



**ICMAI**  
THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

***05 November 2024***



## **ECONOMY**

**DAP imports turn uneconomic:** The government's move to rein in the subsidies after being liberal with these in the Covid period and its immediate aftermath is what has led to instances of shortage of di-ammonium phosphate (DAP) in many parts of the country, industry and trade sources said. Global prices of the soil nutrient, which is vital for the winter crops during early sowing stages, have surged in recent months. Industry sources told FE that due to supply disruption in the Red Sea, landed cost of DAP in the country has increased by 26% from \$ 510/tonne in May to \$ 645/tonne or around Rs 54,000/ tonne at present. While the government has announced a subsidy of Rs 21,911/tonne along with the maximum retail price (MRP) of Rs 27,000/tonne, this has proven to be uneconomical for fertiliser companies.

***(Financial Express)***

**US poll uncertainty roils markets, Sensex falls 942 points:** Benchmark indices dropped as much as 2 per cent before recouping half the losses, as uncertainty around the tightly contested US Presidential election, sustained selling by foreign portfolio investors (FPIs), and earnings disappointments weighed on the markets. The India VIX index, a gauge for market volatility, spiked by 5 per cent to 16.7, the highest level since August 6. After declining as much as 1.9 per cent to 78,233, the Sensex finished at 78,782, down by 942 points or 1.2 per cent. The Nifty 50 index recovered from a 488-point, or 2 per cent, slump to end at 23,995, down 309 points or 1.3 per cent. This fall has been the highest for both indices since October 3.

***(Business Standard)***

**Rupee falls to new low on FPI selloff and rise in crude oil prices:** The rupee fell to a new low of 84.12 a dollar on Monday as foreign investors sold domestic equities offsetting the strength in Asian peers, said dealers. Market participants said the Reserve Bank of India (RBI) intervened in the foreign exchange market via dollar sales to protect the rupee from further depreciation. The local



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currency had settled at 84.09 on Thursday after hitting an intra-day low of 84.12. The rise in crude oil prices further weighed on the rupee. Brent crude oil prices rose 1.5 per cent to \$74.11 per barrel after Opec+ (the Organisation of Petroleum Exporting Countries plus) announced a delay in its planned December production increase, pushing it back by at least a month due to price pressures from subdued demand.

*(Business Standard)*

## **BANKING & FINANCE**



**Government calls applications for RBI Deputy Governor position:** he Centre has invited applications for the post of a deputy governor by November 30 to succeed Michael Patra at the Reserve Bank of India (RBI). Patra's extended term ends in January. Applicants need to have at least 25 years of work experience in public administration or similar years of experience in Indian or international public financial institutions. Interestingly, no economics degree or experience has been made mandatory.

*(Economic Times)*

**Banks seek integration with RBI platform to monitor LRS limits:** Banks have approached the Reserve Bank of India (RBI) seeking integration with its Centralised Information Management System (CIMS) platform, aiming for real-time verification of limit utilisation under the Liberal Remittance Scheme (LRS), said people familiar with the development. "This was discussed in an internal meeting last month, and for smooth implementation, a request has been made to the RBI for integration of their systems with CIMS," a senior bank executive said on condition of anonymity, adding that banks would work closely with the RBI for smooth technological integration.

*(Economic Times)*

**FinMin seeks comments from sponsor banks on proposed RRB amalgamation:** Finance Ministry has sought comments from sponsor banks by November 20 for the proposed amalgamation of regional rural banks (RRBs), according to a document seen by Business Standard. The proposed document said the RRB with the largest business (total deposits and advances) among the amalgamating RRBs in a state would be the transferee RRB in that state. Also the sponsor bank of the transferee RRB, which has the largest business volume and branch network, would become the



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sponsor bank of the amalgamated RRB. A common syntax may be adopted while deciding the new name of the RRB.

***(Business Standard)***

**Incremental CD ratio moderates to 77.7%, lowest in nearly 30 months:** The incremental credit-deposit (CD) ratio of the banking system has moderated to 77.7 per cent — lowest in nearly 30 months — as bank credit growth slowed down to 11.5 per cent in the fortnight ended October 18 and deposit growth outpaced credit growth at 11.7 per cent, according to Motilal Oswal’s research report. In the meantime, outstanding CD ratio has moderated to 79 per cent from 80.3 per cent in March 2024. “This decline may appear small; however, it needs to be seen in the context of rising CD ratio at most PSU banks, thus implying faster restoration of skewed CD ratio at private banks,” the research report said.

***(Business Standard)***

## INDUSTRY OUTLOOK



**Karnataka partners with Microsoft to fast-track approvals for industrial projects:** Karnataka's Minister for Large and Medium Industries, MB Patil, on November 4 said that new software developed by Microsoft will simplify the approval process for industrial projects under the state’s single-window system. “This first-of-its-kind platform in India will be launched at Invest Karnataka in February 2025. We are aiming to issue all necessary clearances within a maximum of 100 days,,” he said. The announcement came after a visual demonstration of the software by Microsoft representatives in Bengaluru on November 4. Patil said that while neighbouring states grant approvals within 60-70 days, Karnataka’s average approval time stands at around 300 days. “We aim to reduce the state’s approval period to 60-70 days, as prolonged delays could impact our competitiveness in attracting investments,,” he said.

***(Moneycontrol)***

**Bangladesh fast tracks payment to Adani Power ahead of November 7 deadline:** Ahead of Adani Power’s November 7 deadline, Bangladesh is accelerating payment of more than \$800 million it owes to the company, days after the group halved its electricity exports to the nation. Adani Group’s Godda plant in Jharkhand, which exported 1,600 megawatt (MW) power to Dhaka, had set the deadline after Dhaka struggled with payments amid the ongoing political crisis. The group set the deadline after facing challenges in importing coal necessary for power generation at the plant. The



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Gautam Adani-owned company reduced the power supply to 700-800 MW this month after failing to secure its dues of \$846 million. The data from Power Grid Bangladesh PLC showed that the power had been reduced on Thursday night, according to Dhaka-based Daily Star newspaper.

***(Business Standard)***

**FSIB recommends IFCI's current deputy MD Rahul Bhave for MD, CEO post:** FSIB, the headhunter for directors of state-owned banks and financial institutions, on Monday recommended Rahul Bhave for the position of Managing Director (MD) and CEO of IFCI Ltd. Bhave is currently the Deputy Managing Director of IFCI.

***(Business Standard)***



## REGULATION & DEVELOPMENT

**FM Nirmala Sitharaman chairs meeting to review Income Tax Act:** Finance Minister Nirmala Sitharaman chaired a meeting on November 4 to conduct a comprehensive review of the Income Tax Act 1961, in line with the announcement made during the last Union Budget. During the meeting, Revenue Secretary Malhotra said 22 specialised sub-committees have been established to review the various aspects of the Income Tax Act. “These committees have actively engaged in numerous meetings – with domain experts to collaboratively explore and recommend improvements to the Act,” the post added. The ministry has also received 6,500 suggestions on the Act through the ministry portal since it was opened on 6 October 2024, “reflecting active public participation towards further simplification of the IT Act”, it added.

***(Moneycontrol)***

**Sebi allows MFs to invest in overseas schemes with India exposure:** The Securities and Exchange Board of India (Sebi) has allowed mutual funds (MFs) to invest in overseas funds and unit trusts (UTs) that have up to 25 per cent exposure to Indian equities. The decision opens scope for domestic funds to invest in prominent global schemes, especially passive ones, which provide exposure to markets across the globe. In recent years, Indian equities have gained higher weights in key global indices. The move is aimed at facilitating ease of investment in overseas MFs/UTs, bringing transparency in the manner of investment, and enabling MFs to diversify their overseas investments, Sebi said in a circular.

***(Business Standard)***





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## FINANCIAL TERMINOLOGY

### INVISIBLE HAND

- ❖ The unobservable market force that helps the demand and supply of goods in a free market to reach equilibrium automatically is the invisible hand.
- ❖ The phrase invisible hand was introduced by Adam Smith in his book 'The Wealth of Nations'. He assumed that an economy can work well in a free market scenario where everyone will work for his/her own interest.
- ❖ He explained that an economy will comparatively work and function well if the government will leave people alone to buy and sell freely among themselves. He suggested that if people were allowed to trade freely, self interested traders present in the market would compete with each other, leading markets towards the positive output with the help of an invisible hand.
- ❖ In a free market scenario where there are no regulations or restrictions imposed by the government, if someone charges less, the customer will buy from him. Therefore, you have to lower your price or offer something better than your competitor. Whenever enough people demand something, it will be supplied by the market and everyone will be happy. The seller end up getting the price and the buyer will get better goods at the desired price.



### **RBI KEY RATES**

Repo Rate: 6.50%  
SDF: 6.25%  
MSF & Bank Rate: 6.75%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 84.1055  
INR / 1 GBP : 109.2828  
INR / 1 EUR : 91.6565  
INR /100 JPY: 55.3600

### **EQUITY MARKET**

Sensex: 78782.24 (-941.88)  
NIFTY: 23995.35 (-309.00)  
Bnk NIFTY: 51215.25 (-458.65)

### **Courses conducted by BFSI Board**

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**
- ❖ **Advance Certificate Course on FinTech**

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### **Publications by BFSI Board**

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
- ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**

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### **TEAM BFSIB**

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