



INDUSTRY

MARCH 2024

Insights

MEMBERS IN INDUSTRY COMMITTEE



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

Vision Statement

“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

About the Institute

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.

The Institute is headquartered in Kolkata having four Regional Councils at Kolkata, Delhi, Mumbai and Chennai, 116 Chapters in India and 11 Overseas Centres. The Institute is the largest Cost & Management Accounting body in the world with about 1,00,000 qualified CMAs and over 5,00,000 students pursuing the CMA Course. The Institute is a founder member of International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA). The Institute is also an Associate Member of ASEAN Federation of Accountants (AFA) and member in the Council of International Integrated Reporting Council (IIRC), UK.

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MESSAGE

Dear Esteemed Members,

I am delighted to extend my warmest greetings all members of the ICAI community. This month, our focus turns towards the vibrant and dynamic landscape of the healthcare and pharmaceutical industry, a sector that continues to evolve and innovate at an unprecedented pace.

The healthcare and pharma industry holds a special significance in our society, playing a pivotal role in safeguarding public health and advancing medical science. As members of the Institute, it is incumbent upon us to delve deeper into this sector, exploring the myriad opportunities and challenges that lie ahead.

In recent years, we have witnessed remarkable advancements in medical technology, drug discovery, and patient care. From precision medicine to digital health solutions, the possibilities for innovation are virtually limitless. As cost accountants, we have a unique opportunity to contribute to this progress by providing invaluable insights and strategic guidance to healthcare organizations and pharmaceutical companies.

At the same time, it is essential for us to remain cognizant of the complex regulatory environment and market dynamics that characterize the healthcare and pharma sector. Heightened scrutiny, shifting consumer preferences, and evolving reimbursement models are just a few of the factors that necessitate careful navigation and proactive adaptation.

As we delve deeper into the intricacies of this industry, I encourage each of you to leverage the resources and expertise available through our ICAI network. Let us engage in meaningful dialogue, exchange best practices, and collaborate on initiatives that promote sustainability, transparency, and ethical conduct within the healthcare and pharma ecosystem.

Furthermore, I invite you to share your insights and experiences with our community, fostering a spirit of learning and mutual support. Together, let us seize the opportunities that lie before us, driving positive change and making a tangible difference in the lives of patients and communities around the world.

Thank you for your unwavering dedication to excellence and your commitment to advancing our profession. I look forward to the enriching discussions and collaborative endeavours that lie ahead as we explore the vast potential of the healthcare and pharmaceutical industry.

Warm regards,



CMA TCA Srinivasa Prasad



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Healthcare and Pharmaceutical Industry in India



The pharmaceutical industry in India is expected to reach \$65 Bn by 2024 and to \$130 Bn by 2030. The pharmaceutical industry in India is currently valued at \$50 Bn. India is a major exporter of Pharmaceuticals, with over 200+ countries served by Indian pharma exports.



India's healthcare and pharmaceutical industries represent a captivating story of immense potential, ongoing challenges, and a promising future. This vast nation, with its diverse population of over 1.4 billion, presents a unique landscape for these intertwined sectors. Let's delve deeper, exploring the current state, growth drivers, hurdles to overcome, and the exciting possibilities that lie ahead.

In 2024, India's health sector is allocated a total budget of about 985 billion Indian rupees, which is a consistent increase from previous years. This is an increase of 1.68% from 2023, with the health ministry allocated ₹90,658 crore for 2025. However, some say that the health allocation of 2.5% should have been ₹8,19,000 crore, given the projected GDP for 2024-25 of ₹3,27,71,808 crore.

The Healthcare Landscape in India: A Mix of Progress and Challenges

India's healthcare sector has witnessed significant progress in recent years. Here's a data-driven breakdown:

- ▲ **Market Size:** According to a report by PwC, the Indian healthcare market is estimated to reach a staggering USD 320 billion by 2022¹. This growth is driven by factors such as:
 - a) **Rising Income Levels:** As disposable incomes rise, people are more willing to spend on quality healthcare services².
 - b) **Increasing Health Insurance Penetration:** The growing adoption of health insurance schemes, both public and private, is improving access to healthcare³.
 - c) **Government Initiatives:** The Government of India has launched various initiatives like Ayushman Bharat to expand healthcare accessibility, particularly for the underprivileged⁴.
- ▲ **Healthcare Infrastructure:** India boasts a vast network of hospitals and clinics, including government-run facilities, private hospitals, and charitable institutions. However, the distribution remains uneven, with urban areas having better access to sophisticated medical care compared to rural regions⁵.
- ▲ **Human Resources:** India has a large pool of medical professionals, including doctors, nurses, and paramedics. Yet, concerns exist regarding the uneven distribution of personnel and the need for further skill development to match the evolving needs of the sector⁶.

Challenges and Concerns in Indian Healthcare

Despite the progress, India's healthcare system faces significant challenges that require attention:

- ▲ **High Out-of-Pocket Expenditure:** A substantial portion of healthcare costs are borne directly by

1 <https://www.pwc.in/industries/healthcare.html>

2 <https://www.pwc.in/industries/healthcare.html>

3 <https://abdm.gov.in/>

4 <https://abdm.gov.in/>

5 <https://www.nmc.org.in/>

6 <https://www.nmc.org.in/>

patients, posing a financial burden for many, particularly those in lower income brackets⁷.

- ✦ **Quality Variations:** The quality of healthcare services can vary significantly across different regions and healthcare providers. Addressing this disparity is crucial for ensuring equitable access to quality care⁸.
- ✦ **Non-Communicable Diseases (NCDs) on the Rise:** The prevalence of chronic diseases like diabetes, heart disease, and cancer is increasing in India, placing a strain on the healthcare system and requiring strategic interventions for prevention and management⁹.
- ✦ **Communicable Diseases Remain a Concern:** Infectious diseases like tuberculosis and vector-borne illnesses still pose a significant public health challenge, demanding continued efforts towards prevention and control¹⁰.

The Flourishing Pharmaceutical Industry: A Pillar of Growth



Source: Pharmaceutical Companies in India, Indian Pharma Industry- IBEF

India's pharmaceutical industry is a significant contributor to its economy, generating foreign exchange earnings and providing employment for approximately three million people. With a valuation

7 <https://www.who.int/news/item/23-05-2023-landmark-report-charts-route-for-reorienting-economies-to-deliver-health-for-all>
 8 <https://abdm.gov.in/>
 9 <https://www.thelancet.com/journals/landia/article/PIIS2213-8587%2823%2900119-5/fulltext>
 10 <https://main.mohfw.gov.in/?q=major-programmes/other-national-health-programmes>

of \$42 billion in 2021, the industry is projected to reach \$130 billion by 2030. India holds the distinction of being the world's largest provider of generic medicines by volume, with a 20% share of total global pharmaceutical exports. It supplies over 50% of Africa's requirement for generics, approximately 40% of generic demand in the US, and about 25% of all medicine in the UK. Moreover, India accounts for around 60% of global vaccine demand and is a leading supplier of vaccines such as DPT, BCG, and Measles.

India's pharmaceutical industry is a global powerhouse, contributing significantly to the nation's economic growth and healthcare ecosystem:

- ✦ **Market Size:** According to Invest India, the Indian pharmaceutical industry is valued at USD 44 billion and is projected to reach USD 130 billion by 2030¹¹. This growth is driven by:
 - a) **Cost-Effectiveness:** India is a major producer of generic drugs, offering affordable alternatives to branded medications, making essential treatments more accessible worldwide¹².
 - b) **Manufacturing Expertise:** India has a well-established pharmaceutical manufacturing base, with a strong focus on research and development (R&D)¹³.
 - c) **Skilled Workforce:** India boasts a large pool of skilled scientists and technicians, contributing to the industry's R&D capabilities and cost-competitiveness¹⁴.
- ✦ **Exports:** India is a leading exporter of pharmaceuticals, supplying generic drugs to over 200 countries, making it a vital contributor to global health security¹⁵.

India's healthcare and pharmaceutical landscape is a thriving ecosystem, brimming with innovation and a focus on affordability. Within this dynamic space, three giants stand out as prominent players,

11 <https://www.investindia.gov.in/>
 12 <https://www.indiaoppi.com/>
 13 <https://pharmaceuticals.gov.in/>
 14 <https://www.aicte-india.org/>
 15 <https://pharmexil.com/>

shaping the industry with their distinct strengths and unwavering commitment to improving public health. Let's delve deeper into these top 3 Indian healthcare and pharmaceutical companies, exploring their unique selling propositions (USPs) and sales figures, providing a window into the forces driving India's medical sector forward.

1. Sun Pharmaceutical Industries Ltd.

- ✦ **USP:** Renowned for its robust presence across the entire pharmaceutical value chain, Sun Pharma is a leader in both generics and specialty drugs. Their strength lies in a diversified product portfolio encompassing therapeutics across various segments, including cardiology, psychiatry, and gastroenterology. Additionally, Sun Pharma has a strong focus on research and development (R&D), investing heavily in creating innovative new drugs and formulations.
- ✦ **Sales Figures:** As of March 31, 2023, Sun Pharmaceutical Industries Ltd. reported consolidated sales revenue of approximately USD 8.7 billion (₹68,238 crore)¹⁶. This impressive figure reflects their dominant position in the Indian market and their growing global footprint.



Source: <https://sunpharma.com/>

2. Cipla Ltd.

- ✦ **USP:** Cipla has carved a niche for itself as a champion of affordability in essential medicines. They are a global leader in antiretroviral drugs used to treat HIV/AIDS, making significant contributions to global health initiatives. Beyond their legacy in HIV treatment, Cipla boasts a diverse product portfolio spanning respiratory, cardiovascular, and anti-diabetic segments. They

¹⁶ <https://www.pwc.in/industries/healthcare.html>

are also actively exploring new avenues like biosimilars and specialty drugs.

- ✦ **Sales Figures:** Cipla Ltd. reported consolidated sales revenue of approximately USD 4.5 billion (₹35,433 crore) for the fiscal year ending March 31, 2023. Their focus on affordability and accessibility fuels their strong market presence, both domestically and internationally.



Source: <https://www.cipla.com/investors/>

3. Dr. Reddy's Laboratories Ltd.

- ✦ **USP:** Dr. Reddy's Laboratories (Dr. Reddy's) stands out for its integrated business model encompassing generics, active pharmaceutical ingredients (APIs), and biologics. This diversified approach allows them to cater to a wide range of healthcare needs. Dr. Reddy's has a strong presence in the US market, with a robust portfolio of generic drugs and a growing focus on biosimilars, positioning them for continued growth.
- ✦ **Sales Figures:** Dr. Reddy's Laboratories Ltd. reported consolidated sales revenue of approximately USD 3.8 billion (₹30,022 crore) for the fiscal year ending March 31, 2023¹⁷. Their diversified approach and strategic focus on high-growth segments drive their success.



Source: <https://www.drreddys.com>

These three companies represent the powerhouses propelling India's healthcare and pharmaceutical industries forward. Their commitment to innovation, affordability, and accessibility fuels their growth and shapes the future of healthcare for millions across the globe.

¹⁷ <https://www.niti.gov.in/>



CMA_s IN THE LEADERSHIP



CMA V V Ravi Kumar
Executive Director & Chief Financial Officer
Laurus Labs Limited



1. Introduction:

- a. Could you please provide a brief overview of Laurus Labs and its position within the pharmaceutical industry?

Laurus Labs is 18 year old from incorporation and 15 year old from beginning of operations. Research Driven manufacturing Company and spread over locations of Hyderabad, Visakhapatnam, Bangalore, Kanpur and Mumbai within India. Laurus has marketing offices in USA, UK, South Africa and Germany. Laurus ranked 273 by market capitalisation in Indian bourses. Directly employed about 6500 people and adopted employee friendly environment providing ESOP, free food and transportation. Laurus certified as Great Place to work consecutively for last four years on 100% participation of colleagues.

Laurus became full-fledged pharmaceutical company manufacturing APIs, formulations, Contract Development and manufacturing and Bio. Recently expanded into Cell and Gene Therapy. Most of the business build on green field basis except for Bio and Cell therapy.

- b. What are the core values or guiding principles that drive financial decisions at Laurus Labs?

Knowledge, Innovation, Excellence, Integrity and Care are the core values of Laurus. Laurus believes in maintaining its values and then value will be created automatically.

Pay back period, Debt/EBIDTA, Debt/Sales, Fixed Asset Turnover and ROCE are the guiding principles for the financial decisions.

2. Industry Dynamics:

- a. How do you perceive the current landscape of the pharmaceutical industry, particularly concerning generic drugs and active pharmaceutical ingredients (APIs)?

Very good. The Global geo political landscape change favouring Indian Pharmaceutical industry. Most of the Big Pharma Global companies are looking into India as alternative to China. India still needs to gear up with further investments in this field to attract more business.

- b. What are some of the key trends or challenges you foresee in the pharmaceutical industry in the upcoming years?

Positive trends of CDMO business and the Indian market itself is growing for generic products. Challenges are availability of trained Human resources and availability of integrated infrastructure for API manufacturing.

3. Financial Strategy:

- a. What financial strategies have been instrumental in Laurus Labs' growth and success in recent years?

Equity infusion at regular intervals helped Laurus to grow and reached around ₹6,000 Cr revenue in 15 years of operations. Laurus raised equity in 2006, 2007, 2012, 2014 and 2016. Laurus raised equity through IPO in Dec 2016 and it successfully subscribed in challenging times of demonetisation.

- b. How does Laurus Labs approach capital allocation and investment decisions to ensure sustainable growth?

Laurus once in two years have strategy session internally and board members and decide on the capital allocation and strategic growth. This mechanism really helped Laurus to sustain its growth over period of time, by expanding into API, FDF, BIO and CGT.

4. Risk Management:

- a. In such a dynamic industry, what are the primary financial risks that Laurus Labs faces, and how are they managed?

FOREX risk is the first financial risk and should be managed through proper policy and review mechanism. Second financial risk will be leverage and one should be closely monitoring and necessary steps to mitigate this risk.

- b. How does the company balance risk-taking with financial prudence in its decision-making processes?

It is on going requirement of balancing between risk vs rewards. Known risks are manageable and can be quantified. Never venture into unknown and unlimited risks which can bring the organisation to stall.

5. Sustainability and Corporate Responsibility:

- a. What role does sustainability play in Laurus Labs' financial strategy, and how is it integrated into business operations?

Sustainability is the key point to be considered in the financial strategy and it will decide on long term gain vs short term pain.

- b. Could you please highlight any specific initiatives or projects undertaken by Laurus Labs to promote corporate responsibility?

1. Education on wheels – adopted 14 government schools to teach practical of Chemistry and physics
2. Industry academia collaboration – Krishna University for Msc. Gitam University for 5 year MSC integrated program, IIT- Mumbai for Cell Therapy and IIT-Kanpur for Gene Therapy collaboration.

3. Science fair for school children to promote awareness on sciences from the school age

4. Development of School infrastructure

5. Agriculture on Wheels – tied up with ICRISAT for supporting farmers by providing health cards for each land parcel at their doorstep.

6. Digital Transformation:

- a. How is Laurus Labs leveraging digital technologies to enhance financial processes and decision-making?

Laurus implemented digital transformation early stage of the development of the organisation. Implemented ERP (SAP) when the organisation is 6 year old. Implemented Electronic note book for R & D, Employee self services are electronic. Etc., digital technologies helped Laurus to catch up its growth without any hassles.

- b. What impact has digital transformation had on the company's financial performance and operational efficiency?

Quantification may be difficult but it allowed company grow well. It supported spurt in growth with all controls in place. Information flow is very good and allow decision making faster.

7. Regulatory Compliance:

- a. How does Laurus Labs ensure compliance with financial regulations and industry standards, both domestically and internationally?

Regulatory compliance has first place and no compromise on it. Top-down approach is the key for the regulatory compliance and no shortcut to be advised from the top management. Laurus adopted one quality standard for all the markets and the same benefited to maintain compliance at global level.



- b. What measures are in place to adapt to evolving regulatory requirements and maintain a culture of compliance?

Quality culture to be adopted across the organisation and needs to do walk the talk. Continuous awareness to be adopted to improve the culture

8. Talent and Leadership:

- a. What are the key attributes you look for in financial professionals joining Laurus Labs, and how do you nurture talent within the finance team?

Attitude and adoptability will be the key to choose. Inclusive approach will be the key to nurture the talent.

- b. How would you describe the role of leadership in driving financial excellence and innovation within the organization?

Vital role and firm in their actions and discussion,.

9. Future Outlook:

- a. What are your expectations for Laurus Labs'

financial performance and growth trajectory in the near to medium term?

Very good. All ingredients required for growth is enabled. It is only matter of time to accelerate the performance.

- b. Are there any specific strategic priorities or initiatives on the horizon that you believe will shape the company's future direction?

Succession Planning and nurturing talent will be the key for company's future.

10. Closing:

- a. Is there any additional insight or perspective you would like to share regarding Laurus Labs' financial strategy or its position within the pharmaceutical industry?

no

- b. Finally, what advice would you offer to aspiring CMAs aiming to succeed in the pharmaceutical sector?

Be patient and learn continuously. Be proactive.



INDUSTRY TITBITS

CMA Industry Insights – March 2024 Issue

Entrepreneurship and Startup

⤴ **Digital lending startup Moneyview's FY23 profit jumps 2616% to Rs 163 crore**

Bengaluru-based digital lending startup Moneyview has reported a 160% growth in its operating revenue from ₹ 222 crore in FY22 to ₹ 577 crore in FY23. More impressively, the startup's profit surged by 2,616% from ₹ 6 crore in FY22 to ₹ 163 crore in FY23. The growth comes after the startup raised \$75 million in a Series E funding round in December 2022 at a valuation of \$900 million. The round was led by Winter Capital, US-based Tiger Global Management, Evolve India Fund, and Apis Partners.

⤴ **Swiggy converts to public limited company ahead of IPO**

Foodtech and quick commerce decacorn Swiggy has converted itself into a public limited company, as per the resolution passed by the board of directors of the company with the Registrar of Companies. This marks the company's concrete step towards a definitive IPO plan in the second half of this year. With this, Swiggy is closer to joining a string of new-age internet companies looking to list on the public bourses. The name of the food-delivery and quick-commerce major's holding company has been changed from Swiggy Private Limited to Swiggy Limited.

On February 27, Swiggy had changed its registered name from Bundl Technologies Pvt Ltd to Swiggy Pvt Ltd. This was done to "help establish

greater proximity and identification of the company's corporate name with the company's core brand, 'Swiggy'," the platform had said in the resolution for the name change at the time.

- ⤴ Amazon Web Service (AWS) expands its free credits program for startups to cover the costs of using major AI models. On the hope that startups could continue to choose AWS as their first stop, they are contributing more towards the startup ecosystem. Moreover, Amazon has offered over \$6 billion in credits to startups in the past decade and they have collaborated with Y Combinator to offer \$500,000 in credits that can be used on AI models and Amazon's chips where the cost of using AI could pile up for startups.
- ⤴ Indian women has led more than 45% of the startups in India until now and they are making a crucial mark in the software and IT sector in the last few decades and has also underlined the emerging trends of startup and innovation culture in the Indian economy. Therefore, the presence of women entrepreneurs underlines the importance of whole startup ecosystem today.
- ⤴ Leading venture capital firm Accel has announced eight early stage Indian startups in the third cohort of its accelerator program called Atoms which backs startups with pre seed ventures building in the domain of Artificial Intelligence (AI) and Industry 5.0. The cohort receives up to \$500,000 in startup funding, while they also get other benefits worth more than \$5 million from



Accel's network partners, and opportunities to collaborate with a strong community of founders from previous personalised mentors and cohorts.

- ✦ To boost the India's Aviation, Space and Defense (ASD) ecosystem, French aerospace firm Starburst Accelerator SARL collaborates with IIT Madras to establish a startup hub with a funding support of €100 million. The collaboration aims to enhance the ASD ecosystem in India that will focus on technology improvement, market analysis, and international expansion strategies for the Indian startup ecosystem. The partnership will also create venture capital funds for ASD technology and provide export promotion support to explore international markets by the Indian startups.
- ✦ According to a market intelligence platform Private Circle Research, in the last decade almost 22% of the Indian startup unicorns were started by solopreneurs as compared to two or more startup co-founders leading the other 78%. As per the platform, it was also observed that 40% of these solopreneurs founded fintech unicorn startups including Cred, Slice, GoDigit Insurance and Acko.

- ✦ The venture capitalists and angel investors want the startups to follow ESG (Environmental, Social and Governance) norms to provide funding judiciously to the startups. There has been a dip in funding for the Indian startups in the recent scenario where the investors are now mainly concerned about carbon reduction, sustainability, and improved working conditions of businesses, besides their financial parameters.
- ✦ Startups related to digital payments are facing rising payment processing charges despite its impact in profitability and revenue growth. Inadequate revenue generation and higher operating cost is weighing on digital payment startups, creating less business volume due to widespread adoption of Indian digital payments system.
- ✦ Indian startups over the past few weeks are under scrutiny from the income tax department over the funding that they have raised which are mostly by fintech startups. One of the startups registered with the Department for Promotion of Industry and Internal Trade (DPIIT), has been asked to pay a penalty on rupees 40 crore raised from venture capital investors and also rupees 37 crore towards tax.

Banking Sector

- ✦ The monetary policy committee of the Reserve Bank of India (RBI) kept the repo rate on hold at 6.5% for the seventh consecutive time, since it looked for inflation to contract on a durable basis to meet the central bank's target of 4%. The RBI also maintained its retail inflation target for the Financial Year 2025 at 4.5% that was aided by inflation remaining within its flexible band of 2 to 6% over the last six months whereas retail inflation as measured by the consumer price index (CPI) came in at 5.09% in the month of February, 2024.
- ✦ The outstanding loans of RBI rose 1.21 trillion rupees (\$14.54 billion) to 164.35 trillion rupees in last two weeks to 22nd March whereas there is a rise in loan segment by 20.2% in the last two weeks. From ₹ 55,172, the RBI bank deposits rose to ₹ 204.75 trillion in the two weeks to 22nd March which is a rise of about 13.5% in two weeks. The non food credit in bank's rose from ₹ 1.30 trillion to ₹ 164.12 trillion, while the food credit fell from ₹ 8,623 crore to ₹ 23,081 crore.

- ⤴ The slow growth in deposits with tight liquidity conditions, the banking sector turned to mobilise funds through certificates of deposit (CDs) such that the banking industry in India issued CDs worth ₹ 9.56 trillion in Financial Year 2023-2024 compared to ₹ 7.28 trillion in the previous financial year that is a 31% increase in CD issuance compared to its previous year. However, the net amount raised was ₹ 71,300 crore as banks issued short term CDs to roll them over on maturity whereas the outstanding amount on CDs stood at ₹ 3.04 trillion as of March, 2024.
- ⤴ The Reserve Bank of India implemented an Incremental Cash Reserve Ratio (ICRR) in the year August, 2023 as the banking system liquidity remained in deficit mode for most part of the financial year. The RBI has made mandatory that with effect from the fortnight from 12th August, scheduled banks need to maintain an ICRR of 10% on the increase in their Net Demand and Time Liabilities (NDTL) between May 19 and July 28, 2023. The ICRR weighed on the banking system liquidity and the yield on short term bonds surged.
- ⤴ Various chief executives of Small Finance Banks (SFBs) recently have urged the Reserve Bank of India to have a clear path to become universal banks, as most of the SFBs are eligible for such a conversion having completed five years of operations. The SFBs are required to lend at least 75% of their Adjusted Net Bank Credit (ANBC) to priority sectors, compared with 40% in the case of other Scheduled Commercial Banks (SCBs) and therefore, the SFBs requested the RBI that the SFBs that have attained a certain scale may be allowed some relaxations in norms of maintaining 75 per cent of their advances in the priority sector.
- ⤴ The Reserve Bank of India (RBI) has proposed the deposit of cash in Cash Deposit Machines (CDMs) through Unified Payment Interface (UPI), as well as the making of UPI payments through Prepaid Payment Instruments (PPI) wallets. Deposit of cash through CDMs is primarily done through the use of debit cards, but it is now proposed to facilitate deposit of cash using UPI, provided the experience gained from cardless cash withdrawal using UPI at the ATMs in recent times.
- ⤴ The RBI must explore out of the box policies to ensure credit availability for the emerging fields like 5G technology, solar energy, green hydrogen, ethanol blending and defence sector as said by the government of India that which also needs to monitor the changes brought in about by the cashless economy while promoting digital transactions.
- ⤴ The activity of raising debt capital via tier I and tier II bonds by the banking industry declined sharply in the financial year 2023-2024 with higher interest rates and a strong capital adequacy base. Country's largest lender State Bank of India has raised ₹ 8,101 crore through AT1 bonds in the financial year 2023-2024 and the other significant issuers of AT1 bonds were Punjab National Bank and Canara Bank.

Infrastructure Related News

▲ The Défense Ministry inks five capital acquisition contracts amounting more than ₹ 39,000 crore.



On March 1st, the Ministry of Defense (MoD) finalized five capital acquisition agreements making up Rs. 39,125.39 crore. Of the five contracts, two were with Larsen & Toubro Limited for the purchase of a Close-in Weapon System (CIWS) and a High-Power Radar (HPR), two with Hindustan Aeronautics Limited for the purchase of aero-engines for MiG-29 aircraft, and two with BrahMos Aerospace Private Limited (BAPL) for the purchase of BrahMos missiles and a ship-borne BrahMos system for the Indian Defense Forces. The deal for RD-33 Aero Engines for MiG-29 aircraft was signed with HAL for ₹ 5,249.72 crore. The Koraput division of HAL will produce these aeroengines. These Aero Engines are projected to meet the Indian Air Force's (IAF) requirement to maintain the operational capability of the MiG-29 fleet for the remaining service life. The deal for the acquisition of CIWS has been signed with Larsen & Toubro Limited for ₹ 7,668.82 crore, according to the announcement. CIWS will offer terminal air defense to chosen locations around the country. The project will strengthen and encourage active engagement from Indian aerospace, defense,

and related industries, especially MSMEs. The deal for the acquisition of HPR has also been inked with Larsen & Toubro Limited for ₹ 5,700.13 crore. It will replace IAF's existing long-range radars with contemporary Active Aperture Phased Array-based HPRs equipped with superior surveillance capabilities. The contract for the procurement of BrahMos missiles has been inked with BrahMos Aerospace Private Limited (BAPL) for ₹ 19,518.65 crore. This project is expected to produce nine lakh man-days in the Joint Venture entity and about 135 lakh man-days in auxiliary industries (including MSMEs) across the country. BrahMos Aerospace Private Limited (BAPL) has also inked a deal for the procurement of a ship-borne BrahMos system at a cost of ₹ 988.07 crore. The purpose of these agreements is to increase domestic capacity, preserve foreign currency, and lessen reliance on foreign-origin equipment manufacturers in the future.

(Source: <https://economictimes.indiatimes.com/news/defence/defence-ministry-signs-five-capital-acquisition-contracts-worth-over-rs-39000-cr/articleshow/108133802.cms>)

✦ **Kolkata witnesses the launch of India’s first undersea and deepest metro train service.**



On March 6, Prime Minister Narendra Modi formally unveiled the Esplanade-Howrah Maidan segment of the Kolkata Metro, which is the nation’s first underwater transit tunnel and crosses the powerful Hooghly river. The 4.8-kilometer stretch of the east-west corridor between Esplanade and Howrah Maidan was constructed for ₹4,960 crore. The 1.25-kilometer Taratala-Majherhat segment of the Joka-Esplanade line, which was constructed at an estimated cost of ₹520 crore, was also officially opened by the prime minister. During the event at the Esplanade Metro Station, the ₹1,430-crore Kavi Subhash-Hemanta Mukhopadhyay segment of the New Garia-airport line was also launched. The 5.4-kilometer Jaya Subhash-Hemanta Mukhopadhyay section will add portions of southeast Kolkata to the metro map. Per a statement, these parts will facilitate smooth, easy, and comfortable

connectivity while also helping to relieve traffic on the roads. The first transportation tunnel beneath “any mighty river in India” is located in the Howrah Maidan-Esplanade segment of the east-west corridor. It crosses the Hooghly River, which has Howrah and Kolkata located on its east and west banks. The Howrah Metro Station, which is located 32 meters below the surface, is the nation’s lowest metro station. (Source: <https://www.thehindu.com/news/national/pm-modi-unveils-multiple-metro-projects-including-kolkata-underwater-corridor/article67919706.ece>)

✦ **The Road Ministry approves ₹ 6,621.6 crore to build eight sections of NH-913.**

₹ 6,621.62 crore has been approved by the Ministry of Road Transport and Highways (MoRTH) for the construction of eight sections of National Highway-913, also known as the Frontier Highway.



In a series of posts, Union Minister of Road Transport and Highways Nitin Gadkari stated that the overall project has a total length of 265.49 km. Packages 1, 3, and 5 on the Huri-Taliha section, two packages on the Bile-Migging section, packages 2 and 4 on the Kharsang-Maio-Gandhigram-Vijaynagar section, and package 1 on the Bomdila-Nafra-Lada section are all included in this endeavor, according to Gadkari. According to the minister, the construction of these highway segments has the potential to improve connectivity to border regions and promote regional socioeconomic development.

(Source: <https://www.deccanherald.com/india/road-ministry-sanctions-rs-66216-crore-for-construction-of-eight-stretches-on-nh-913-2933406>)

▲ In Bihar, PM Modi unveiled development projects valued at over ₹34,800 crore.

On March 2, Prime Minister Narendra Modi announced development projects in Bihar valued at over ₹34,800 crore. In addition, PM Modi inaugurated a number of oil and gas projects from Patna that totaled over ₹1.48 lakh crore and were located in several States. The PM dedicated the Hindustan Urvarak Rasayan Limited (HURL) fertiliser factory at Barauni, in Begusarai, to the nation. The cost of its revival is ₹9,500 crore. It will give farmers access to urea at a reasonable cost. PM also laid the foundations for the ₹11,400-crore Barauni Refinery development.

<https://www.thehindu.com/news/national/other-states/pm-modi-unveils-development-projects-worth-more-than-34800-crore-in-bihar/article67906517.ece>

Insurance Sector News

▲ LIC Emerged as World's Strongest Insurance Brand: Brand Finance Insurance Report

According to the Brand Finance Insurance 100 2024 report, PSU insurance giant Life Insurance Corporation of India (LIC) has emerged as the strongest insurance brand in the world. The report notes that LIC's brand strength rating associated with AAA, where brand value remains steady at USD 9.8 billion, accompanied by a brand strength index score of 88.3. Following LIC, the rankings highlight Cathay Life Insurance from Taiwan, China as the second strongest brand, experiencing a 9% increase in brand value to USD 4.9 billion, closely followed by Australia based NRMA Insurance which saw an 82% rise in brand value to USD1.3 billion.

Additionally, LIC India achieved the highest first-year premium collection of ₹ 39,090 crores in FY

2023. LIC Chairman Siddhartha Mohanty said, LIC is grateful to all its Policyholders and stakeholders who have reposed their faith in LIC for almost seven decades. The company is conscious of the needs of its customers and continuously developing new products to meet their needs of Insurance and Investments.

▲ General Insurance industry grows 12.78% in FY24

The general insurance industry reported a growth of 12.78% in FY24, the pace of expansion slowing from a year before on a decline in agri insurance.

In FY23, the insurance industry had reported a growth rate exceeding 16%. However, there was a slowdown in FY24 largely due to the performance of crop insurance. Specialised insurer AIC reported a decline of 32% in growth due to the slowdown in agriculture insurance.

✦ **New insurance policies will be issued only in electronic format from April 1**

The Insurance Regulatory and Development Authority of India (IRDAI) has made it mandatory for insurers to issue fresh policies digitally. This would facilitate easier access to policies and make keeping track of policies across the sector. This is in line with the IRDAI's Protection of Policyholders' Interests regulations that make it mandatory for insurers to issue policies in dematerialised form.

The option was first introduced in 2013, and now four insurance repositories – CAMS Repository, Karvy, NSDL Database Management (NDML) and Central Insurance Repository of India – facilitate the opening of e-insurance accounts. The regulator, insurers and other stakeholders say e-insurance will help policyholders and the entire insurance ecosystem.

MSME related News

- ✦ On March 15, 2024, the total number of registered enterprises on Udyam and UAP surpassed 4 crores since 01.07.2020, marking a significant milestone for the formalization initiative led by the Ministry of Micro, Small, and Medium Enterprises.
- ✦ The Union Minister for Micro, Small, and Medium Enterprises, Shri Narayan Rane, will lay the foundation stone of the MSME-Technology Centre in Sindhudurg on March 11, 2024. Additionally, he will inaugurate the Sindhudurg Audyogik Mahotsav and Self Employment Conclave on the same occasion. The event will be attended by senior officials from the Ministry, including Additional Secretary and Development Commissioner Dr. Rajneesh, along with other distinguished guests.
- ✦ The Government of India is establishing 20 new Technology Centres and 100 Extension Centres across the country to enhance access to technology for Micro, Small, and Medium Enterprises (MSMEs).
- ✦ The estimated project cost for the MSME-Technology Centre in Sindhudurg is ₹ 182 Crores. This centre will focus on sectors such as General Engineering and Food Processing, aiming to provide MSMEs in the region with access to new technology, skill development, and consultancy services, thereby creating opportunities for growth in the nearby areas.
- ✦ According to the latest data from the International Monetary Fund (IMF), India is forecasted to become the world's third-largest economy by 2027, surpassing Japan and Germany, with a GDP of \$5.15 trillion. This prediction takes into account the growth of the MSME sector, which plays a crucial role as the backbone of India's economy.
- ✦ To support the financial health of micro, small, and medium enterprises (MSMEs) in India, the government has announced a strict rule mandating payments to MSMEs to be settled within 45 days.
- ✦ Credit deployment to micro, small, and medium enterprises (MSMEs) under priority sector lending by scheduled commercial banks in India surged by 19.3% year-on-year to ₹ 24.42 lakh crore in February 2024, as per the latest data from the Reserve Bank of India. MSME credit outstanding, constituting 15.1% of total non-food bank credit, increased from ₹ 20.46 lakh crore in the same month last year. On a month-on-month basis, it grew by 1.2% from ₹ 24.12 lakh crore in January 2024.
- ✦ The annual growth was driven by a 20% rise in credit to micro and small enterprises to ₹ 19.62 lakh crore from ₹ 16.31 lakh crore a year ago. Credit to medium enterprises also increased by 15.8% to ₹ 4.80 lakh crore. Additionally, between April 2023 and February 2024, 179 out of 345 companies raising equity capital through IPOs were SMEs, garnering ₹ 5,381 crore, as per the Finance Ministry's latest economic review.



ESG related News

- Southwest Airlines announced on 1st April, 2024 that it has acquired SAFFiRE Renewables, a U.S. Department of Energy (DOE)-backed project aimed at scaling the production of sustainable aviation fuel from agricultural residue. The acquisition follows the launch last month by the airline of Southwest Airlines Renewable Ventures (SARV), a new subsidiary responsible for managing the airline's sustainable aviation fuel (SAF) investments, and creating opportunities for the company to obtain SAF to reach its clean fuel goals. Southwest has set a target to replace 10% of its jet fuel consumption with SAF by 2030.

(Source: <https://www.esgtoday.com/southwest-airlines-acquires-doe-backed-sustainable-aviation-fuel-startup-saffire-renewables/>)

- Tokyo-based banking group Mitsubishi UFJ Financial Group (MUFG) announced on 1st April, 2024 a series of sustainability-related initiatives, including nearly tripling its 2030 sustainable finance goal to 100 trillion yen (USD\$660 billion) from its prior 35 trillion yen target, as well as establishing a new Sustainability Risk Office, to manage sustainability risks, such as climate change risks, across the group. The new targets and initiatives were announced as part of the release of MUFG's Medium-term Business Plan (MTBP) for the next three years period. The new business plan establishes the bank's efforts to drive social and environmental progress as one of its 3 key pillars, and aims to integrate these efforts into MUFG's management strategy.

(Source: <https://www.esgtoday.com/mufg-triples-2030-sustainable-finance-target-to-600-billion-on-strong-demand/>)

- The Fifth Circuit U.S. Court of Appeals released a ruling granting an administrative stay temporarily halting the U.S. Securities and Exchange Commission's (SEC) new climate-related disclosure rule, marking the latest in a series of challenges to the implementation of the new rule requiring companies to report on climate-related risks and greenhouse gas (GHG) emissions. The court's ruling comes in response to a petition filed by oilfield services company Liberty Energy, and frac sand company Nomad Proppant, partly owned by Liberty, requesting the stay pending a review of the rule. In the petition, the companies said that the SEC's initial proposal aimed to "inject the SEC into the world of climate politics," and to compel the disclosure by public companies of "a breath-taking volume of information, much of it highly speculative," including on GHG emissions, and climate-related risks.

(Source: <https://www.esgtoday.com/us-court-temporarily-pauses-sec-climate-disclosure-rule/>)

- A new report by Boston University's Global Development Policy Center and the African Economic Research Consortium sheds light on China's potential to be a transformative force in Africa's shift towards clean energy. The report acknowledges China's established role as Africa's biggest trading partner, with substantial investments in large-scale infrastructure projects. However, it reveals a critical gap between China's

pronouncements on sustainable development and its actions on the ground. The report identifies a two-pronged approach in China's economic engagement with Africa's energy sector. The first track focuses on electrification, with China financing power plants, transmission lines, and even some renewable energy farms. This approach offers some advantages, bringing essential improvements to energy access for African citizens. However, the second track, focused on extractive industries, paints a concerning picture. Here, China finances exploration, extraction, and export of fossil fuels and minerals back to China, prioritizing resource extraction over a sustainable energy future for Africa.

(Source: <https://esgnews.com/boston-university-report-says-china-could-drive-africas-renewable-energy-revolution/>)

- ⤴ The U.S. Department of Agriculture published the second edition of Quantifying Greenhouse Gas Fluxes in Agriculture and Forestry: Methods for Entity Scale Inventory. The report provides farmers, ranchers, and forest landowners with the methods and tools needed to assess the greenhouse gas (GHG) footprint of their operations. The 2024 report improves upon the methods outlined in the original 2014 report to increase their accuracy, provides new methods that allow users to better quantify the GHG benefits of additional management practices, and introduces several improvements to make the report more user-friendly.

(Source: <https://esgnews.com/usda-releases-updated-greenhouse-gas-methods-report-for-agriculture-and-forestry/>)

- ⤴ The United Nations Global Compact, the world's largest corporate sustainability initiative announced the launch of the 2024 SDG Pioneers campaign April 3 2024. The SDG Pioneers is designed to honour exceptional individuals within the business community who are leading the way in advancing the Sustainable Development Goals (SDGs). The SDG Pioneers aims to recognize business leaders who are demonstrating innovation, impact, and commitment towards achieving the SDGs, thereby inspiring others to follow suit. By highlighting these pioneers, the program seeks to showcase the important role that businesses play in driving sustainable development and encourage greater engagement and action across industries and regions.

(Source: <https://esgnews.com/un-global-compact-introduces-2024-sdg-pioneers-campaign-recognizing-business-leaders-advancing-sustainable-development/>)

- ⤴ In the comprehensive report titled "Citi's Approach to Climate Change and Net Zero" released on March 28, 2024, by Citi under the stewardship of Chief Executive Officer Jane Fraser, the global financial institution outlines its strategy and commitment towards aiding clients across various industries and nations in their transition to a sustainable, low-carbon future. Amidst the escalating macroeconomic and geopolitical challenges, the report highlights Citi's engagement in fostering resilience, particularly in the realm of climate change and the ambition for net zero emissions.

(Source: <https://esgnews.com/citi-reveals-42-of-energy-clients-lack-climate-transition-plans/>)



Blue Economy News

- ✦ The interim budget speech delivered by Union Finance Minister Nirmala Sitharaman on February 1 provided a boost to Blue Economy 2.0 with the announcement of a new scheme “for restoration and adaptation measures, coastal aquaculture, and mariculture with an integrated and multi-sectoral approach”. The Union Minister, however, refrained from revealing specific details regarding the budget allocation for the scheme or the activities it would entail. While this development is positive for the 14 million people engaged in fisheries and allied activities along India’s expansive 7,500 km coastline (encompassing both mainland and islands) in terms of livelihoods and adapting to the adverse impacts of climate change, concerns persist regarding potential maladaptation resulting from misguided adaptation measures.

(Source: <https://www.downtoearth.org.in/news/climate-change/union-budget-2024-25-new-initiative-to-boost-blue-economy-2-0-announced-94212>)

- ✦ The volume of disclosed investments in the blue economy of European Union (EU) has significantly increased. It is three times larger than it was ten

years ago, reaching more than €13 billion over the five-year period between 2018 to 2023. Moreover, 75% of European blue economy deals occur within the EU, with half of the investors coming from non-EU countries. This shows how EU companies create substantial business opportunities that attract investors from other regions.

(Source: https://oceans-and-fisheries.ec.europa.eu/news/investments-blue-economy-are-increasing-2024-04-03_en)

- ✦ During two days in mid-February in the historic setting of Belgium’s Royal Museums of Fine Arts, the European blue economy community gathered to chart a transformative course towards sustainability. The first Sustainable Blue Economy Partnership Symposium rallied the wider community from science, policy and business behind the Partnership’s efforts, informed firsthand about new projects and funding opportunities, and explored research and innovation-related areas which the Partnership could take on board during the coming years.

(Source: <https://www.bluepartnership.eu/news-events>)

Highlights from Indian Space Research

- ✦ The proposed budget allocation for the Department of Space (DoS) in India for the year 2024-25 is around \$1.63 billion (₹ 13,042 crore), as revealed in the interim budget. This marks an increase from the revised estimate of \$1.33 billion

(₹ 11,070 crore) for 2023-24, representing a 17.8% increase.

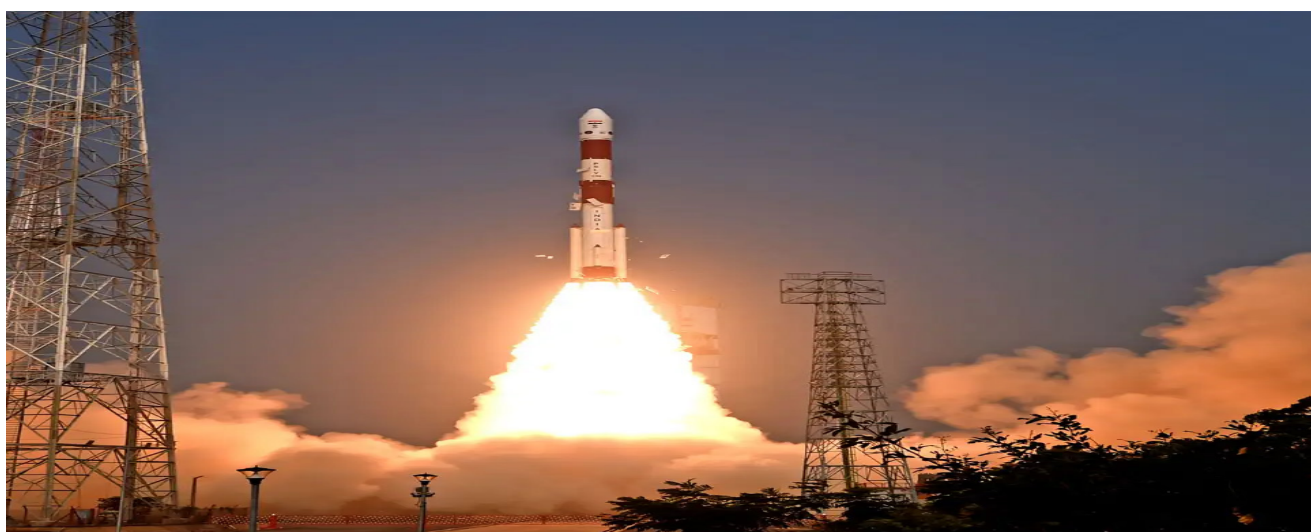
- ✦ The significant difference of INR 498.84 crore between FY 2023-24 and FY 2024-25 in the proposed budget allocation for the Department

of Space will indeed provide a substantial boost to various space missions undertaken by India, including the ambitious Gaganyaan mission. This additional funding can also support the development of other cost-effective missions and initiatives within the Indian space program.

- ✦ The government of India's focus on boosting scientific research and development across various domains is evident from the budgetary allotment for the Department of Science & Technology. In the fiscal year 2024-25, the Department of Science & Technology has been allocated INR 16,603.94 crore, which marks a noteworthy increment of INR 242 crore from the previous fiscal year's budget of INR 16,361 crore.
- ✦ This allocation will be distributed among three key departments under the Ministry of Science and Technology. The Department of Science and Technology will receive INR 8,029.01 crore, reflecting the government's emphasis on advancing scientific research and innovation in various fields. The Department of Biotechnology is allocated INR 2,251.52 crore, indicating the government's commitment to fostering advancements in biotechnology research and applications. The Department of Scientific and Industrial Research will receive INR 6,323.41 crore, underscoring the government's support for

research and development in industrial sectors to enhance innovation and competitiveness.

- ✦ ISRO recently conducted its second RLV Landing Experiment (RLV-LEX-02) on 22nd March, 2024 as part of efforts to make space access more affordable. The prototype space plane, Pushpak, was released from a helicopter and autonomously landed on a runway using brake parachutes and landing gear brakes. This successful demonstration highlights ISRO's progress in developing reusable launch vehicle technology, which could significantly reduce space mission costs and enhance India's space capabilities.
- ✦ ISRO is set to conduct the Space Science and Technology Awareness Training (START) 2024 program in April and May. The organization is seeking Expression of Interest (EOI) from educational institutes, universities, and colleges across India offering undergraduate and postgraduate courses in physical sciences and technology to host the program. The primary aim of the START-2024 program is to engage and attract young individuals to the fields of space science and technology.
- ✦ India prepares for its first human spaceflight, the Gaganyaan mission, scheduled for 2024, aiming to launch a crew of three into orbit for three days and returning safely to Earth.





Market Report: A Recap of the Key Developments for the FY 2024

Introduction

A reflective analysis of the FY 2024 reveals that significant events and developments transpired on the Indian financial market, impacting investor perspectives, market operations, and the regulatory landscape.

Market performance during FY 24

As the FY 24 came to an end, the stock indices did incredibly well.

It is pertinent to examine the performance of the Indian stock market and significant sectors:

Nifty Performance:

- **Nifty 50 Performance:** The Nifty 50 index, representing India's top 50 blue-chip companies, has increased by 30% in FY24.
- **Record Highs:** It achieved several record highs, surpassing 19,000 in June, and reaching 20,000 and 21,000 in September and December.
- **Consistent Growth:** The index ended 9 out of the last 11 months in the green, indicating consistent positive performance.

Sectoral contribution:

The Indian economy is a vibrant tapestry woven from various sectors. Let's delve into the contributions of these sectors to India's growth:

Services Sector:

- o The services sector is the largest contributor to India's Gross Value Added (GVA) at current prices. In the fiscal year 2023-24, it is estimated at ₹146.35 lakh crore (54.86% of total GVA).

- o This sector encompasses diverse areas such as trade, hotels, transport, communication, financial services, real estate, and professional services.
- o At 2011-12 prices, the services sector's composition stands at 54.73%.

Industry Sector:

- o The industry sector, with a GVA of ₹73.50 lakh crore, contributes 27.55% to India's GVA.
- o It includes sub-sectors like manufacturing, mining, quarrying, electricity, gas, water supply, and construction.
- o The manufacturing segment plays a crucial role in this sector.

Agriculture and Allied Sector:

- o This sector shares 17.59% of India's GVA.
- o It encompasses agriculture, forestry, fishing, and related activities.
- o Although its contribution has declined over the years, it remains significant.

Performance of SENSEX

The March 2024 performance of the SENSEX was distinguished by significant expansion and resilience. Since the start of 2024, the primary stock market index in India, the SENSEX, has risen 2687 points, or 3.72%, indicating a bullish market trend. Positive economic indicators and corporate earnings propelled this upsurge, which was further bolstered by ongoing government stimulus measures and favorable global market conditions. The SENSEX ended the final trading day of the fiscal year 2024 on a positive

note, attaining a value of 73,651.35, representing an increase of approximately 655.04 points, or 1%. During fiscal year 2024, the index achieved several unprecedented heights, and in November 2023, the market capitalization of companies listed on the BSE surpassed INR 333 lakh crore, which is equivalent to \$4 trillion. The performance of the SENSEX was a combination of growth and resilience, which contributed to an optimistic outlook for the Indian stock market.

Banking Sector Insights during FY 24

The Indian banking sector witnessed significant developments during the fiscal year 2024, reflecting a mix of challenges and opportunities.

Challenges and Strategic Choices: Financial institutions encountered substantial obstacles to their business models, which demanded strategic decision-making and adaptability in order to prosper. The persistently high global average cost of cross-border remittance transfers continued to disproportionately impact the impoverished. The importance of addressing inefficiencies in the global remittance market and exhibiting confidence and adaptability was emphasized as crucial for the strategic resilience of institutions.

Credit Growth and Digital Payments: The credit expansion of the banking industry was substantial, with non-food bank credit experiencing a particularly noteworthy rise. By 2030, it is anticipated that the Indian digital consumer lending market will have surpassed \$720 billion, accounting for approximately 55% of the nation's \$1.3 trillion digital lending market opportunity. Moreover, by fiscal year 2026, the value of digital payments in India is anticipated to have tripled, reaching \$1 trillion.

Resurgence and Transformation: The Indian banking sector experienced a resurgence in 2023, distinguished by a reduction in non-performing loans, enhanced profitability, and strengthened

capital positions. The sector's growing reliance on technology rendered it susceptible to cybersecurity risks, necessitating the implementation of strong security protocols to protect against potential breaches. The banking industry experienced a significant performance shift in 2023, which laid a strong groundwork for subsequent expansion.

Regulatory and Technological Innovations: It is possible that the Indian financial industry is preparing for a transformative year of significant advancements and novel developments. It is anticipated that Artificial Intelligence (AI) will become ubiquitous in all aspects of the sector, emphasizing open banking, cybersecurity, and consumer experience. An enormous transformation is anticipated in the sector by 2024, propelled by AI and sustainable finance.

In summary, the Indian banking industry successfully managed a terrain characterized by expansion, regulatory complexities, and technological progress during the fiscal year 2024. The sector's crucial significance in the economy, in conjunction with the rise of financial technology (fintech) and digital payment systems, emphasized its ever-changing character and the imperative for strategic adjustment in order to prosper in a swiftly developing financial environment.

Predictions and Market Outlook

The Indian market outlook for FY 25 reflects a mixed performance across various sectors, with indications suggesting potential for certain sectors to rebound in the near future. Here are some key insights and predictions based on the available information:

Sectoral Performance: As of March 2024, the Indian stock market experienced a varied performance across sectors, wherein certain industries encountered significant obstacles while others demonstrated fortitude in the face of hardship. Specific industries encountered a decline, resulting in subpar performance in comparison to more comprehensive



indexes. Nevertheless, there are signs that suggest these industries may experience a resurgence in the near future, providing investors with opportunities to observe and profit from possible turnarounds.

Earnings Momentum and Market Resilience:

In the previous two quarters, upgraded ratings surpassed downgraded ratings for Indian companies, and this earnings momentum is anticipated to persist into FY 25. It is anticipated that sectors associated with government capital expenditure, infrastructure development, defense production, electronics manufacturing, information technology, retail/quick service restaurants, chemicals, and private banking will experience robust earnings growth in fiscal year 25. It is expected that the performance of large-cap stocks will surpass that of smaller caps, which reflects a nuanced market outlook for particular sectors.

Economic Snapshot and GDP Growth: It is anticipated that exports and domestic demand growth will moderate in FY 2023-24, resulting in a deceleration of GDP growth to 5.7%. The pandemic has underscored the imperative for healthcare reforms, employment creation in the formal sector, and the protection of vulnerable households, individuals, and groups. In recent years, income has increased substantially despite these obstacles, lifting millions of Indians out of poverty.

Market Performance and Predictions: As interest rates at central banks remained unchanged, Indian equities rose, with the Nifty and Sensex gaining 0.8%. Analysts anticipate a sideways market, as the Nifty's positive near-term trend indicates the potential for extreme swings on either side. The present market performance and the possibility of significant fluctuations underscore the imperative for strategic decision-making and vigilance in the Indian stockmarket.

In summary, the fiscal year 25 market outlook for India is characterised by a dynamic environment

encompassing varied sectoral performance, earnings momentum, and economic factors. By virtue of the anticipated robust earnings growth in particular industries and the resiliency of specific sectors, investors will have the ability to navigate and profit from the shifting market dynamics over the course of the following year.

Developments with RESERVE BANK OF INDIA

During the fiscal year 2024, the Reserve Bank of India (RBI) played a pivotal role in shaping the monetary and regulatory landscape, addressing challenges, and fostering growth in the Indian economy and banking sector.

Monetary Policy and Economic Projections: The Monetary Policy Committee of the Reserve Bank of India (RBI), presided over by Governor Shaktikanta Das, maintained the repo rate at 6.5% at its inaugural bi-monthly meeting of the fiscal year 2024-25. With balanced risks, the committee anticipated a 7% expansion of the Indian economy in FY25, with quarterly projections of 7.1%, 6.9%, 7%, and 7%, respectively. Additionally, the Reserve Bank of India maintained its GDP growth estimate of 7% for the fiscal year 2024-25, while projecting inflation at 4.5%.

Regulatory Actions and Compliance: In response to Paytm Payments Bank's persistent noncompliance, the Reserve Bank of India (RBI) implemented regulatory measures. This demonstrates the RBI's dedication to upholding regulatory standards and preserving the stability of the banking and financial ecosystem.

Guidance Note on Bank Audit: For the fiscal year ending on March 31, 2024, the statutory audit of banks and their branches was substantially impacted by the directives and circulars issued by the RBI. By incorporating pertinent directives and circulars issued by the Reserve Bank of India (RBI) until January 31, 2024, the Institute of Chartered Accountants of

India (ICAI) revised its guidance note on bank audit, underscoring the criticality of monitoring legislative and regulatory advancements.

Banking Sector and Credit Growth: The regulatory function of the Reserve Bank of India (RBI) in overseeing the issuance of banknotes and reserves, maintaining monetary stability, and managing the nation's currency and credit system remained crucial. Credit expansion in the banking industry was substantial, with non-food bank credit increasing substantially; this reflects the Reserve Bank of India's efforts to support credit deployment and economic expansion. In summary, the Reserve Bank of India's endeavors and mandates throughout the fiscal year 2024 emphasized its dedication to preserving monetary stability, stimulating economic expansion, and guaranteeing adherence to regulatory standards in the banking industry. The proactive stance and strategic interventions of the central bank were pivotal in influencing the financial environment and charting the course of the Indian economy.

Innovative programmes with SEBI

During FY 2024, the Securities and Exchange Board of India (SEBI) introduced innovative programs and initiatives to promote investor education and enhance the securities market.

Global Money Week 2024: From March 18-24, 2024, SEBI observed Global Money Week with the objective of fostering financial literacy and raising awareness among both novice and established investors in the securities industry. The objective of this endeavor was to furnish beneficial knowledge regarding personal finance and investment opportunities in order to promote financial security. The SEBI Investor website was established with the intention of providing investors with educational and empowering materials, such as videos and awareness messages.

Innovation Sandbox: In order to promote the integration of FinTech firms and the launch of pioneering financial products in the securities market, SEBI established an Innovation Sandbox. The purpose of the Innovation Sandbox's revised framework, which was first published in February 2021, was to promote greater company participation and the generation of novel opportunities in the securities market, thereby fostering industry-wide innovation and growth.

Innovators Growth Platform (IGP): The Innovators Growth Platform, a specialized stock exchange platform introduced by SEBI, aims to furnish entrepreneurs with a streamlined and effective means of procuring capital. The primary objective of this initiative was to enhance the capabilities of businesses, stimulate innovation, and stimulate the expansion of the Indian economy.

SEBI's commitment to nurturing a dynamic and inclusive securities market, promoting financial literacy, and creating a favourable environment for entrepreneurs and innovative financial products is exemplified by these pioneering programmes and initiatives.

DEVELOPMENTS IN GLOBAL FINTECH SECTOR

During FY 2024, the global fintech sector experienced significant developments and initiatives, reflecting the rapid evolution and transformative impact of financial technology on the industry and the broader economy.

Rapid Growth and Maturation: According to research conducted by McKinsey, the revenue growth rate of the fintech industry is anticipated to surpass that of the traditional banking sector by nearly threefold during the period from 2023 to 2028. This phenomenon aligns with the maturation of the fintech sector, which has been propelled by the banking industry's radical transformation, the swift assimilation of digital technologies, and the expansion of e-commerce on a global scale, especially in developing nations.



Inclusive and Efficient Financial Services:

The continuous process of digitizing money and financial services has generated prospects for the establishment of more efficient and all-encompassing financial institutions, thereby fostering economic progress. Fintech has significantly contributed to the rapid transformation of the financial sector, erasing the distinctions between financial institutions and the financial sector as a whole.

Innovation and Recognition: The Global FinTech Awards 2024, which took place in conjunction with FinTech LIVE London, served as an occasion to acknowledge and commemorate groundbreaking solutions within the sector of finance and insurance technology. The objective of this endeavor was to exhibit state-of-the-art advancements in financial technology, encompassing lending, payments, regtech, and other pertinent domains. By doing so, it sought to cultivate an environment that promotes innovation and distinction within the fintech ecosystem.

Technological Advancements and Trends: As fundamental fintech trends that are reshaping the financial industry, the emergence of digital-only institutions, the growing significance of blockchain and smart contracts, the reliance on AI and machine learning, payment innovations, and the urgent need for inclusion have been identified. In addition, annual revenues for the B2B2X market are anticipated to reach \$440 billion by 2030, expanding at a CAGR of 25%. This growth trajectory reflects the increasing importance of fintech solutions in satisfying the rising demand for financial services.

In summary, the worldwide fintech sector experienced exceptional expansion, ingenuity, and acknowledgment during the fiscal year 2024, which is indicative of its crucial function in transforming the financial sector, promoting equitable financial services, and propelling technological progress. The rapid evolution and transformative impact of the

industry highlighted the dynamic nature of fintech and its capacity to fundamentally alter the future of finance.

Emerging trends in global fintech sector

Based on the emerging trends in the global fintech sector during FY 2024, several key developments have come to the forefront:

On-Demand Payment Solutions: The emergence of on-demand payment solutions, including those provided by DailyPay, has attracted considerable interest. Although these solutions offer convenience, the associated fees have generated controversy and prompted comparisons to payday lending.

Fintech Super Apps: The proliferation of fintech mega applications, which offer an extensive array of services and are gaining traction, particularly within the fintech sector. These applications are in an advantageous position to challenge the status quo and cater to the varied requirements of users.

Embedded Finance Services: Embedded finance services have become increasingly popular, providing e-commerce companies with the added advantages of accelerated transactions and increased consumer loyalty. This trend has transformed the consumer experience by streamlining the credit application and purchase processes.

Technological Advancements: Technological advances have proliferated in the fintech sector, with blockchain, smart contracts, AI, and machine learning gaining prominence. The financial sector is undergoing a significant transformation due to these advancements, which are also increasing the need for inclusivity.

Regulatory and Security Focus: A focus on open banking, PSD2 regulations, and data security have persisted as significant trends in the fintech sector concerning regulation and security. A drive for highly secure digital banking platforms and the emergence

of robotic process automation (RPA) are current developments in the industry.

The dynamic characteristics of the global fintech sector are reflected in these emerging trends, which are propelled by technological advancements, regulatory factors, and the changing demands of both consumers and businesses.

Developments in global crypto market during FY 2024

During FY 2024, the global crypto market witnessed several pivotal developments and events that have significantly shaped the landscape of digital currencies and blockchain technology.

Bitcoin Exchange-Traded Fund (ETF) Approval: A significant milestone was attained in January 2024 when a Bitcoin Exchange-Traded Fund (ETF) received official sanction. The granting of this regulatory approval not only facilitates significant institutional investment in Bitcoin but also is anticipated to bolster market liquidity and introduce a degree of stability to the frequently unpredictable cryptocurrency sector.

Regulatory Scrutiny and Market Momentum: The initial sanction of spot bitcoin ETFs by the U.S. Securities and Exchange Commission (SEC) in January failed to provide the expected favorable impetus for cryptocurrency investors. Moreover, regulatory uncertainty was further compounded by the SEC's investigation into organizations affiliated with the Ethereum Foundation, which was conducted in an effort to classify Ethereum as a security. Notwithstanding these obstacles, the cryptocurrency market sustained its optimistic momentum in 2024, as Bitcoin and Ethereum experienced substantial price increases.

Regulatory and Legislative Developments: The future of regulation in the cryptocurrency market is now uncertain, as the House Financial Services Committee is currently engaged in the development of bipartisan legislation aimed at overseeing stablecoins. Nevertheless, the likelihood of such legislation being enacted into law in 2024 was seen to be fast diminishing. In addition, authorities have shown interest in utilizing blockchain technology for tokenization in order to enhance the efficiency of traditional financial asset settlement.

Technological Advancements and Market Growth: The cryptocurrency sector witnessed a notable increase in investments, as substantial capital was allocated to firms that focus on cross-chain connection platforms and the establishment of interoperability across blockchain platforms. The market had a significant rise in market value, indicating a revival in the cryptocurrency sector.

Anticipated Regulatory Clarity and Market Predictions: It was anticipated that Ethereum will have more regulatory certainty in the year 2024, which might potentially foster increased investment in the project. Analysts and business professionals have made predictions regarding substantial price fluctuations for Bitcoin and Ethereum, with many individuals forecasting that Bitcoin may potentially reach a value of USD \$100,000 before the conclusion of 2024.

In summary, the fiscal year 2024 witnessed notable regulatory achievements, market dynamism, technical progress, and projected breakthroughs that have jointly influenced the course of the worldwide cryptocurrency market. The aforementioned advancements highlight the ever-evolving characteristics of the sector and its capacity to fundamentally transform the trajectory of digital currencies and blockchain technology.

CFO Leadership Summit – CFO Speaks: Insights and Action Points

Organized by:

Members in Industry Committee in association with
Bengaluru Chapter of Cost Accountants

Bengaluru, March 23, 2024



The Members in Industry Committee of the Institute in association with the Bengaluru Chapter, proudly convened the first-ever CFO Leadership Summit at Bengaluru. The event witnessed a remarkable turnout with esteemed CFOs (many from our profession) from leading corporates and distinguished finance professionals gracing the occasion.

The CFO Leadership Summit served as a premier platform for industry thought leaders to exchange insights, strategies and best practices crucial for navigating the dynamic financial landscape. With a focus on fostering collaboration and innovation, the summit aimed to empower finance leaders with the knowledge and tools necessary to drive sustainable growth and success in their respective organizations in the light of effective cost management. It served as a testament to the commitment of Members in Industry Committee of the Institute to support the professional development and advancement of members in the industry working as finance professionals across the region.

The event featured a series of insightful keynote sessions and interactive sessions, covering a wide array of topics ranging from financial risk management to emerging technologies shaping the future of finance. Renowned experts and industry stalwarts led these discussions, offering invaluable perspectives and actionable insights to the attendees.

- ⦿ **Welcome Address:** The summit commenced with a warm welcome by CMA TCA Srinivasa Prasad, Chairman of the MII Committee, setting the stage for discussions on contemporary financial leadership.
- ⦿ **Institute Overview:** CMA (Dr.) DP Nandy, Secretary of the MII Committee and Senior Director of the Institute provided an overview of the Institute, emphasizing its evolving role in the academic and corporate landscape.
- ⦿ **Presidential Address:** CMA Ashwin G Dalwadi, President of the Institute discussed about the key areas of CFO Summit and extended an invitation to the forthcoming National Cost Convention (NCC) at Gujarat and highlighted the positive

changes that the Institute is inculcating.

- ⦿ **Insights from the Mentors and Industry Leaders:** Distinguished speakers including CMA GN Venkataraman, Former President, CMA M Gopalakrishnan, Former President, CMA MK Anand, Council Member and CMA P Thiruvengadam, Mentor & Assessor, CII-TCM shared insights on progressive changes in the profession, collaborative initiatives with industry bodies and the importance of total cost management.
- ⦿ **Industry Perspectives:** Representatives from diverse sectors such as Aeronautical, IT, Manufacturing, Infrastructure and Services shared their perspectives on skill development, technological advancements and the evolving role of finance professionals in driving business strategy.
- ⦿ **Call for Action:** Participants emphasized the need for continuous skill enhancement and alignment with organizational goals and closer collaboration between ICAI and industry to bridge the skill gaps and enhance industry relevance.
 - Industrial trainings aiming to enhance the value addition of individuals for both top and bottom lines, emphasizing the importance of training in various aspects of business.
 - The role of CMAs to be seen as business enablers aligned with organizational goals, especially in understanding emerging technologies like AI and ML for finance functions.
 - Call for upskilling students and modifying curriculums to include relevant subjects.
 - Importance of CMAs becoming business partners rather than just accountants and suggests strategies for improving the quality and visibility of CMAs in the industry, including enhancing branding efforts and engaging with the Institute and industry stakeholders.
 - More robust industrial training and a focus

on grooming students for emerging areas like data analytics, AI, SAP etc.

- Flexibility in curriculum and exams is advocated for a long time with a sense of urgency to adapt to changing business landscapes and move away from mundane reporting towards driving business initiatives.
- Cost auditors to venture into management consulting, indicating a broader role for CMAs in industry consulting.

🕒 **Closing Remarks:** The event concluded with a summary by CMA Harshad Shamkant Deshpande, Council Member highlighting key takeaways and assuring necessary actions on the discussed points. The Chairman of the MII Committee, CMA TCA Srinivasa Prasad expressed gratitude to all participants and the Bengaluru Chapter Team lead by CMA. Devarajulu B for their relentless support. He specially thanked CMA. Nagaraju Ramaskanda and CMA Gopala Ramanan for their

technical support. He requested the participants to have continued engagement with the institute and also contribute to the Institute and members in the form of articles in the Journal, Speakers and Resource Persons

- 🕒 **Vote of Thanks:** The Secretary of the Bengaluru Chapter of the Institute, CMA Abhijeet S Jain extended gratitude to all attendees and encouraged further contributions from participants in shaping the future of the profession.

The event was attended by CMA Suresh R Gunjali, Council Member. The CFO Leadership Summit served as a platform for knowledge exchange, collaboration and actionable insights, reinforcing the importance of continuous learning and industry-academia partnership in driving financial leadership excellence. Plans are already underway for the next edition of the summit, promising even greater insights and collaboration for the members in industry across the sectors.

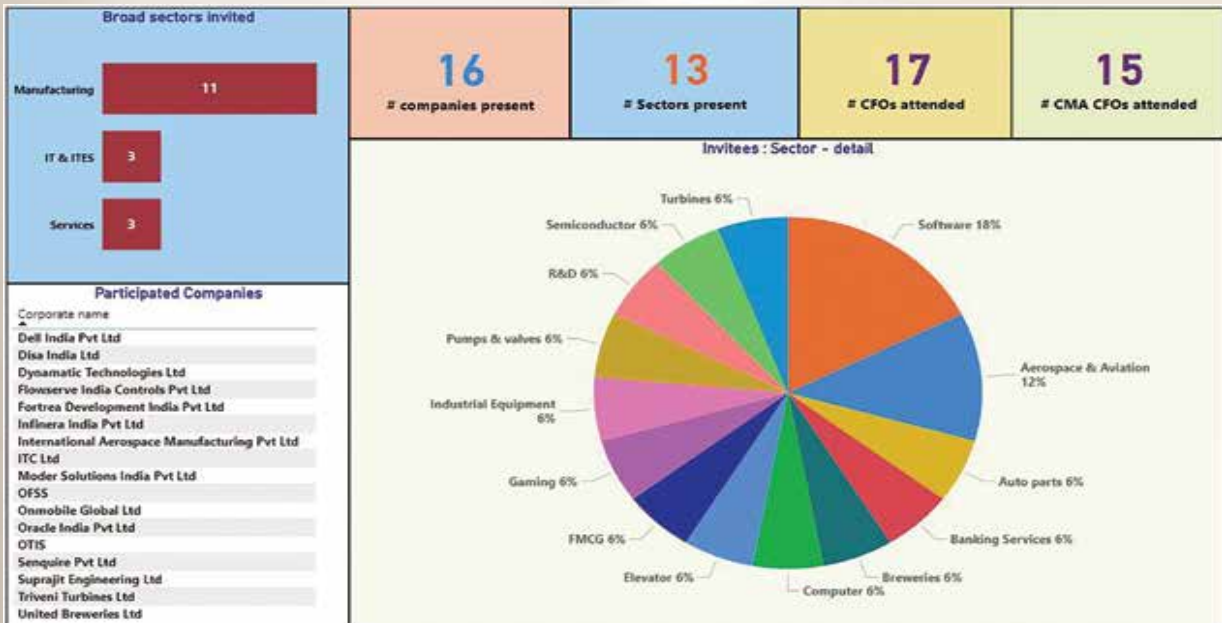


CMA Ashwin G Dalwadi, President, ICMAI and CMA Manoj Kumar Anand, Council Member, ICMAI welcome delegates in the CFO Leadership Summit through virtual mode



Participants of CFO Leadership Summit organized by Members in Industry Committee in association with Bengaluru Chapter on 23rd March 2024 at Bengaluru

CFO Leadership Summit Analytics



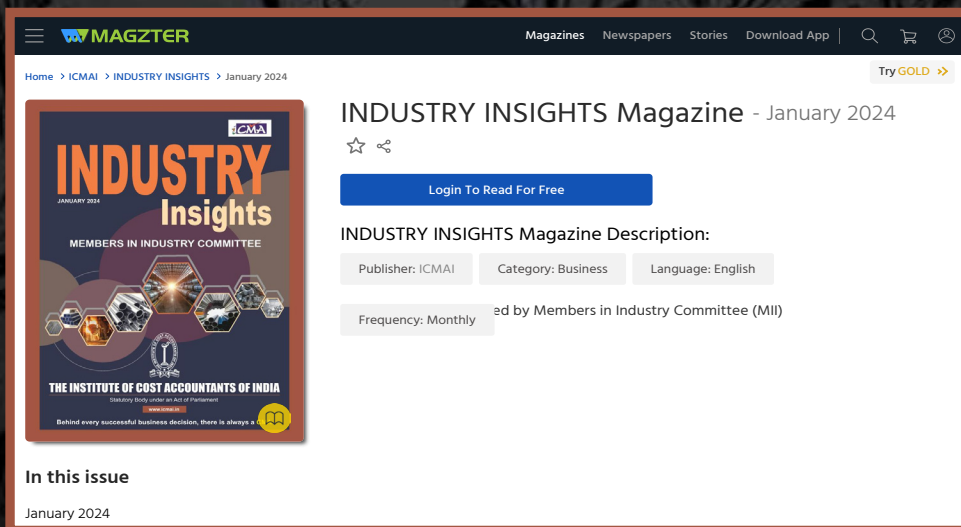
Glimpses of CFC Leadership Summit at Bengaluru on 23rd March, 2024



Glimpses of CFO Leadership Summit at Bengaluru on 23rd March, 2024



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