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DAILY NEWS DIGEST BY BFSI BOARD

07 February 2024

BANKING & FINANCE



ICICI-Videocon loan case: CBI's arrest of Chanda and Deepak Kochhar was 'illegal', says Bombay HC: Bombay High Court on February 6 termed ICICI Bank's former Managing Director and Chief Executive Officer (CEO) Chanda Kochhar and her husband Deepak Kochhar's arrest by the Central Bureau of Investigation (CBI) in the Videocon loan case as 'illegal.' A division bench of Justices Anuja Prabhudessai and NR Borkar passed the verdict today made permanent, the interim bail granted to the couple on January 9, 2023. Chanda and Deepak Kochhar were arrested by CBI on December 24, 2023 on allegations of cheating and irregularities in loan of Rs 3,250 crore granted in 2012 to the Videocon Group. The court ordered their release in a plea challenging their arrest and claiming it illegal. "Arrest not in accordance with the law," the court observed. It also asked the Kochhars to surrender their passports to the CBI.

(Moneycontrol)

Finance Ministry aims to transfer stressed assets worth ₹1 lakh crore to NARCL by March 2024: Finance Ministry is targeting stressed assets transfer of ₹1 lakh crore to the National Asset Reconstruction Company Ltd (NARCL), colloquially referred to as Bad Bank, from State-owned banks by the end of March 2024, Vivek Joshi, Secretary, Department of Financial Services has said. "There has been lot of progress since then (FM's Review Meeting). We are targeting ₹1 lakh crore assets transfer mark by March this year", Joshi told businessline in an interview. When the bad bank started operations, the initial aim was to get as much as ₹2 lakh crore of stressed assets transferred from the public sector banks. In December last year, Finance and Corporate Affairs Minister Nirmala Sitharaman directed NARCL and banks to hold regular meetings to expedite the on-boarding of stressed accounts. This intervention aimed to bridge the gap between NARCL's efforts and the banks' reluctance, ensuring the Bad Bank doesn't become a failed experiment. Banks have been reluctant to transfer stressed assets to the bad bank in the wake of a price expectation mismatch between them and NARCL and seemingly low offers made by the latter. Joshi said that he will hold another review



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meeting on NARCL performance on February 8 (Thursday) with chief executives of public sector banks and Bad Bank representatives.

(Business Line)

Paytm founder Vijay Shekhar Sharma meets FM Sitharaman: Paytm founder Vijay Shekhar Sharma on Tuesday met Finance Minister Nirmala Sitharaman and explained his position, sources told. "It was a courtesy call which lasted for nearly 10 minutes. Sharma explained his position. Then he was asked to go to the RBI and sort out the matter," one of sources said. However, he refused to give details about what Sharma offered in his clarification. Sharma is the part-time Chairman of Paytm Payments Bank, which is facing crisis after RBI restriction on its activities from next month.

(Business Line)

HDFC Bank, group companies get RBI nod to acquire up to 9.5% stake in six banks:

HDFC Bank, including group companies HDFC Mutual Fund, HDFC Life Insurance and HDFC ERGO General Insurance, have received the Reserve Bank of India's approval to acquire an aggregate stake of up to 9.5 per cent in six banks. The six banks are ICICI Bank, Axis Bank, IndusInd Bank, YES Bank, Bandhan Bank and the only small finance bank Suryoday SFB, the lender notified the exchanges. The regulatory nod was received on January 5, 2024, following applications made by the bank as a promoter or sponsor of the group on December 18, 2023. The approval is valid for one year, till February 4, 2025.

(Business Line)

Infibeam Avenue partners with IDFC First Bank: Infibeam Avenues Ltd's flagship payment brand, CCAvenue, entered into a partnership with IDFC First Bank to offer extensive credit card EMI solutions to the bank's customers nationwide. According to the company, this collaboration aims to enhance the payment experience for bank customers by providing easy payment services alongside the existing BNPL facilities. CCAvenue reported having a track record of partnerships in the credit card EMI market and the alliance with IDFC First Bank is made to further solidify its position as a payment gateway.

(Business Line)

UPI payments failing amid server outages; NPCI working with banks: The real-time payments system UPI is experiencing an outage as multiple bank servers are down, according to people aware of the development. "Regret inconvenience on UPI connectivity as a few of the banks are experiencing some internal technical issues. NPCI systems are working fine, and we are working with these banks to ensure a quick resolution," the National Payments Corporation of India (NPCI) stated in a message on social media platform X (formerly Twitter).

(Business Standard)



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HDFC Bank rolls out four credit cards for SME players: HDFC Bank on Tuesday launched four credit cards intending to tap small and medium-sized entrepreneurs (SME) and grow its card business. The main highlight of the cards is that they will provide 55 days of interest-free credit, the highest number of days offered by any bank, said Parag Rao, country head of payment, liabilities products, customer finance and marketing at HDFC Bank, while announcing the launch of the cards to the media. BizFirst, BizGrow, BizPower, and BizBlack are the four credit card variants.

(Economic Times)



ECONOMY

Government launches Bharat rice at Rs 29 per kg: The Union government on February 6 launched 'Bharat rice' at a subsidised rate of Rs 29 per kilogram (kg) to provide relief to consumers from rising food prices. The subsidised rice will be available for consumption in 5 kg and 10 kg packs. Bharat rice will be available at all physical and mobile outlets of Kendriya Bhandar, National Agricultural Cooperative Marketing Federation of India (NAFED) and National Cooperative Consumers' Federation of India (NCCF) from February 6 and will be expanded to other retail outlets and e-commerce platforms, according to an official statement. Food and Consumer Affairs Minister Piyush Goyal, while launching the subsidised rice, said Prime Minister Narendra Modi is sensitive towards the needs of the people of the country.

(Moneycontrol)

Fitch says India to miss FY25 fiscal deficit target of 5.1% by 30 basis points: India's aggressive fiscal consolidation objective for next year is already being doubted, with Fitch Ratings saying it expects the target of 5.1 percent of GDP to be missed by as much as 30 basis points. "The government has a recent record of achieving fiscal targets, but our latest forecast is that the deficit will reach 5.4 percent of GDP in 2024-25, above the budget's target, based on our more conservative revenue forecasts," analysts from Fitch said in a note released on February 6.

(Moneycontrol)

Number of crorepati income-tax return filers has doubled over the last five years: The number of individual crorepati return filers has almost doubled in the last five years, data presented in Rajya Sabha showed. Interestingly, the number climbed during the tough Covid years also. In a written reply, Minister of State in the Finance Ministry Pankaj Chaudhry presented data that showed



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that the number of individuals who submitted an e-return with income of more than ₹1 crore was over 1.09 lakh during the Assessment Year 2019-20. This surged to over 2.16 lakh during AY24 (Fiscal Year 2022-23), showing a growth of 97 per cent. During the Covid years as well, that is, 2020-21 and 2021-22, there was a steady rise in crorepati filers.

(Business Line)

Centre's external debt ratio drops to pre-Covid level: The central government's external debt ratio continues to remain low and has returned to the pre-pandemic level of 2.7% of gross domestic product (GDP) in FY24, thanks to the reduction in the pace of such loan growth in recent years, Parliament was informed on Tuesday. In a written reply, minister of state for finance Pankaj Chaudhary said the Centre's internal debt ratio has been moderating since hitting 58.3% of GDP in the Covid year of FY21. It's estimated to touch 55.4% of GDP, or Rs 164.44 lakh crore, in FY24. In absolute terms, the external debt will touch Rs 7.93 lakh crore in FY24, according to the revised estimate.

(Economic Times)

INDUSTRY OUTLOOK



Tata Group becomes first Indian conglomerate to cross Rs 30 lakh crore market cap:

Tata Group's combined market capitalisation crossed Rs 30 lakh crore on February 6, making it the first Indian business house ever to hit the milestone. The surge in shareholder wealth has been driven by buying interest seen in Tata Consultancy Services, Tata Motors Tata Power and Indian Hotels shares this year. Tata Consultancy Services Ltd surged over 9 percent so far in 2024 while Tata Motors Ltd advanced over 20 percent. Tata Power jumped 18 percent while Indian Hotels gained 16 percent. The Tata Group has 24 companies listed on exchanges. Meanwhile, Tejas Network, Tata Elxsi and Tata Chemicals dropped over 10 percent so far this year while the remaining stocks gained in the range of 1-5 percent.

(Moneycontrol)

PhonePe beefs up board with former revenue secretary, two Walmart executives:

Walmart-backed fintech major, PhonePe, has inducted new members to its board of directors. The company has roped in, former revenue secretary, Tarun Bajaj on its board and appointed him as the chairman of its risk committee. The Bengaluru-based company has also onboarded Walmart executives – John D Rainey, Executive Vice-President and Chief Financial Officer, and Donna Morris, Executive Vice-President and Chief People Officer – as non-executive directors. “We would like to



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confirm that, Mr. Tarun Bajaj will be an Independent Director on the PhonePe Board and Chairman of the Risk Committee,” said a statement.

(Business Line)

Banks to seek RBI comfort on partnering with Paytm: Paytm may have to face hurdles when it comes to forming partnerships for its Paytm Payments Bank (PPB) accounts as banks are unsure about taking them over, senior bankers told FE. For most banks, it is a question of reputational risk besides being unsure about the quality of accounts. They would rather wait for a green signal from the Reserve Bank of India (RBI) or some other regulatory comfort before going forward. After the RBI last week barred it from undertaking any banking activities after February 29, One97 Communication, the parent of Paytm, is looking to transfer all its PPB accounts to other banks. The fintech firm is also trying to ensure that while the back-end banker changes, merchants and customers continue to stay with the Paytm app.

(Financial Express)

TCS shares rally over 4% to cross market cap of Rs 15 lakh crore for first time: Shares of Tata Consultancy Services (TCS) rallied over 4% to hit an all-time high at Rs 4,135.9 in Tuesday's trade on BSE. Meanwhile, the IT major also crossed Rs 15 lakh crore of market cap for the first time in today's trade. The rally in the stock came after the firm on Monday said that it has won a multi-year deal from Europ Assistance, a global assistance and travel insurance company, to help reimagine its global IT operating model. Deal financials were not disclosed.

(Economic Times)

Max Financial gets IRDAI nod for capital infusion of Rs 1,612 cr by Axis Bank into Max Life Insurance: Max Financial Services has received approval from the Insurance Regulatory and Development Authority of India (IRDAI) for a capital infusion of Rs 1,612 crore by Axis Bank into its subsidiary, Max Life Insurance. The deal will involve the issue of 14,25,79,161 equity shares. Max Life plans to use the capital infusion to support future growth and improve solvency margins.

(Economic Times)



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REGULATION & DEVELOPMENT

Parliament panel recommends below 18% GST on health insurance, microinsurance:

The parliamentary panel on finance, led by MP Jayant Sinha, has recommended to reduce the Goods and Services Tax (GST) on health insurance products for senior citizens and microinsurance products below 18 percent to make it more affordable. "The Committee feels that there is a need to rationalise the GST rate on insurance products, especially health and term insurance, which is 18 percent at present. The high rate of GST results in a high premium burden, which acts as a deterrent to getting insurance policies," the panel said in its report on 'Performance review and regulation of insurance sector'. The committee is of the view that to make insurance more affordable, GST rates applicable to health insurance products, particularly retail policies for Senior citizens, micro insurance and Term Insurance policies.

(Moneycontrol)

Iran initiates visa-free policy for Indian tourists:: The visa-free policy for Indian tourists planning to visit Iran has come into effect, the Iranian Embassy in New Delhi said, in a statement issued on February 6. The visa-free entry of Indians, for tourism purposes, is being facilitated from February 4 onwards, the embassy said, adding that the Indian nationals who opt to enter Iran without a visa would be allowed to stay for 15 days. "Individuals holding ordinary passports will be allowed to enter the country without a visa once every six months, with a maximum stay of 15 days," the embassy said in a statement.

(Moneycontrol)

IRDAI proposes flexible lock-in period for investors in insurance companies: Investors in insurance companies will have the option of a reduced lock-in for investments if their financial position deteriorates and they need to save themselves by selling their investments in the company. These proposed changes by the IRDAI say the lock-in period for shareholders facing financial distress, or being merged with another entity, will be relaxed.

(Economic Times)



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FINANCIAL TERMINOLOGY

SOFT CURRENCY

- ❖ Soft currency is a currency which is hyper sensitive and fluctuates frequently. Such currencies react very sharply to the political or the economic situation of a country.
- ❖ It is also known as weak currency due to its unstable nature. Such currencies mostly exist in developing countries with relatively unstable governments. Soft currencies cause high volatility in exchange rates as well, making them undesirable by foreign exchange dealers. These currencies are the least preferred for international trade or holding reserves.
- ❖ Zimbabwean dollar is a classic example of soft currency.



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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 : 83.0629
INR / 1 GBP : 104.2545
INR / 1 EUR : 89.3009
INR /100 JPY: 55.9600

EQUITY MARKET

Sensex: 72186.09 (+454.67)
NIFTY: 21929.40 (+157.70)
Bnk NIFTY: 45690.80 (-134.80)

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