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DAILY NEWS DIGEST BY BFSI BOARD

06 September 2024



ECONOMY

Food inflation control priority for govt: Food minister Pralhad Joshi on Thursday said that prices of essential commodities are stable and likely to remain so in the coming festive seasons while the recent spurt in onion prices is being curbed through releasing the government's stock. "Keeping food inflation under control is a priority of the government, and various direct interventions through price stabilisation measures have played an important role in bringing down inflation in recent months," Joshi said after launching subsidised retail sale of onion at Rs 35/kg from the government's buffer.

(Financial Express)

Contraction in states' capex continues, down 17% in April-July: States' capital expenditure likely fell by around 17% on year in the first four months of the current financial year, prolonging the moderation across the public sector capex space. As the impact of general elections on project implementations lingered on, the capex by the central public sector enterprises including departmental agencies (CPSEs) fell by 16% on year in aggregate in April-July 2024 while the Centre's capex fell by 17.6% during the period.

(Financial Express)

Banks at disadvantage to mutual funds, says IBA chairman: Banks are at a disadvantage to mutual funds (MFs) because they have to face regulatory restrictions like end use monitoring, which has made bank deposits unattractive, Indian Banks' Association (IBA) chairman MV Rao said. Banks will need help from the government and the regulator to attract savers to invest in bank deposits which are helping the economy to grow rather than putting money in the markets which could involve risks. Returns by MFs are higher because banks' deployment of resources is regulated so tightly that you cannot get higher returns from the deployment. At every level the end use has to be ascertained and you have restricted rate of interest for many of the asset products that banks are offering. MFs do



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not have end use verifications and restrictions on priority sector or to the MSME or government schemes. That's why MFs can offer more than bank deposits

(Economic Times)

BANKING & FINANCE



Banks facing challenge in getting cyber security talent: SBI chairman: State Bank of India chairman C S Setty today said that while investments in cyber security are going up, the professional support for cyber security activities is limited. This is going to be a big challenge going forward while rolling out digital systems. There is also a challenge in improving digital literacy while moving customers to new technologies and protecting systems from cyber security incidents, Setty said while addressing FIBAC 2024, a banking summit organised by the Indian Banks' Association and FICCI. He said SBI has been able to create resilience in the system. While ensuring this, the country's largest lender had to ensure an improved customer experience against the backdrop of legacy systems.

(Business Standard)

Demat accounts hit fresh high in August, surpass 171 million mark: India's total dematerialised (demat) accounts – used for holding shares and other securities electronically – rose by over 4 million in August to cross the 170 million mark, led by a surge in initial public offerings (IPOs). This marks an average addition of 4 million accounts monthly since 2024. According to data from the National Securities Depository (NSDL) and Central Depository Services (CDSL), the total number of demat accounts in the country stood at 171.1 million as of August 31. The demat tally was boosted by record IPOs in August. Last month, 10 companies raised around Rs 17,000 crore via IPOs – the best in terms of the quantum of funds raised since May 2022 when the LIC issue hit the market. August saw large issues like Ola Electric (issue size Rs 6,145 crore) and Firstcry owner Brainbees (Rs 4,194 crore).

(Business Standard)

SBI focuses on JanDhan, trusts, societies to mobilise incremental deposits: In order to boost its deposit base, State Bank of India (SBI) is focusing on various segments, including JanDhan account holders, trusts, societies, and the segment below the affluent class but above the normal account holders. According to Ashwini Tewari, managing director, SBI, the bank is focusing on three



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broad segments. One is wealth banking, where the bank is focusing on individuals who perhaps do not qualify for private banking but are above regular accounts and require individual attention.

(Business Standard)

INDUSTRY OUTLOOK



Credit guarantee for climate-smart farming mooted: To boost flow to the farmers adopting climate smart agriculture (CSA), a paper has suggested several steps including creation of a dedicated credit guarantee scheme, refinancing of intermediaries and creation of a professional pool for classification of farm assets. Apart from the current limited climate finance flows, disproportionate sectoral flows of current climate finance also present another problem, according to a paper on increasing climate smart agriculture financing in the country. A priority sector fund by the NABARD to refinance CSA farmer portfolios of banks and NBFCs can be established, the paper stated. For the short term, the paper has suggested creation of dedicated credit guarantee schemes for financing farmers and MSMEs who adopt such farm practices. “NABARD and SIDBI can partner with development finance institutions and government departments to create grant-plus-loan and interest subvention schemes,” the paper has suggested.

(Financial Express)

Kerala wins top performer award in lists of business-centric reforms: In a huge endorsement of its highly conducive business ecosystem and transparent and inclusive service delivery mechanism, Kerala has emerged as the country leader in two categories of business-centric reforms and seven categories of citizen-centric reforms in the ranking of the Union Ministry of Commerce and Industry. The award was presented at the Conference of State Industries Ministers held on Thursday at Palash Hall (Grand Ball Room) of the Yashobhumi Convention Centre, New Delhi, according to an official release here. Union Minister of Commerce Piyush Goyal presented the Business Reforms Action Plan '22 (BRAP 22) award of the Department for Promotion of Industry and Internal Trade (DPIIT) to P Rajeeve, Minister for Industries, Law and Coir, Government of Kerala, at the conference, Udhog Sangam 2024, said the release issued by the Kerala State Industrial Development Corporation (KSIDC).

(Business Standard)



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REGULATION & DEVELOPMENT

GST Council likely to clarify on 18% GST on payment aggregators' gateway fees for cards transactions upto Rs 2,000: India's GST Council is expected to clarify at its September 9 meeting on whether GST of 18 percent should be levied on digital payments of less than Rs 2,000 made through payment aggregators such as Pine Labs and Razorpay, CNBC-TV18 reported citing sources. Currently payment aggregators, who see digital payments such as QR scanning, POS machine, and net banking, are exempt from GST on transactions below Rs 2,000. A final decision will be taken by the GST Council on the recommendation of the rate fitment committee, the report added.

(Moneycontrol)

IRDAI issues guidelines on holders' protection rights for life, health plans: IRDAI has issued a master circular on Protection of Policyholders' Interests 2024, which gives details on norms on the protection of policyholders' interests. The latest circular combines policyholder entitlements into a comprehensive reference document. As per the notification, both the life and general insurers are mandated to provide an essential summary of important information at various stages of an insurance contract. Insurers have to provide a customer information sheet (CIS), outlining key policy features, benefits, and exclusions. The proposal form and CIS must be made available in regional languages upon the customer's request. A 30-day free look period applies to both Life and Health insurance policies, allowing policyholders to review the policy terms and conditions. All insurance policies must be issued in electronic format. This means that e-insurance policies can be signed digitally by the customer. If customers prefer, they can request the insurance company to issue their policies in a physical format. The insurer must issue the life insurance policy within 15 days of accepting the proposal form. The following are the important points of the notification;

- The death claims, except the cases where investigation is required, should be settled within 15 days of initiating the claim.
- Death claims where investigation is required, the settlement should be done within 45 days of intimation of the claim.
- Surrender or partial withdrawal requests should be settled within seven days of initiating the claims.
- The maturity benefits, survival benefits, annuity payouts and income benefits should be provided on the due date.
- In case the claim is not settled within the specified timelines, then the claimant is entitled to interest



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at bank rate plus 2% from the date of receipt of intimation till the date of payment.

- In case of health insurance, In no case, the policyholder shall be made to wait to be discharged from the hospital." If there is a delay beyond three hours, the insurer will be responsible for any additional charges incurred by the hospital.

(Business Today)



FINANCIAL TERMINOLOGY

UNIFORM BILL OF LADING

- ❖ The uniform bill of lading provides a boilerplate language for the basic information about a shipment such as the shipper and recipient's names and the shipment's origin and destination. In addition, the document establishes the terms of the carrier's liability, transport time frame, how to file a claim for a lost or damaged shipment, how insurance will be applied in the event of a claim, and how the shipment may be stored or disposed of if the shipment is refused or is not deliverable.
- ❖ The uniform bill of lading also specifies the carrier's liability with regard to specific types of shipments including documents, coin money, items of extraordinary value, and explosives. Additional shipment charges may be assessed if the shipper misrepresents the type of goods being transported.
- ❖ If the bill of lading notes the defective condition of the goods or their packaging, it is considered "claused" or "fouled." If no defects are noted, it is considered a "clean" bill of lading.



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 : 83.9825
INR / 1 GBP : 110.4157
INR / 1 EUR : 93.0974
INR /100 JPY: 58.6600

EQUITY MARKET

Sensex: 82201.16 (-151.48)
NIFTY: 25145.10 (-53.60)
Bnk NIFTY: 51473.05 (+72.80)

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 - ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
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