



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

**06 July 2024**



## **ECONOMY**

**Centre plans to push for more renewable energy connectivity in states:** With the dual purpose of enhancing power transmission infrastructure in states and boosting renewable energy (RE) connectivity across all regions, the ministry of power is planning to push states to connect upcoming RE projects to state grids and not the national grid. Senior government officials indicated that the current Inter-State Transmission System (ISTS) waiver given to renewable energy projects when they connect to the national grid may be “relooked” at in the next financial year.

***(Business Standard)***

**India's forex reserves decline \$1.71 bn to \$651.99 bn, shows RBI data:** India's forex reserves dropped \$1.713 billion to \$651.997 billion for the week ended June 28, the Reserve Bank of India (RBI) said on Friday. In the previous reporting week, the overall kitty had dropped \$2.922 billion to \$652.895 billion. The reserves had touched an all-time high of \$655.817 billion as on June 7 this year. For the week ended June 28, foreign currency assets, a major component of the reserves, decreased \$1.252 billion to \$572.881 billion, the data released on Friday showed. "Gold reserves were down \$427 million to \$56.528 billion during the week," the RBI said. "The special drawing rights (SDRs) declined \$35 million to \$18.014 billion," the central bank said. "India's reserve position with the IMF was up USD 1 million to USD 4.573 billion in the reporting week," the data added.

***(Business Standard)***

**RBI launches quarterly survey on order books of manufacturing sector:** The Reserve Bank of India (RBI) on Friday announced the launch of quarterly "order books, inventories and capacity utilisation" survey of companies in the manufacturing sector -- a key input it uses to formulate the monetary policy. The RBI has been conducting the order books, inventories and capacity utilisation survey (OBICUS) of the manufacturing sector on a quarterly basis since 2008. The information collected in the survey includes quantitative data on new orders received during the reference quarter (April-June 2024), backlog of orders at the beginning of the quarter, pending orders at the end of the



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quarter, total inventories with a breakup between finished goods, work-in-progress and raw material inventories at the end of the quarter.

***(Business Standard)***

## **BANKING & FINANCE**



**Banks continue to battle with slow growth in deposits in June quarter:** Worry over a sustained slowdown in deposit accretion in banks looks far from over with some of the top lenders recording a sequential decline in deposits in the June quarter of FY25. Provisional numbers of at least 13 banks for the quarter revealed a 1.15 percent drop in deposits compared to the March quarter of last fiscal. Bank of Maharashtra, for instance, recorded total deposits of Rs 2.67 lakh crore in Q1FY25, down 1 percent from Rs 2.70 crore in Q4FY24. Likewise, Yes Bank's total deposits declined 0.75 percent to Rs 2.64 lakh crore from Rs 2.66 lakh crore in the same period. Bandhan Bank recorded the steepest decline in deposits among the lenders that have revealed their provisional data for Q1FY25. Its deposits dropped 1.5 percent to Rs 1.33 lakh crore at the end of June 2024 from Rs 1.35 lakh crore by three months to March 2024.

***(Moneycontrol)***

**Over 42 lakh new demat additions in June; total demat accounts cross 16 crore:** According to data from the Central Depository Service and National Securities Depository, the number of demat accounts opened in June totalled over 42.4 lakh, marking the highest account opening rate since February 2024, compared to 36 lakh additions a month ago and 23.6 lakh a year ago. This marks the fourth occasion with new demat additions surpassing 40 lakh. Previously, similar milestones were achieved in December 2023, January 2024, and February 2024. The total demat accounts now exceed 16.2 crore, reflecting a 4.24 percent increase from the previous month and a 34.66 percent rise compared to last year.

***(Moneycontrol)***

**Union Bank of India attracts bids for 5 troubled accounts out of 25 put on sale:** Union Bank of India has received bids for five of the 25 non-performing asset (NPA) accounts it put up for sale. The accounts that received bids from asset reconstruction companies such as JC Flowers ARC includes Jaypee Healthcare, Saraiwalaa AGRR Refiners Limited, RCM Infrastructure and is looking to recover 15%-89% by selling these accounts. Prudent ARC submitted a bid for Saraiwalaa AGRR



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Refiners, while JC Flower Asset Reconstruction Limited bid Rs. 61 crore for JP Healthcare. Maximus ARC Limited placed a bid of Rs. 27 crore for RCM Infrastructure. CFM ARC bid Rs. 16.29 crore for Green World International and Ramchand Baboo Mall & Company. All bids fall under the 100% upfront cash category.

***(Economic Times)***

**Bank of Baroda to raise ₹7,500 crore via multiple bond tranches, additional ₹10,000 crore through long-term bonds:** Bank of Baroda on Friday, June 5, said its board of directors approved a plan to raise additional capital of ₹7,500 crore through Additional Tier 1 (AT1) and Tier 2 bonds. In a filing to BSE, the public sector lender said the additional capital of ₹7,500 crore will be raised in segments during the financial year 2024-25. The Additional Tier 1 and Tier II bonds will have an interchangeability option in India and overseas, according to the exchange filing. Apart from the additional capital, the public sector lender has received the board's approval to raise ₹10,000 crore through long-term bonds to finance infrastructure initiatives and affordable housing in single or multiple segments during the financial year 2024-25, according to the BSE filing.

***(PiB)***

**Systemic banking liquidity surplus rises to its highest in over 2 months:** Systemic banking liquidity surplus at ₹91,225 crore as on July 4 rose to its highest in two-and-a-half months, according to Infomeric Ratings. Manoranjan Sharma, Chief Economist, Infomeric Ratings, attributed this surplus to government spending and maturity of government security of about ₹60,000 crore. He observed that RBI will continue to use various instruments to moderate systemic banking liquidity. Since the beginning of July, RBI has conducted variable rate reverse repo (VRRR) auctions every day to absorb surplus liquidity from the banking system. These auctions are in keeping with the central bank's "withdrawal of accommodation" monetary policy stance. At the 3-day VRRR auction of ₹1-lakh crore on Friday, Banks' submitted offers to park funds aggregating ₹61,731 crore. The RBI accepted the funds at a weighted average rate (WAR) of 6.49 per cent..

***(Business Line)***



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## INDUSTRY OUTLOOK



**Bajaj Auto launches world's first CNG-powered bike Freedom 125 at Rs 95k:** Bajaj recollected as his company launched the world's first CNG bike, Freedom 125, which would come in three variants, seven colours, and be priced between Rs 95,000 to Rs 1.1 lakh. Calling the Freedom 125 a 'gamechanger', Bajaj said that this bike offers freedom from petrol imports, harmful emissions, skyrocketing petrol prices, range anxiety, and the struggle to find charging stations. "I miss my father deeply today," said a visibly emotional Bajaj, launching the 100th product in his 34-year career. Freedom 125 offers 50 per cent cost savings by significantly reducing fuel expenses compared to petrol motorcycles. The CNG tank provides a range of over 200 km on 2 kg CNG, and additionally, the 2-litre petrol tank provides a range of 130 km—resulting in an overall range of 330 km for a full tank.

***(Business Standard)***

**New fund planned for HFCs to boost affordable housing:** With the aim to promote affordable housing, the government is likely to set up a new fund for housing finance companies (HFCs) under the National Housing Bank (NHB) in the Budget. The fund will allow HFCs to borrow at concessional rates, enabling them to offer home loans at reduced rates to eligible customers. Borrowers having annual income of Rs 6 lakh to Rs 7.5 lakh may be eligible to get such loans from HFCs. "Representatives from HFCs and the NHB and finance ministry officials recently held a discussion on strategies to boost affordable housing. There was consensus to create a new fund which will be managed by the NHB," a source told FE. "Currently, the cost of funds for HFCs is around 9%, while the NHB is ready to offer funds at 6.75-7% under the new scheme," he said, adding that the maximum spread cap proposed for HFCs is 4%.

***(Financial Express)***



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## REGULATION & DEVELOPMENT

**Delhi HC empowers ICAI to hold CA firms accountable for misconduct:** Sending a stern message to the chartered accountant firms to enhance accountability and maintain transparency, the Delhi High Court has held that the Institute of Chartered Accountants of India's disciplinary body is empowered to proceed for misconduct even against the CA firms besides individual chartered accountants. It said that there was a need for enhancing and strengthening the disciplinary mechanisms against firms of Chartered Accountants by expediting the notification of the amendments to the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022, that states that proceedings for misconduct can be held against CA firms as well.

***(Economic Times)***

**Ministry of Rural Development and Convergence Energy Services Limited signs MoU to facilitate Green Mobility for SHG Women of DAY-NRLM:** The Ministry of Rural Development (MoRD) today signed an MoU with Convergence Energy Services Limited (CESL), a wholly owned subsidiary of EESL, to help facilitate "Sustainable Transport for Rural Entrepreneurs through Electric Bicycles" (STREE) for Self Help Group (SHG) Women under Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM). STREE intends to empower the rural economy, especially the rural women by providing them access to green mobility through the introduction of electric bicycles. Signing the MoU, Smt Smriti Sharan stated that this partnership with EESL will prove to be a boon to the SHG women in rural entrepreneurship with green wheels. The project aims to build livelihood opportunities independence and prosperity amongst SHG women, elevating their socio-economic standing. Additionally, the project intends to keep rural mobility congestion free thereby contributing towards decarbonisation of the last mile mobility space. Convergence Energy Services Limited (CESL) is a subsidiary of state-owned Energy Efficiency Services Limited, a joint venture of public sector companies under the Ministry of Power, Government of India. CESL is focused on energy solutions that lie at the confluence of renewable energy, electric mobility and climate change..

***(PiB)***

**Delhi HC sets aside Punjab and Sind Bank's withdrawal of one-time settlement:** The Delhi High Court has set aside Punjab and Sind Bank's decision to withdraw its Rs 120-crore one-time



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loan settlement (OTS) given to real estate firm Ambience Pvt Ltd, terming it “arbitrary and unsustainable”. “The OTS is binding on the bank and cannot be unilaterally withdrawn after accepting payments,” Justice Mini Pushkarna held in the order. “Accordingly, the letter dated August 1, 2023, issued by the bank withdrawing the OTS (one-time settlement), is hereby set aside. Consequently, the bank is directed to release the securities furnished by the company in the subject loan account, and release charge thereon.” The OTS offer, its acceptance and the sanction letter constitute a sufficient contract, the judge said. “Thus, the Punjab and Sind Bank, which is a nationalised bank and an instrumentality of the state, cannot act arbitrarily or whimsically in matters of contract.”

***(Economic Times)***



## FINANCIAL TERMINOLOGY

### Financial Independence, Retire Early (FIRE)

- ❖ Financial Independence, Retire Early (FIRE) is a movement of people devoted to a program of extreme savings and investment that aims to allow them to retire far earlier than traditional budgets and retirement plans would permit.
- ❖ Financial Independence, Retire Early (FIRE) is a financial movement defined by frugality, extreme savings, and investment.
- ❖ By saving up to 70% of their annual income, FIRE proponents aim to retire early and live off small withdrawals from their accumulated funds.
- ❖ Typically, FIRE followers withdraw 3% to 4% of their savings annually to cover living expenses in retirement.



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### **RBI KEY RATES**

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

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

INR / 1 USD : 83.5000  
INR / 1 GBP : 106.6501  
INR / 1 EUR : 90.3709  
INR /100 JPY: 51.9700

### **EQUITY MARKET**

Sensex: 79996.60 (-53.07)  
NIFTY: 24323.85 (+21.70)  
Bnk NIFTY: 52660.35 (-443.35)

### **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.**

For details please visit  
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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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