings

- National Pension System (NPS) Reforms: The Pension Fund Regulatory and Development Authority (PFRDA) introduced several measures to make NPS more attractive, including increased tax benefits and flexible investment options.

These developments highlight India's proactive approach to integrating technology with financial services, enhancing regulatory frameworks, and striving for inclusive growth. The financial services sector in India is poised for significant transformation, driven by innovation, regulatory support, and a focus on sustainability and inclusivity.





INDUSTRY TITBITS

CMA Industry Insights – May - June 2024 Issue

Entrepreneurship and Startup News

- Muthoot Microfin Limited has entered into a strategic co-lending partnership with the State Bank of India (SBI). This collaboration aims to extend financial services to women entrepreneurs in rural and semi-urban areas across India. Under this agreement, both entities will co-lend to Joint Liability Groups (JLGs) engaged in agricultural, allied activities, and other income generating enterprises. The loan amounts, ranging from rupees 10,000 to rupees 3,00,000 are tailored to provide substantial support to women entrepreneurs in rural regions.
- The Department for Promotion of Industry and Internal Trade (DPIIT) has proposed to eliminate the Angel Tax for startups ahead of Budget 2024. As the Angel tax was introduced in 2012 under Section 56(2)(viib) as an anti-abuse measure to prevent tax evasion, the tax is levied above 30%. DPIIT asserts this removal could enhance capital formation in India. The department has also proposed phasing out of the inverted duty structure and high tariff on inputs in different sectors for startups.
- Flipkart and Accel backed logistics and truck aggregator unicorn startup BlackBuck Datalabs in article icon has filed its Draft Red Herring Prospectus (DRHP) with markets regulator Securities and Exchange Board of India (SEBI) for its initial public offering (IPO). The public issue will comprise a fresh issuance of shares worth rupees 550 crore and an offer for sale (OFS) component of up to 2.16 crore shares (2,16,09,022 to be precise).
- AbleCredit startup is developing GenAI models to transform the underwriting process by generating detailed and tailored credit reports on a case-by-case basis. The uniqueness of AbleCredit's approach lies in its ability to assess creditworthiness within the informal sector. By analysing alternative data and adhering to stringent credit policies and guidelines, AbleCredit expands access to credit assessment for sectors typically overlooked by conventional methods. By enhancing the speed of underwriting by over 20 times and reducing operational costs, the platform enables credit teams to significantly increase their throughput.
- The Indian digital payment company PhonePe has announced a partnership with Sri Lankan ride-hailing platform PickMe. This collaboration allows Indian travelers in Sri Lanka to use PhonePe's UPI payment option to pay for PickMe rides, enabling cashless transactions and enhancing travel convenience.



Banking Sector News

- The Reserve Bank of India (RBI) has cancelled the auction of 10-year green bonds as traders refused to pay the greenium, the premium for sustainability impact. This move highlights the market's reluctance to invest at the desired yields, leading to significant financial implications.
- The Reserve Bank of India (RBI) has given the green light to Zurich Insurance Company's acquisition of a 70% stake in Kotak Mahindra General Insurance Company for rupees 5,560 crore. This approval, received on June 4, 2024, marks a crucial step in the transaction process. Kotak Mahindra Bank, in an exchange filing on June 5, confirmed the RBI's nod, stating that all required approvals have been obtained. The acquisition is set to materialize upon the fulfillment of other conditions precedent.
- The Reserve Bank of India (RBI) has projected improvement in the gross non-performing assets (GNPA) ratio of Scheduled Commercial Banks (SCBs), estimating it to decrease to 2.5% by March, 2025. This optimistic outlook is based on macro stress tests evaluating banks' resilience against potential economic shocks.
- India's external debt increased by \$39.7 billion to \$663.8 billion at the end of March 2024, according to the Reserve Bank of India (RBI). Despite the rise, the external debt to GDP ratio fell to 18.7% from 19.0% at end of March 2023. Excluding the valuation effect caused by the appreciation of the US dollar against the Indian rupee and other major currencies, the external debt would have increased by \$48.4 billion. The valuation effect was calculated at \$8.7 billion.
- State Bank of India (SBI) has successfully raised rupees 10,000 crore through its fifth infrastructure bond issuance. The bonds, with a tenure of 15 years and a coupon rate of 7.36% payable annually, garnered significant investor's interest, oversubscribed nearly four times the base size of rupees 5,000 crore. The offering received 143 bids from diverse entities including provident funds, pension funds, insurance companies, mutual funds, and corporates.
- The Reserve Bank of India (RBI) has initiated several measures to address the increasing risks of payment frauds and to enhance operational efficiencies in the banking sector. To combat the rising incidence of domestic payment frauds, which surged by 70.64% to rupees 2,604 crore in the six-month period ended March 2024, the RBI plans to set up a Digital Payments Intelligence Platform.
- State Bank of India (SBI) has distributed a dividend of rupees 6,959 crore to the Indian government for the financial year 2023-24. This marks an increase from the previous year's dividend of rupees 11.30 per share to rupees 13.70 per share. The dividend cheque was presented by SBI Chairman Dinesh Kumar Khara to Finance Minister Nirmala Sitharaman, in the presence of Financial Services Secretary Vivek Joshi. SBI reported a record consolidated net profit of rupees 67,085 crore for the year, up from rupees 55,648 crore the previous year.

Infrastructure Related News

- **MoRTH is going to hire a non-technical consultant to expedite the building of new highways.**



The Ministry of Road Transport and Highways (MoRTH) is set to appoint a non-technical consultant to address land acquisition issues for highway construction and expedite road building. The consultant will be a retired government official with a rank of sub-divisional magistrate or higher, with extensive knowledge and experience in land revenue and acquisition.

The objective is to streamline the awarding and construction processes for highways by improving land acquisition procedures, which often cause delays. The consultant will provide advice on policy matters, land acquisition, public grievances, and legal cases. The appointment is significant as highway construction has not met annual targets over the past three years and construction rates have significantly declined in the current fiscal year.

Source: https://www.business-standard.com/industry/news/morth-to-appoint-non-technical-consultant-for-faster-highway-construction-124070300576_1.html

- **The India's second-longest expressway, the Amritsar-Jamnagar Expressway, will soon be completed.**

The Amritsar Jamnagar Expressway, a 1257 km long project between Amritsar and Jamnagar, is set to start construction in December 2025. The project aims to reduce travel time between the two major cities by 10 hours and improve connectivity between the four states. The expressway will also link to the Delhi-Amritsar-Katra Expressway, allowing drivers to reach Delhi and Kashmir.



Developed under the Bharatmala Project, the expressway will connect the three major oil refineries of Bathinda, Barmer, and Jamnagar. The project will start in Punjab and end near the Bathinda border in Haryana. The expressway will be entirely in Sirsa district and will not be controlled in Haryana.

The project will enter Rajasthan from Sangaria town and pass through Bikaner, Jodhpur, and Barmer districts before exiting. In Gujarat, it will reach Vantdau in Banaskantha and run through Patan district before terminating at Jamnagar. The Amritsar-Jamnagar Expressway is ready to connect with the Ludhiana-Bathinda-Ajmer Expressway, an important part of the Pathankot-Ajmer Economic Corridor.

The project began construction in 2019 and is expected to be completed by December 2025. The Amritsar-Jamnagar Expressway will not only improve transportation facilities but also create more opportunities for trade, commerce, and connectivity.

Source: <https://infrainfohub.com/amritsar-jamnagar-expressway/>

- **Infrastructure companies increase hiring in anticipation of government focus on the sector**



India's infrastructure sector is experiencing a surge in hiring, with an estimated 9.8 million jobs expected to be created in FY25. The new government is expected to maintain its focus on infrastructure development, including highways, roads, and airports. The sector is expected to generate employment opportunities and foster equitable regional development.

The government's ambitious plans for the transportation sector, such as expanding airports, developing a 200,000-km national highway network, operationalizing 23 waterways by 2030, and constructing 35 multi-modal logistics parks, are expected to drive demand. Companies are also ramping up their talent requirements across levels, with roles in demand including construction workers, heavy equipment operators, site supervisors, project directors, project managers, quality and safety experts, civil engineers, mechanical and electrical engineers, architects, construction managers, environmental engineers, and urban planners.

Source: <https://economictimes.indiatimes.com/jobs/fresher/infra-cos-step-up-hiring-betting-on-govt-focus-on-sector/articleshow/111466696.cms>

- **India's infrastructure is transforming as a result of the PM Gati Shakti scheme: Morgan Stanley**



A recent report by Morgan Stanley praises India's PM Gati Shakti scheme, predicting a steady increase in infrastructure investment from 5.3% of GDP in F24 to 6.5% by F29. The report also predicts a 15.3% CAGR in infrastructure investments, resulting in a cumulative spending of USD 1.45 trillion (tn) over the next five years. India's physical infrastructure scale already compares favorably to China's in terms of GDP differential. PM Narendra Modi launched the PM Gati Shakti National master plan for infrastructure development in October 2021, a digital platform that brings 16 ministries together for integrated planning and coordinated implementation of infrastructure connectivity projects. The scheme aims to provide integrated and seamless connectivity for the movement of people, goods, and services from one mode of transport to another. As of April 2023, 101 projects worth ₹ 609 billion have been identified for implementation in the ports and shipping sectors. The Ministry of Ports, Shipping, and Waterways (MoPSW) is implementing a Comprehensive Port Connectivity Plan in coordination with concerned ministries. The report also highlights the Sagarmala programme, which has completed 220 projects worth ₹ 1.12 tn, 231 projects worth ₹ 2.21 tn, and 351 projects worth ₹ 2.07 tn.

Source: <https://economictimes.indiatimes.com/news/economy/infrastructure/pm-gati-shakti-scheme-is-transforming-indias-infrastructure-morgan-stanley/articleshow/111309760.cms>

Insurance Sector News

• **RBI Green Deposit Insurance Plan an Attractive Proposition for Banks**

The Reserve Bank of India (RBI) is believed to be exploring appropriate coverage for green deposits, climate risk-based differential premiums and ex-ante funding needs for climate sustainability, and experts feel this could make such deposits lucrative for banks. A green deposit is a fixed-term deposit for those who want to invest in environmentally friendly projects. The green deposit pays interest to its investors just like a regular FD, and also has a fixed term. The deposits that a bank accumulate will earmarked for allocation to green finance.

Last April, the RBI floated the Green Deposit Framework to enhance transparency and ensure that the money used as its desired cause. As per the central bank's notification, Banks that accept green deposits will have to apprise the central bank about the activities and companies they are investing the funds in.

• **Universal Sompo introduces AI-Powered tools for faster processing of motor claims**

Universal Sompo has introduced two cutting-edge tools, 'Universal i Assess' and 'Universal i Gen', to streamlining the process of motor claims settlement. These solutions enable surveyors to quickly evaluate damages and determine claims estimates in real-time. Universal Sompo is a joint venture of Indian Bank, Indian Overseas Bank, Karnataka Bank, Dabur Investments, and Sompo Japan Insurance Inc.

'Universal i Assess' utilises advanced technologies including neural network image processing, analytics, machine learning, and natural language processing to enable real-time damage assessments. Surveyors can now simply capture images of vehicle damage using their smartphones, and the AI system will automatically identify the vehicle details, pinpoint damaged areas, and provide an instant claims estimate.

On the other hand, 'Universal i Gen' uses AI and machine learning to offer policyholders real-time claim updates through various digital platforms, including IVR calling and WhatsApp. This tool aims to provide a comprehensive view of the claim status, ultimately transforming the customer journey into a more satisfying experience.

• **Facility of Policy Loan is mandatory for life insurance savings products: IRDAI**

Enabling policyholders to meet the liquidity requirements, the Insurance Regulatory and Development Authority of India (IRDAI) has said the facility of policy loan is now mandatory for all life insurance savings products. IRDAI announced that the free look period, allowing policyholders to review the terms and conditions, has been extended from 15 days to 30 days.

As per the master circular, the facility of partial withdrawal under pension products is allowed enabling the policyholders to meet their specific financial needs for important life events like higher education or marriage of children, purchase/ construction of residential house/flat, medical expenses and treatment of critical illness.



ESG related News

- The European Central Bank (ECB) announced 25th June, 2024 the publication of a new set of climate-related financial disclosures, providing information on the carbon footprint of its portfolios and their exposure to climate risks, indicating that the carbon intensity of its €367 corporate bond portfolio has declined by 35% from 2021 to 2023. The report marks the second set of climate-related disclosures from the ECB, following the central bank's launch in 2021 of its climate action plan, which included a pledge to increase climate-related transparency, as well as initiatives to further incorporate climate change considerations into its monetary policy framework, to enhance its risk assessment tools and capabilities to better include climate-related risks, and to improve the external assessment of climate risks. According to the new report, the carbon intensity of the Euro system corporate bond portfolio has declined significantly over the past few years, with tonnes of CO₂ per millions of Euros of revenue falling by more than 35% between 2021 and 2023 to 172 tCO₂e.

Source:<https://www.esgtoday.com/ecb-reports-35-emissions-reduction-in-e367-billion-corporate-bond-portfolio/>

- Hong Kong's sustainable debt market has seen unprecedented growth, becoming a leader in Asia and entering the global top ten in green bond issuance. This growth is driven by substantial government issuance and the strategic role of Hong Kong in supporting global decarbonization efforts. The HKSAR government aims to issue HK\$95 billion to HK\$135 billion worth of bonds annually through

2028, including green/sustainable bonds. This aligns with its climate goals of halving emissions by 2035 and achieving net zero by 2050.

Source:<https://esgnews.com/hong-kongs-sustainable-debt-soars-to-18-2-billion-in-2023-becomes-5th-largest-worldwide/>

- Cushman & Wakefield (Global Headquarters: Chicago, Illinois; Japan Headquarters: Nagatacho, Chiyoda-ku, Tokyo), a leading global real estate services firm, has announced that Saeka Kuno has been appointed as Head of Sustainability, Japan. Saeka will join Cushman & Wakefield's Asia Pacific Sustainability Practice Group, a team of over 90 professionals dedicated to providing sustainability services to clients in the Japanese market. Prior to joining Cushman & Wakefield, Saeka worked as a Sustainability and Energy Consultant at Longevity Partners, where she advised real estate investment companies on sustainability initiatives for individual properties and entire portfolios. Her expertise includes real estate decarbonisation, ESG advisory, sustainable due diligence, energy audits during property transactions, climate change physical risk assessments, green building certification, carbon market analysis, and GRESB assessment support.

Source:<https://esgnews.com/cushman-wakefield-appoints-saeka-kuno-as-head-of-sustainability-in-japan/>

- FedEx has appointed Karen Blanks Ellis as its new Chief Sustainability Officer, succeeding Mitch Jackson, who will retire on June 30. Ellis brings

extensive experience in environmental management, aiming to advance FedEx's sustainability goals, including achieving carbon-neutral operations by 2040. FedEx Corp. has announced the appointment of Karen Blanks Ellis as the new Chief Sustainability Officer, effective July 1, 2024. This follows the retirement of Mitch Jackson on June 30, after a distinguished 39-year career at FedEx.

Source:<https://esgnews.com/fedex-appoints-karen-blanks-ellis-as-new-chief-sustainability-officer/>

- Stockholm Exergi has signed an agreement for permanent negative emissions worth just over SEK 500 million (USD 48.6M) for delivery from 2028 to 2030. The purchase will be made by Frontier and includes buyers such as Stripe, Alphabet, Shopify, Meta, JP Morgan Chase CO, H&M and McKinsey Sustainability. Frontier's goal is to build a portfolio of companies working on carbon capture that together can reach climate-relevant scale in the coming decades. Frontier is a market commitment that effectively pre-guarantees future demand in order to reduce the risk of entrepreneurs starting carbon capture businesses.

Source: <https://esgnews.com/frontier-buys-49m-in-carbon-removal-credits-from-stockholm-exergi-for-stripe-meta-jp-morgan-chase-and-hm-group/>

- Schroders announced the UK launch of the Schroder Emerging Markets Value Fund, addressing the increasing UK client demand for exposure to the long-term growth potential of emerging markets. The strategy, initially launched in September 2020 as

part of Schroders' SISF range, has now been made accessible to UK investors. This fund operates with a contrarian approach, adhering to a deep-value investment philosophy and a long-term investment horizon, focusing on assets that managers believe are significantly undervalued. The fund employs a bottom-up stock-picking methodology, currently investing in 41 holdings across 10 sectors in 17 countries, including China, Mexico, Nigeria, and Brazil. It aims to deliver superior risk-adjusted returns against its MSCI Emerging Markets benchmark. Since its inception, the fund has delivered a +16.7% per annum relative return and an absolute return of +18.2% annualized.

Source:<https://esgnews.com/schroders-launches-emerging-markets-value-fund-for-uk-investors/>

- The governing board of the Climate Investment Funds (CIF) endorsed two investment plans for a total of \$61 million in funding, harnessing nature-based solutions to address climate change in the Dominican Republic and Rwanda, as part of CIF's Nature, People, and Climate (NPC) investment program. The plans, which identify up to \$500 million in expected co-financing, will pilot pioneering solutions to improve land use, bridge climate mitigation and adaptation, and develop sources of livelihoods for rural communities and Indigenous peoples.

Source:<https://esgnews.com/cif-approves-61-million-for-nature-based-climate-solutions-in-dominican-republic-and-rwanda/>



Market Report: A Recap of the Key Developments for the month of May 2024

Introduction

The Indian stock market experienced significant fluctuations in May 2024, which were influenced by a variety of economic and geopolitical concerns. Investors meticulously monitored changes in business earnings, government policies, and global market trends to formulate well-informed decisions. Market indexes demonstrated volatility, responding to both positive and negative news. Additionally, the optimistic expansion prospects of sectors such as renewable energy, healthcare, and technology attracted attention. In May 2024, the Indian stock market exhibited its dynamic nature, underscoring the importance of maintaining a state of knowledge and adaptability in order to navigate the constantly changing financial landscape.

1. Market Performance

In May 2024, the NIFTY 50 index went through significant ups and downs, resulting in a varied performance. These are the main highlights:

1. Early May Performance: The NIFTY 50 experienced modest gains at the beginning of the month. On May 13, it closed at ₹22,104.05, showing a small increase

of 0.22%. This was due to varying performances from major companies such as Bajaj Auto and Tech Mahindra.

2. Mid-May Trends: The index soared to new heights in the middle of the month, peaking near ₹22,932.44 on May 27, thanks to impressive performances from companies like Adani Ports and Bajaj Finance. During this period, there was a prevailing optimism in the market as certain stocks reached unprecedented levels.
3. End of May Movements: At the close of May 30, the NIFTY 50 experienced a minor decrease, settling at ₹22,554, reflecting a 0.67% decline. The end-of-month performance was influenced by the contrasting results from companies such as Bharti Airtel, which displayed positive signs, and ONGC, which faced a negative trend.

In May 2024, the NIFTY 50 experienced a mix of modest gains and occasional setbacks, which were influenced by the performance of individual stocks and the overall market sentiment. The index remained above the 22,000 mark, indicating a generally stable yet cautious market environment.

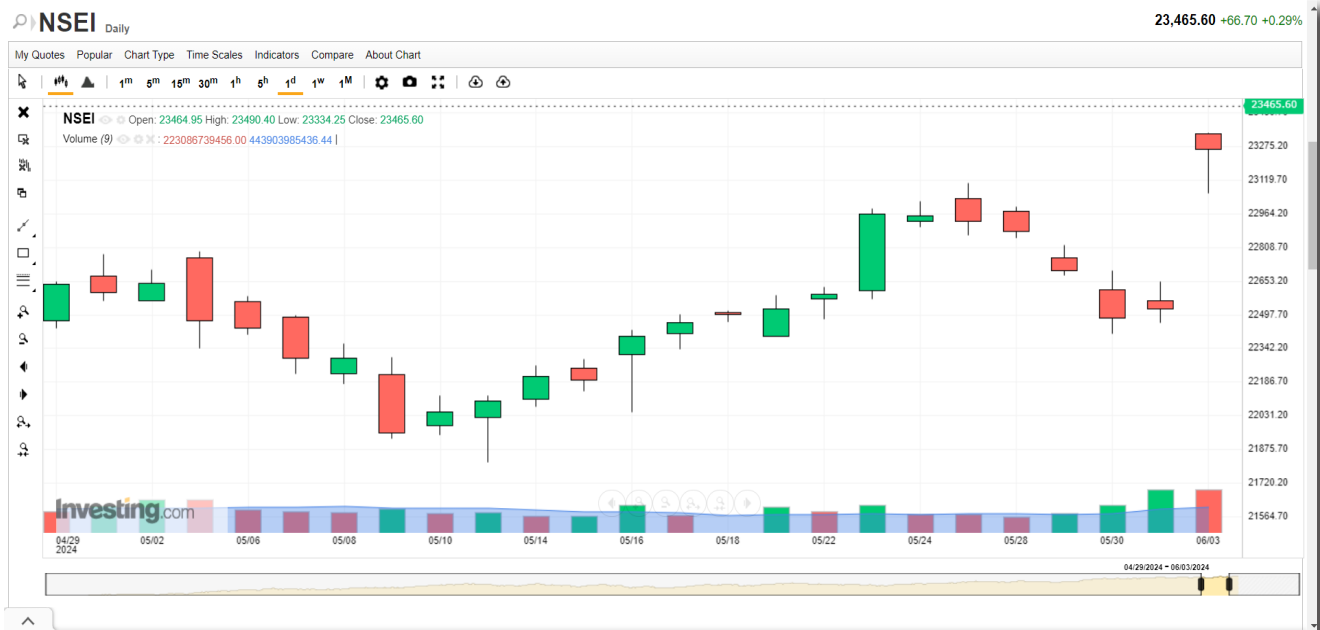


Fig 1: NIFTY 50 during the month of May and early June 2024 (Source: www.investing.com)

2. Developments in Indian Banking Sector:

In May 2024, the Indian banking sector experienced notable advancements, characterized by strong financial performance, regulatory adjustments, and strategic endeavors to improve operational efficiency and bolster economic growth.

1. Achieving an impressive net profit: In FY24, the net profit of the Indian banking sector exceeded ₹ 3 lakh crore, marking a significant milestone. This achievement was fueled by a significant 39% surge in the net profit of both listed public and private sector banks. The net profit rose from ₹ 2.2 lakh crore to ₹ 3.1 lakh crore in FY23. Public sector banks (PSBs) recorded an impressive net profit of ₹ 1.4 lakh crore, marking a significant 34% growth compared to the previous year. On the other hand, private sector banks experienced a remarkable 42% surge, reaching nearly ₹ 1.7 lakh crore in net profit.

- 2. Decrease in Non-Performing Assets (NPAs):** The Indian banking sector has made impressive progress in reducing NPAs. Most respondent banks have seen a decrease in NPA levels over the past six months, with no public sector or foreign banks experiencing an increase in NPAs. This improvement is credited to government measures aimed at minimizing non-performing assets and resolving the issue of companies with high debt and weak financials.
- 3. Cyber Insurance and Digital Initiatives:** Financial institutions have increased their cyber insurance coverage in response to the growing number of cyber incidents and increased regulatory scrutiny. The claims ratio for cyber insurance in the banking industry has surpassed 50%, underscoring the increasing demand for safeguarding against cyber threats. In addition, the Reserve Bank of India (RBI) has initiated a pilot program to digitize Kisan Credit Card (KCC) lending, with the goal of enhancing efficiency and reducing costs in the flow of rural credit.



4. Regulatory Changes and Strategic Moves: The RBI has recently made changes to the bulk deposit limit for banks, increasing it from ₹ 2 crore to ₹ 3 crore. This adjustment is seen as a strategic measure aimed at effectively managing liquidity and deposit growth. The State Bank of India (SBI) has recently become a member of the India International Bullion Exchange (IIBX), enabling it to engage in bullion trading and settlement for its clients at the IIBX platform located in Gujarat's GIFT City.

5. Economic and Market Conditions: The banking sector's performance received a boost from encouraging economic indicators, such as the United Nations' upgraded economic growth forecast for India to nearly 7%. The industry also profited from a pristine financial record, positioning it favorably to bolster the nation's expansion in the foreseeable future. Despite the challenges posed by inflation and increasing food prices, which may lead to a delay in interest rate cuts by the RBI, the overall market sentiment remained optimistic.

In May 2024, the Indian banking sector showcased impressive financial performance, notable decreases in NPAs, and a proactive approach to improving digital and cyber security capabilities. Regulatory changes and strategic initiatives have played a significant role in supporting the sector's growth, enabling it to make a valuable contribution to India's economic development.

4. Automotive Sector Developments:

The Indian automotive sector had a bustling month in May 2024, with changes in sales patterns, strategic alliances, and evolving consumer tastes. This report focuses on the significant developments that influenced the industry during this period.

1. Decrease in Passenger Car Sales: There was an 11% decline in passenger car sales in May 2024 compared to the same period last year. The decline in question can be attributed to various factors, including the high base effect from the previous year and market conditions that were influenced by extreme heat and elections. In a remarkable contrast, the sales of two-wheelers experienced a significant surge of over 10%, with the number of units sold rising from 14,71,550 in May 2023 to an impressive 16,20,084 units in May 2024. Three-wheeler sales experienced a notable surge of 14.7%, reaching a record-breaking 55,763 units for the month of May.

The Indian automobile industry witnessed a significant sales boost in the recent financial year, with all segments, including passenger vehicles, commercial vehicles, two-wheelers, and three-wheelers, experiencing growth compared to May 2023.

2. New Launches and Strategic Moves: Jeep has unveiled its plans to introduce an electric vehicle (EV) priced below ₹20 lakh in the United States, which could have an impact on the Indian market. This decision is in line with the worldwide trend towards more environmentally friendly automotive solutions. The Maruti Suzuki Alto K10 is set to receive substantial updates to cater to evolving consumer preferences and stay ahead in the competitive Indian market. Seino Holdings, a well-known Japanese logistics company, has joined forces with Mahindra Logistics to provide improved logistics solutions in India, showcasing the increasing significance of effective supply chain management in the automotive industry.

3. Market Dynamics and Consumer Preferences: Showroom footfall experienced a significant

decline of 18% due to the combined influence of extreme heat and elections. These factors, in addition to market liquidity concerns, postponed purchasing decisions and impacted overall sales. The SUV segment experienced a significant boost, as sales of mini SUVs such as the Punch and Exter surged by 83%, while utility SUVs like the Bolero and Scorpio-N witnessed a growth of 46%. Mid-sized MUVs also saw a significant 19% increase in growth.

4. Technological and Regulatory Developments:

The drive towards electric mobility kept growing, thanks to government incentives and favorable policies. Major automakers are actively pursuing EV technologies and introducing new models to meet the increasing demand for sustainable transportation. The incorporation of connected features and smart technologies in vehicles is gaining significant traction. Automakers are integrating cutting-edge infotainment systems, GPS navigation, and connectivity solutions to elevate the driving experience.

5. Economic and Market Conditions:

Analysts predict that the combination of a promising monsoon season and the government's continued efforts to drive economic growth will result in a significant increase in sales in the upcoming months. The industry is cautiously optimistic about the stability that could follow the election and how it may impact infrastructure projects and economic activities.

In May 2024, the Indian automotive sector experienced a blend of difficulties and prospects. Despite a decrease in passenger car sales, the two-wheeler and three-wheeler segments experienced strong growth. Anticipated growth in the sector is likely to be fueled by strategic initiatives, technological advancements, and favorable economic

conditions in the upcoming months. The industry's emphasis on electric mobility, connected vehicles, and efficient logistics solutions will be pivotal in determining its future direction.

6. Outlook for US market

In May 2024, the US stock market experienced notable milestones, with investor sentiment constantly changing and strategic decisions being made based on economic indicators and Federal Reserve policies. This report focuses on the significant developments that influenced the market during this period.

- 1. Milestones and Market Performance:** The Dow Jones Industrial Average (DJIA) reached a significant milestone, briefly surpassing the 40,000 mark for the first time. It reached a high of 40,051.05 before closing lower on May 16, 2024. This milestone was achieved thanks to impressive performances from key stocks, such as Amazon and Walmart, which experienced substantial gains. The S&P 500 and Nasdaq demonstrated strong performance, with both indices experiencing an 11% increase year-to-date by mid-May 2024. The S&P 500 was forecasted to reach the 5,575 level, signaling ongoing confidence among investors.
- 2. Sector Performance and Market Breadth:** A small group of stocks dominated the market's gains, with just 10 companies responsible for a significant 85% of the market's overall gain so far this year. There are concerns about the market breadth and the sustainability of the rally. The best performing sectors included utilities, energy, and consumer defensive sectors, while the real estate, technology, and healthcare sectors faced challenges due to rising interest rates and economic uncertainties.



3. Economic Indicators and Federal Reserve

Policies: In May 2024, the Federal Reserve decided to keep interest rates unchanged, indicating a delay in potential rate cuts rather than a complete cancellation. The market has factored in the first rate cut for September 2024, indicating an anticipation of a more accommodative monetary policy. The US economy saw a less-than-anticipated expansion in the first quarter of 2024, with real GDP growth at a rate of 1.6% per year. Forecasts for inflation in 2024 have risen, which has resulted in expectations of a more moderate pace of job growth and consumption.

4. Investor Sentiment and Market Outlook:

It is recommended that investors maintain market weight positions within their long-term asset allocations, with a preference for value stocks and small-cap stocks over large-cap stocks. Experts anticipate a promising outlook for earnings and revenue in 2024, with healthcare and information technology sectors poised to take the lead. There is an expectation of market volatility in the period leading up to the November election. It is anticipated that large-cap growth stocks will outperform value stocks in a slowing economy.

5. Global Market Context:

Global equities experienced a significant 4.1% increase in May 2024, as the US market displayed a strong rebound and briefly reached unprecedented levels. The MSCI EAFE Index, which tracks international equities, also experienced gains, indicating a favorable global market sentiment.

In May 2024, the US stock market experienced notable achievements, focused growth in important stocks, and a sense of careful positivity amidst economic uncertainties. The policies and economic indicators

of the Federal Reserve will remain pivotal in shaping market dynamics. It is important for investors to stay well-informed and strategically position their portfolios to successfully navigate the ever-changing market landscape.

Developments with RESERVE BANK OF INDIA

In May 2024, the Reserve Bank of India (RBI) had a hectic month, as it focused on various important initiatives to stabilize the economy, control inflation, and improve the overall financial ecosystem.

1. Monetary Policy Adjustments:

The RBI increased the repo rate by 25 basis points to 6.50% in its bi-monthly monetary policy review. This move aims to address inflationary pressures while minimizing the impact on economic growth. This decision aligns with market expectations and reflects a prudent approach to monetary tightening. The central bank has reiterated its dedication to keeping the inflation target steady at 4% (+/- 2%). This acknowledgment comes as a result of the recent increase in inflation caused by supply-side limitations and global geopolitical tensions.

2. Financial Stability Measures:

The RBI implemented more stringent guidelines for banks to identify and handle non-performing loans, highlighting the importance of promptly identifying and resolving troubled assets. This is anticipated to enhance the overall health of the banking sector. In order to tackle the liquidity shortage in the banking system, the RBI took measures such as conducting open market operations (OMOs) by purchasing government securities. This move injected a significant amount of liquidity into the market.

3. **Digital Currency Initiatives:** The RBI has given an update on the pilot program for the digital rupee, highlighting the encouraging progress and increased adoption among selected financial institutions. The central bank has announced its intention to broaden the pilot program in the upcoming months, encompassing a larger number of banks and users.
4. **Payment Systems:** New guidelines have been announced by the RBI to enhance the security of digital payment systems and safeguard consumers against fraud. These standards have been improved for digital wallets and payment gateways. The RBI reported a stable foreign exchange reserve, highlighting prudent management and diversification of India's foreign currency assets, despite global volatility.
5. **Economic Growth and Projections:** The RBI has adjusted its GDP growth forecast for the fiscal year 2024-25 to 7.2%, citing external factors and internal challenges. The central bank emphasized the strong performance of the agriculture and services sectors as crucial factors in maintaining economic stability and fostering growth.

In May 2024, the activities of the Reserve Bank of India demonstrate a careful approach that aims to promote economic growth while also ensuring financial stability. The central bank's prudent approach to inflation and proactive steps in the digital currency arena, coupled with its initiatives to bolster the banking industry and improve consumer safeguards, demonstrate its flexible and future-oriented policy framework. Given the current economic climate, the policies implemented by the RBI are anticipated to greatly influence India's financial landscape.

Developments with SEBI

In May 2024, the Securities and Exchange Board of India (SEBI) implemented a series of important regulatory changes and guidelines. These measures were designed to promote market transparency, safeguard investor interests, and maintain the smooth operation of the securities market. This report showcases the significant developments initiated by SEBI during this period.

1. **Regulations on Real-Time Price Data Sharing:** SEBI has implemented new regulations to govern the sharing of real-time share price information with third parties, including online platforms. These regulations necessitate written agreements for data sharing and enforce annual evaluations of entities and activities engaged in data dissemination. MIIs and intermediaries are required to carefully manage the sharing of real-time pricing data, only disclosing it to external parties when necessary for regulatory compliance or the smooth operation of the securities market. This action is intended to safeguard against any potential misuse of sensitive market data and uphold the integrity of the market.
2. **Guidelines for Asset Management Companies (AMCs):** SEBI requires AMCs to establish institutional mechanisms to prevent potential market abuse. This involves implementing enhanced surveillance systems, internal controls, and procedures to prevent any potential misuse of sensitive information. It is necessary for AMCs to establish whistleblower procedures in order to foster transparency and accountability within their operations.
3. **Amendments to Insider Trading Regulations:** SEBI recently released amendments to the Prohibition of Insider Trading Regulations on May 17, 2024.



These amendments seek to strengthen the regulatory framework and improve the identification and prevention of insider trading activities.

4. Issue of Capital and Disclosure Requirements

(ICDR) Regulations: SEBI made several revisions to the ICDR Regulations on May 18, 2024. These changes involve expanding the scope of minimum promoter contribution, incorporating compulsory convertible securities into MPC, and implementing new thresholds for refiling the Draft Red Herring Prospectus (DRHP). The amendments demonstrate SEBI's commitment to fostering a business-friendly environment and its adaptability to market needs.

5. Revised Market Capitalization Calculation

Method: SEBI has recently implemented a new approach to calculate market capitalization, which involves using a six-month average calculation. This change is intended to offer a more stable and precise representation of a company's market value.

6. Improved Compliance and Governance:

SEBI has aligned the verification of rumors with significant price movements and has mandated that key executives provide prompt and accurate responses for rumor verification. The regulator has granted an extension for filling key executive vacancies that require regulatory approval. Additionally, high-value debt-listed entities have been given a compliance extension for an additional year.

In May 2024, SEBI's regulatory initiatives highlight its dedication to improving market transparency, safeguarding investor interests, and maintaining the smooth operation of the securities market. The new regulations on real-time price data sharing, guidelines for AMCs, amendments to insider trading and ICDR regulations, and revised market

capitalization calculation methods are crucial steps towards achieving these goals. These measures are anticipated to enhance the regulatory framework and promote a stronger and more transparent financial market in India.

DEVELOPMENTS IN GLOBAL CRYPTOCURRENCY SECTOR

May 2024 was an eventful month for the global cryptocurrency market, characterized by important regulatory changes, technological advancements, and noteworthy market movements. This report focuses on the significant developments that influenced the cryptocurrency landscape during this period.

1. Regulatory Developments: Eight spot Ether ETFs from prominent financial firms have been approved by the U.S. Securities and Exchange Commission (SEC), indicating an increasing interest in digital assets among institutional investors. This approval came after the successful launch of spot Bitcoin ETFs, which attracted significant investor interest and received favorable market responses.

The European Union has recently introduced the Markets in Crypto-Assets (MiCA) standards, which aim to establish a comprehensive regulatory framework for digital assets in the region. Meanwhile, the U.S. House has passed the Financial Innovation Technology for the 21st Century Act (FIT21), which aims to provide regulatory clarity for digital assets.

2. Market Performance and Trends: Bitcoin has shown impressive growth, with a nearly 60% increase for the year. This surge in value can be attributed to investor optimism and the recent halving event, which has historically been associated with potential bull market rallies. Ethereum also experienced

significant dominance, as the market rallied in response to the approval of the Ethereum Spot ETF. Stablecoins continued to hold significant value in the ecosystem, accounting for more than 91% of the daily market volume. During May, Solana saw a significant 17% increase in market cap, which reflects a robust performance in the market.

3. Technological Advancements and Adoption:

BlackRock introduced the BlackRock USD Institutional Digital Liquidity Fund (Buidl) on the Ethereum network, showcasing the merging of traditional finance and blockchain technology. Deutsche Bank has partnered with Project Guardian to tokenize regulated financial markets, which is a significant step towards the wider adoption of blockchain technology in the traditional finance sector. Revolut has recently unveiled a separate crypto trading platform called Revolut X, catering to a vast audience of more than 40 million users. Tesla has recently incorporated Dogecoin as a payment option on their website, which demonstrates the increasing recognition of cryptocurrencies in everyday business transactions.

4. **Global Market Dynamics:** The UAE has established itself as a major player in the global crypto market, with a staggering \$25 billion in crypto transactions. Argentina demonstrated a favorable stance towards cryptocurrencies following its meeting with El Salvador's Digital Assets Commission, suggesting the possibility of future cooperation in embracing Bitcoin as a recognized form of currency. The global cryptocurrency market was valued at US \$2.216 billion in 2023 and is projected to experience a compound annual growth rate (CAGR) of 15.64% from 2023 to 2033. This growth is fueled by the increasing acceptance of cryptocurrencies, improved financial transparency, and favorable economic regulations in emerging markets.

In May 2024, the global cryptocurrency market experienced a crucial month with notable regulatory approvals, technological advancements, and strong market performance. The ongoing integration of blockchain technology into traditional finance, along with increasing institutional interest and regulatory clarity, is anticipated to fuel additional growth and adoption in the cryptocurrency market.

Market Report: A Recap of the Key Developments for the month of June 2024

Introduction

In the month of June 2024, the Indian stock market was subject to considerable volatility, which were caused by a wide range of economic and geopolitical worries. For the purpose of making well-informed judgments,

investors conducted careful monitoring of changes in firm earnings, regulations implemented by the government, and movements in global markets. The market indices exhibited a degree of volatility, reacting to both positive and negative news. A further factor that drew attention



was the hopeful development prospects of several industries, including renewable energy, healthcare, and technology. In the month of June 2024, the Indian stock market demonstrated its dynamic character, highlighting the significance of preserving a state of knowledge and agility in order to successfully traverse the ever-evolving financial landscape.

GLOBAL MARKET PERFORMANCE

A combination of economic data, corporate earnings, and geopolitical events drove substantial changes in the global stock markets during June 2024. This note offers a thorough examination of the primary trends and movements that were observed throughout the month.

In June 2024, the U.S. stock market experienced substantial gains. The Dow Jones Industrial Average (DJIA) increased by 1.2%, while the S&P 500 rose by 3.6%. The Nasdaq, which is heavily weighted toward technology, demonstrated superior performance during the month, increasing by 6%. These gains were driven by optimism regarding potential Federal Reserve policy easing later in the year, easing inflation, and robust labor market data.

The technology sector maintained its market leadership, with artificial intelligence (AI) equities continuing to maintain their strength. Nvidia momentarily overtook Microsoft to become the most valuable corporation in the world, but it subsequently retreated to third place behind Apple. The AI sector is perceived as a revolutionary force that will drive future development.

Mixed performance was observed in European equities during June. Caution regarding the French elections and the publication of U.S. inflation data was reflected in the 0.97% decline of the pan-European STOXX 600 index for

the month. The European Central Bank (ECB) has reduced its interest rate by 25 basis points to 3.75%, which is the first rate reduction in nearly five years.

The performance of Asian markets was inconsistent. Supported by a weaker yen and robust performance in the IT and financial sectors, Japan's Nikkei 225 advanced by more than 2%, reaching its highest level since April. Conversely, Chinese equities underperformed, with the SSE declining by over 3% for the month, thereby wiping out nearly all of their year-end gains.

Particularly in Asia, emerging markets experienced a robust month. The gains were led by Taiwan and India, with Korea and Australia following in their wake. Nevertheless, Latin American markets experienced declines, as losses in Brazil counterbalanced gains in Chile, Peru, and Colombia.

The bond market experienced a positive month, as the Bloomberg U.S. Aggregate Index closed higher as yields decreased. For the initial occasion in two weeks, the 10-year Treasury yield began to rise above 4.3%. In addition, there were gains in global government bonds.

The Bloomberg Commodity Index experienced a decline of over 1% during the week ending June 28. On the final trading day of the month, crude oil and petroleum futures experienced a decline, which erased prospective weekly gains in response to concerns regarding global energy demand. Gold futures experienced a decline during the middle of the week, but they maintained their stability on the final trading day.

June 2024 was a month of significant volatility for global stock markets, as evidenced by the robust performances of U.S. indices, the varied results of European and Asian markets, and the positive trends in emergent markets. The technology sector, particularly AI, continued to

drive market gains, while economic indicators such as job growth and moderating inflation provided a supportive backdrop. The bond and commodity markets also underwent significant fluctuations as central banks worldwide adjusted their monetary policies. Investors maintain a cautious optimism, attempting to balance the potential for additional gains with the risks associated with economic and geopolitical uncertainties.

Developments in the Indian Stock Market in June 2024

The Indian stock market experienced a remarkable month in June 2024, marked by record-setting performances and substantial gains. The market's upward momentum was fueled by a combination of favorable domestic and international conditions, positive corporate earnings, and robust economic indicators.

Performance of Major Indices

In June 2024, the BSE Sensex and NSE Nifty 50 both achieved all-time highs. On June 25, the Sensex closed at 78,053.52, up by 712.44 points, or 0.92%, while the Nifty 50 ended at 23,721.30, up by 183.45 points, or 0.78%. The Sensex increased by 9.4%, reaching an all-time high of 79,671.58, and the Nifty 50 ascended by 10.5%, reaching a record high of 24,174 by the end of the month.

Sectoral Highlights

The market's robust performance was influenced by a variety of sectors:

Banking and Financial Services: The financial sector experienced robust investor confidence, as evidenced by the significant gains of major banks such as Axis Bank, ICICI Bank, and HDFC Bank. **Technology:** The IT sector maintained its strong performance, as evidenced by the substantial mergers and partnerships

that companies such as Tech Mahindra have announced. **Pharmaceuticals:** Alkem Laboratories' shares increased as a result of the US FDA's approval of its Baddi plant. **Consumer Goods:** The FMCG sector concluded the month with gains that were fueled by demand boost expectations, indicating a pre-Kharif rally.

Significant Corporate Developments

Market sentiment was influenced by a variety of corporate actions and announcements:

Mergers and Initial Public Offerings: On June 28, Nephro Care, which is sponsored by Deepak Parekh, disclosed the commencement of its initial public offering. The stock of Tech Mahindra was further bolstered by the sanction of a merger. **Regulatory Approvals:** Muthoot Microfin has obtained an IRDAI license to provide insurance products, thereby broadening its service portfolio. **Strategic Investments:** A \$110 million investment in its Texas facility was announced by JSW Steel, which is indicative of its expansion strategy.

Economic Indicators

The market's performance was also significantly influenced by positive economic indicators:

Inflation and Industrial Production: In June, India's retail inflation reached a four-month high of 5.08%, while the Index of Industrial Production (IIP) measured industrial output growth at 5.9% in May. **Foreign Portfolio Investments (FPIs):** The Indian equity market received \$4.96 billion in funding from foreign portfolio investors, which indicates a high level of confidence in India's growth trajectory.

Market Prospects

The favorable momentum is anticipated to persist into the second half of FY25, as market experts anticipate that



the monsoon season's progress, alleviating inflation, and robust economic growth will continue to drive the market. FMCG, renewable energy, infrastructure, and private banking are among the sectors that warrant monitoring.

In conclusion, June 2024 was a momentous month for the Indian stock market, as it was characterized by record highs and widespread gains across a variety of sectors. The Indian market is an appealing destination for investors due to the strong corporate performances and positive economic indicators, which indicate a sustained upward trajectory.

Developments in Indian Banking Sector:

The Indian banking sector experienced a dynamic month in June 2024, which was characterized by notable corporate performances, technological advancements, and significant policy decisions. This note offers a succinct summary of the most significant developments that transpired throughout the month.

Monetary Policy of the Reserve Bank of India

The Reserve Bank of India (RBI) maintained a cautious posture, retaining the repo rate at 6.5%, in response to concerns regarding food inflation and a sustainable current account deficit. The RBI also increased the GDP growth projection for FY25 from 7% to 7.2%, while maintaining the inflation forecast at 4.5%. Also, the Reserve Bank of India (RBI) disclosed its intention to establish a Digital Payments Intelligence Platform in order to reduce the risk of payment fraud.

Technological Advancements

The banking environment was consistently influenced by technological innovations. The RBI and the Reserve Bank Innovation Hub (RBIH) conceptualized the digitalization of Agri-finance with the objective of providing Kisan

Credit Card (KCC) loans in an entirely digital and hassle-free manner. Additionally, the Reserve Bank of India (RBI) initiated a pilot program to digitalize KCC lending, which is anticipated to improve efficiency and decrease the turnaround time in rural credit flow.

Corporate Performance

HDFC Bank reported a quarterly decline in both deposits and advances growth, with advances decreasing by 0.8% to ₹24.87 trillion and deposits decreasing by 0.03% to ₹23.79 trillion. Nevertheless, deposits increased by 24.4% and advances by 52.6% on a year-over-year basis. Federal Bank was identified as an anomaly, as both advances and deposits experienced sequential growth of 5.4%.

Operational Resilience and Cybersecurity

The RBI underscored the necessity for banks to enhance their defenses against prospective cyber threats. The Cyber Security and Information Technology Examination (CSITE) conducted by the central bank examined the fraud detection mechanisms and disaster management readiness of institutions. Banks were required by the Reserve Bank of India (RBI) to enhance their IT risk governance frameworks in order to mitigate the development of cyber threats.

Digital Transformation

The finance sector's digital transformation journey continued to gather momentum. In order to optimize operational efficiency and customer service, financial institutions implemented emerging digital technologies, including blockchain and artificial intelligence. The State Bank of India (SBI) was a pioneer in this transformation, providing comprehensive digital banking solutions to retail and agricultural consumers through initiatives such as 'YONO' and 'YONO Krishi'.

Conclusion

The Indian banking sector experienced substantial advancements in June 2024, which were influenced by technological advancements, policy decisions, and corporate performance. The sector's dedication to improving efficiency, customer service, and financial inclusion is emphasized by its emphasis on digital transformation, cybersecurity, and operational resilience.

Developments with RESERVE BANK OF INDIA

The Reserve Bank of India (RBI) experienced a significant month in June 2024, which was characterized by key policy decisions, economic projections, and initiatives that were designed to improve financial stability and digital infrastructure. This note offers a succinct summary of the most significant advancements.

Monetary Policy Decisions

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) made the decision to maintain the repo rate at 6.5%, citing the necessity of maintaining a cautious posture in light of the increase in food inflation. The decision was made with a 4:2 majority, which reflects a balanced approach to supporting economic growth and managing inflation. Additionally, the central bank maintained its monetary policy posture during the “withdrawal of accommodation.”

Economic Forecasts

The Indian economy is expected to experience a positive prognosis, as the Reserve Bank of India (RBI) has increased its GDP growth projection for FY25 from 7% to 7.2%. The inflation forecast for FY25 was maintained at 4.5%, with the expectation that it will decline below 4%

during the July-September quarter. The central bank also anticipated that CPI inflation would be 4.9% in Q1, 3.8% in Q2, 4.6% in Q3, and 4.5% in Q4.

Report on Financial Stability

The health of macro and microeconomic parameters across the industry was underscored in the 29th issue of the Financial Stability Report (FSR) released by the Reserve Bank of India (RBI). The report underscored the significance of cybersecurity and operational resilience in light of the growing dependence on digital infrastructure and third-party service providers. It also addressed the emergence of fintech, such as decentralized financing (DeFi) and cryptocurrencies, which are challenging conventional financial models.

Technological and Digital Initiatives

The Reserve Bank of India (RBI) has announced the creation of a Digital Payments Intelligence Platform to reduce the risk of payment fraud, thereby demonstrating its dedication to improving the security of digital transactions. Furthermore, the central bank initiated a pilot program to digitalize Kisan Credit Card (KCC) lending with the objective of enhancing efficiency and reducing the turnover time in rural credit flow.

Corporate and Regulatory Measures

The Reserve Bank of India (RBI) increased the bulk deposit threshold from ₹2 crore to ₹3 crore, rationalized export and import regulations under the Foreign Exchange Management Act (FEMA), and instituted auto-replenishment for balance Fastag, NCMC, and UPI-Lite wallets under the e-mandate framework. It is anticipated that these measures will improve client convenience and simplify banking operations.



Conclusion

June 2024 was a critical month for the Reserve Bank of India, as it was characterized by significant advancements in digital and regulatory frameworks, optimistic economic projections, and strategic policy decisions. The RBI's dedication to the banking sector's resilience, economic growth, and financial stability is emphasized by these developments.

Developments with SEBI

June 2024 was a critical month for the Securities and Exchange Board of India (SEBI), as it was characterized by substantial regulatory changes and initiatives that were designed to improve operational efficiency, investor protection, and market integrity. This note offers a succinct summary of the most significant advancements.

Restrictions on Finfluencers

SEBI implemented stringent regulations that forbade regulated entities from engaging in business with unregistered financial influencers, who are also referred to as finfluencers. The objective of this action is to prevent the dissemination of misleading financial advice and to guarantee that only registered investment advisors or individuals with a professional finance background are permitted to promote financial products. The enforcement is intended to address the problematic alliances between market intermediaries and unregistered influencers, which have frequently resulted in misleading claims and increased trading activity.

Regulations on Insider Trading

SEBI's new insider trading regulations, which became effective on June 25, 2024, implemented numerous amendments to improve compliance and flexibility. The holding period for insiders to begin trading was reduced

from six months to 120 calendar days following the public disclosure of the trading plan. Furthermore, the necessity for a minimum 12-month trading period was eliminated, which enables trading to be conducted over shorter periods. The objective of these modifications is to optimize trading activities while simultaneously ensuring stringent compliance and fostering equitable market operations.

Key Points of the Board Meeting

SEBI authorized numerous critical measures at its June 2024 board meeting:

Delisting Framework: The implementation of a fixed price mechanism for delisting, which guarantees a minimum 15% premium for frequently traded shares, as well as an alternative delisting framework for Listed Investment Holding Companies.

Cybersecurity: The approval of a comprehensive Cybersecurity and Cyber Resilience Framework (CSCRF) for regulated entities to defend against cyber threats and enhance operational resilience.

Borrowing for AIFs: Authorizing Category I and II Alternative Investment Funds (AIFs) to borrow for a maximum of 30 days to address deficiencies in investor contributions.

Investment Regulations for NRIs and OCIs

SEBI implemented amendments to facilitate the attraction of additional foreign investments by streamlining regulatory requirements for Overseas Citizens of India (OCIs) and Non-Resident Indians (NRIs). These modifications enable nonresident Indians (NRIs) and overseas Chinese individuals (OCIs) to acquire up to 100% ownership in Foreign Portfolio Investors (FPIs) located in the Gujarat International Finance-tech City (GIFT City), thereby substantially increasing their involvement in the Indian stock market.

Conclusion

SEBI experienced a transformative month in June 2024, which was characterized by regulatory crackdowns, enhanced insider trading regulations, and initiatives to encourage foreign investments. SEBI's dedication to safeguarding investors, preserving market integrity, and cultivating a resilient financial ecosystem is emphasized by these developments.

DEVELOPMENTS IN GLOBAL CRYPTOCURRENCY SECTOR

June 2024 was a noteworthy month for the global cryptocurrency sector, characterized by regulatory advancements, market movements, and technological innovations. Here is a brief overview of the key developments.

Regulatory Developments

Regulatory clarity emerged as a central theme, with several countries unveiling frameworks for cryptocurrency operations. The European Union finalized parts of the Markets in Crypto-Assets (MiCA) regulation, setting a precedent for comprehensive crypto regulation in member states. The United States Securities and Exchange Commission (SEC) expanded its Crypto Assets and Cyber Unit, increasing enforcement capabilities to combat fraud in the crypto space.

Market Dynamics

The cryptocurrency market experienced volatility with Bitcoin rebounding to \$45,000, a significant recovery from its previous slump. This was partly attributed to institutional investors' renewed interest and the adoption of cryptocurrencies as legal tender in two more countries. Meanwhile, Ethereum's much-anticipated upgrade,

dubbed 'Ethereum 2.0', successfully completed its final testnet phase, promising improved scalability and reduced energy consumption.

Technological Innovations

Innovation continued to thrive, with decentralized finance (DeFi) platforms launching new products that offer higher yields and more diversified risk. Non-fungible tokens (NFTs) maintained their popularity, with major auction houses reporting record sales and new use cases in digital identity and asset management emerging.

Cybersecurity Incidents

Cybersecurity remained a pressing concern, with several high-profile security breaches leading to substantial losses. Exchanges and DeFi platforms bolstered their security measures, and there was a significant uptick in the adoption of multi-factor authentication and cold storage solutions.

Institutional Adoption

Institutional adoption saw a boost, with more financial institutions offering crypto-related services, including custody, trading, and asset management. Major payment networks expanded their cryptocurrency integration, facilitating wider merchant acceptance and enhancing user convenience.

Conclusion

June 2024 marked a period of resilience and growth for the global cryptocurrency sector. Regulatory progress, market recovery, technological advancements, and increased institutional adoption underscored the sector's maturation despite ongoing challenges related to security and market stability.

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