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DAILY NEWS DIGEST BY BFSI BOARD

10 July 2024



ECONOMY

India and Russia aim to boost bilateral trade to over USD 100 billion by 2030: India and Russia have pledged to elevate bilateral trade to over USD 100 billion by 2030 through enhanced investments, utilisation of national currencies for trade settlements, and expanded cooperation across various sectors including energy, agriculture, and infrastructure. In a joint statement following the 22nd Annual Bilateral Summit between Russian President Vladimir Putin and Prime Minister Narendra Modi in Moscow, both sides reiterated their commitment to bolstering the special and privileged strategic partnership. They aimed to intensify bilateral interaction by promoting trade and economic cooperation between Russia and India. The summit identified nine key areas of cooperation, encompassing: Trade liberalisation and elimination of non-tariff barriers, Development of a bilateral settlement system using national currencies, Expansion of cargo turnover through new transport routes, Increase in bilateral trade volume for agricultural products, food, and fertilizers, Cooperation in key energy sectors, Strengthening of interaction in infrastructure development, transport engineering, automobile production, shipbuilding, space, and other industrial sectors, Promotion of investments and joint projects in the digital economy, science, research, and high-tech sectors, Systematic cooperation in medicines and advanced medical equipment, exploring the establishment of Indian medical institutions in Russia and Expansion of humanitarian cooperation, encompassing education, science, technology, culture, tourism, sports, healthcare, and other fields.

(Moneycontrol)

Modi faces budget pressure as Nitish seeks ₹300 billion aid: Prime Minister Narendra Modi's second-biggest ally is demanding ₹300 billion from India's federal budget this year to help fund projects in Bihar, according to people familiar with the matter, a test for the coalition government. The Bihar government, which is led by Janata Dal (United)'s Nitish Kumar, made the request during a pre-budget meeting with Finance Minister Nirmala Sitharaman last month, the people said, asking not to be identified because the discussions are private. he government has



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received the request from Bihar but hasn't yet decided how much will be allocated to the state this year, one of the people said. Modi's biggest ally in the coalition — N Chandrababu Naidu of the Telugu Desam Party — has already made a request for more than \$12 billion in aid over the next few years for Andhra Pradesh state

(Business Line)

Divestment, dividend targets for FY25 likely to be retained: The Indian government is expected to maintain its revenue target of ₹1 lakh crore for FY25 from disinvestment, asset monetisation, and dividends from non-financial central public sector enterprises (CPSEs), according to senior officials. The interim budget in February grouped disinvestment and asset monetisation under 'miscellaneous capital receipts', aiming for ₹50,000 crore this fiscal, alongside ₹48,000 crore from CPSE dividends.

(Economic Times)

BANKING & FINANCE



HDFC Defence Fund to halt new SIP registrations from July 22: HDFC Mutual Fund on July 9 announced that it will discontinue registering fresh systematic investment plans (SIPs) in HDFC Defence Fund from July 22. It will only process SIPs and transactions registered before July 22. While SIPs registered prior to the effective date shall continue to be processed, lumpsum and STP in the scheme will continue to be restricted, HDFC MF said. Systematic transactions already registered will continue to be processed, and there will be no restrictions on redemptions or switch outs. The HDFC Defence Fund is considered to be highly concentrated fund, with 21 stocks. Top five stocks constitute 63 percent of the fund's portfolio. Due to the nature of the fund, it is a mid- and small- cap oriented fund. The decision was most likely taken due to limited liquidity and investment options, said experts.

(Moneycontrol)

RBI red flags 'lakhs' of accounts used for fraud and evergreening: The Reserve Bank of India has raised an alarm over certain banks having 'lakhs' of accounts used for fraudulent transactions and evergreening of loans during an interaction with chief financial officers and auditors of banks and financial institutions on Tuesday. "One area that has come into sharper focus in the last couple of years is the control and management of internal accounts. We found certain banks having



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lakhs of such accounts with apparently no valid reason,” RBI deputy governor Swaminathan J said in his address to the lenders. “Some of these accounts are also used as a conduit for certain fraudulent transactions and evergreening of loan accounts. Internal accounts are high risk in nature on account of their potential for misuse,” he said while asking the CFOs to rationalise those accounts and bring them down to the essential minimum. He said banks should exercise greater control through periodical reconciliation and proper reporting to the audit committee of the board.

(Business Standard)

Finmin ask private banks to give more thrust on serving the marginalised sections of society: Financial Services Secretary Vivek Joshi chaired a review meeting with private sector banks to assess the progress of financial inclusion schemes, urging them to focus on marginalized communities. Key schemes reviewed included PM SVANidhi, PM Vishwakarma, PMJDY, PMJJBY, PMSBY, APY, PMMY, and Stand Up India. Joshi emphasized expanding social security and deepening financial inclusion. He also discussed the importance of the Jan Samarth portal and urged banks to increase participation in these schemes.

(Economic Times)

Dispute at Bandhan Employees Welfare Trust grows: Members of Bandhan Employees' Welfare Trust are seeking legal help to address alleged rights violations and fund misappropriation by founder Chandra Shekhar Ghosh. Trust management denies allegations and is pursuing legal resolution. The trust, which owns a significant stake in Bandhan Financial Services, is facing internal turmoil.

(Economic Times)

INDUSTRY OUTLOOK



Labour commissioner summons Paytm management over alleged layoffs: The Regional Labour Commissioner of Bengaluru has summoned One97 Communication, the parent firm of Paytm, in connection with the alleged forced termination of employees. The development comes after series of complaints were filed by the employees with the Ministry of Labour and Employment, accusing the company of violating laws and forcing terminations without pay, Moneycontrol reported in June. The notice was issued by Regional Labour Commissioner (Central), under the Office of the Deputy Chief Labour Commissioner (Central), Ministry of Labour and Employment.

(Moneycontrol)



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Export duty on parboiled rice may be fixed at \$100/tonne: The government is contemplating fixing the export duty on parboiled rice at \$100 per tonne, people aware of the matter said. A proposal to this effect was made recently as a measure to curb under-invoicing by exporters wanting to avoid higher payment on account of the current levy of 20% on this variety of rice. The government has formed a committee - Rice Federation Consulting Committee - under the commerce ministry to deal with the issue of rice exports. On August 25 last year, a 20% export duty was levied on exports of parboiled rice till October 16, 2023 as a step to maintain adequate domestic stock and keep prices under check. The duty, which was extended till March 31 this year, is still continuing. According to some industry executives, many exporters under-invoice so as to avoid higher payout as export duty. However, the government's move to introduce a fixed export duty of \$100 per tonne has irked a section of rice exporters.

(Economic Times)



REGULATION & DEVELOPMENT

PM Modi conferred with Russia's highest civilian honour 'Order of St Andrew the Apostle': Prime Minister Narendra Modi was ceremoniously presented with the Order of St Andrew the Apostle the First-Called, Russia's highest civilian honour, on July 9. The order was presented to PM Modi in recognition of his distinguished contribution to the development of a privileged strategic partnership between Russia and India and to fostering friendly ties between the two nations. The award, announced in 2019, was formally presented during this event. Prime Minister Modi is the first Indian leader to receive this prestigious award, which was established in 1698 by Tsar Peter the Great in honor of Saint Andrew, the first apostle of Jesus and the patron saint of Russia.

(Moneycontrol)

Sebi sets new filing requirements for AIFs opting for dissolution period: Markets regulator Sebi on Tuesday issued a circular outlining the filing requirements for alternative investment funds (AIFs) schemes that opt for a dissolution period to deal with their unliquidated investments. The move aims to provide flexibility to AIFs and their investors in managing such investments that are not sold due to lack of liquidity. In its circular, Securities and Exchange Board of India (Sebi) said AIF schemes entering into dissolution period must file an information memorandum with it through a merchant banker before expiry of the liquidation period or additional liquidation period of the scheme. As per Sebi's AIF rules, the information memorandum must include details such as the name of the AIF, registration number, the names of its trustees or directors, the scheme's



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name, and financial details related to unliquidated investments. In addition, for schemes seeking an additional/fresh liquidation period, the markets watchdog requires the submission of relevant information in a prescribed format, Sebi said. This is applicable to AIF schemes, whose liquidation period has expired or will expire within three months from the notification date of the amended regulations on April 25, 2024, the regulator said in the circular.

(Business Standard)



FINANCIAL TERMINOLOGY

BACK LEVERAGE

- ❖ The debt incurred by a project sponsor at a holding company level to finance its equity contributions to a project, which is often structurally subordinated, or “back-levered,” to another financing. In Renewable Energy projects it has become common for the term Loans to be back levered to a tax equity financing.
- ❖ Also referred to as a holdco loan or mezzanine financing, this is a transaction in which a project sponsor or a project developer finances all or a portion of its equity contribution in the project company or holding company with third party loans.
- ❖ A back leveraged transaction allows the sponsor to: Access cheaper capital. Equity is typically the most expensive source of capital. Being able to finance the sponsor's contribution to the project is an effective way to lower the project's overall cost of capital and obtain financing outside the project debt structure which may make the project more bankable.



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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 : 83.4843
INR / 1 GBP : 106.9222
INR / 1 EUR : 90.3929
INR /100 JPY: 51.9000

EQUITY MARKET

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NIFTY: 24433.20 (+112.65)
Bnk NIFTY: 52568.80 (+143.00)

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