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DAILY NEWS DIGEST BY BFSI BOARD

10 September 2024



ECONOMY

Govt to begin farmer registration for Aadhaar-style IDs from October: In a major push towards digitising the agriculture sector, the government will soon begin registration of farmers across the country to provide them with a unique ID similar to Aadhaar, Agriculture Secretary Devesh Chaturvedi said on Monday. Chaturvedi, speaking to PTI on the sidelines of an Outlook Agri-Tech Summit and Swaraj Awards, said the guidelines for the registration process will be issued soon, with the implementation set to begin in the first week of October. "Our target is to register five crore farmers by March next year," the secretary said, noting that the initiative is part of the government's Rs 2,817-crore Digital Agriculture Mission approved by the Cabinet recently. A pilot project was earlier conducted in Maharashtra and Uttar Pradesh, and 19 states have already onboarded the project, he said.

(Business Standard)

Fintech Association for Consumer Empowerment plans to onboard small companies to expand base: The Fintech Association for Consumer Empowerment (FACE) aims to include smaller companies to enhance its representation and effectiveness. Recognized by the Reserve Bank of India as a Self-Regulatory Organisation, FACE plans to expand its membership, set up committees, and work on a fraud repository in collaboration with various authorities.

(Economic Times)

Post-Covid boom in profits yet to show in India Inc capital expenditure: The last four years, the best for corporate profits in a long time, have not been as impressive for corporate capital expenditure. The combined net profits of India's top listed companies excluding banks, financial services, and insurance (BFSI) increased at a compound annual growth rate (CAGR) of 32.4 per cent since FY20, a sharp jump from the 7.4 per cent in corporate earnings between FY14 and FY19.



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However, this didn't translate into corresponding growth in corporate investment in fixed assets such as plant and machinery.

(Business Standard)

BANKING & FINANCE



HFCs may defend against bank loan takeovers under PMAY 2.0: Housing Finance Companies (HFCs) find optimism in PMAY 2.0 as the subsidy for eligible home loan beneficiaries will be spread over 5-yearly instalments, lowering the incentive for borrowers to switch lenders early in the loan term. The recent revision in the interest subsidy scheme for home loans targeting EWS/LIG and MIG families, approved by the Union Cabinet last month, may serve as a blessing in disguise for housing finance companies (HFCs), helping them fend off banks that attract their borrowers with lower interest rates. Despite the Government cutting the maximum subsidy on a home loan to ₹1.80 lakh under the Pradhan Mantri Awas Yojana (PMAY)-Urban (U) 2.0 Scheme from ₹2.67 lakh under the earlier Scheme, HFCs see a silver lining in this as the subsidy to be given to eligible home loan beneficiaries will be spread over five-yearly instalments, reducing the incentive for borrowers to switch lenders early in the loan cycle.

(Moneycontrol)

Union Bank of India becomes 1st major bank to become signatory of PCAF: Union Bank of India on Monday announced its decision to become a signatory to the Partnership for Carbon Accounting Financials (PCAF). This step aligns with the growing global emphasis on climate risk management and the recent draft guidelines issued by the Reserve Bank of India (RBI) on climate risk disclosures. PCAF is a global partnership of financial institutions working to develop and implement a harmonised approach to assess and disclose greenhouse gas emissions associated with loans and investments, Union Bank said in a statement. By joining PCAF, Union Bank of India demonstrates its commitment to measuring and managing its financed emissions, a crucial aspect of climate risk management for banks, it said.

(Business Standard)

RBI rejects Canara Bank's credit card subsidiary plan: The Reserve Bank of India has rejected Canara Bank's proposal to set up a credit card subsidiary, which the government-owned



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lender thought would give fillip to its fledgling card business. Canara Bank had planned to convert its IT services subsidiary into a credit card unit to boost its card business. The rejection comes amid concerns over the growth of unsecured loans.

(Economic Times)

INDUSTRY OUTLOOK



Pixxel becomes first Indian space startup to grab order from Nasa: Bengaluru-based space technology startup Pixxel, which specialises in cutting-edge hyperspectral earth-imaging technology, has won the largest supplier deal by an Indian company from the National Aeronautics and Space Administration (NASA). It has become part of NASA's \$476-million commercial smallsat data acquisition program. This is the first deal by an Indian startup, after the sector was opened to private companies in 2020. This contract period for the program runs through November 2028. Pixxel will provide NASA, the US government and academic partners with hyperspectral earth observation data. This will further empower the administration's earth science research and application activities.

(Business Standard)

LIC outperforms private peers in new premium mop-up in August : The life insurance industry experienced significant growth in new business income in August, driven by the state-run Life Insurance Corporation. The industry collected ₹32,644 crore in total premiums, marking a 22% increase from the previous year. Private insurers also saw growth, although new rules on surrender value and agent commissions may impact future sales. The life insurance industry saw a robust rise in new business income in August, driven primarily by strong growth from the state-run Life Insurance Corporation, which outpaced the private sector in annualised premium equivalent (APE) growth.

(Economic Times)

'Navratna' MTNL offers to pay 40% dues; PSU banks hang up: Several lenders have classified loans to Mahanagar Telephone Nigam (MTNL) as non-performing assets, leading the state-run telecom utility to propose a debt recast plan. MTNL's offer to pay 40% of dues was rejected by lenders. The company faces significant financial challenges, including missed payments and heavy debt.

(Economic Times)



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REGULATION & DEVELOPMENT

GST collections from real-money gaming jump 412% to Rs 6,909 cr in 6 months under new tax rates: The Goods and Services Tax (GST) collections from India's real-money gaming industry increased by 412 percent to Rs 6,909 crore for the six-month period between October 2023 - March 2024, underscoring the significant tax windfall for the government since the new 28 percent tax regime took effect. For the six-month period prior to the new tax rates, collections were Rs 1,349 crore, Finance Minister Nirmala Sitharaman said during a press briefing after the 54th GST council meeting on September 9. Real-money games, where the transfer of money is involved, currently forms the bulk of revenues of India's overall gaming industry that clocked \$3.1 billion revenue in FY23, a 19 percent growth from \$2.6 billion in FY22. The sector is expected to touch an estimated \$7.5 billion by FY28.

(Moneycontrol)

GST Council sets up GoMs on health and life insurance, compensation cess:: Finance Minister Nirmala Sitharaman said on September 9 that the GST Council will be forming two key Group of Ministers (GoM), one on rate rationalisation on medical and life insurance and another one on the road ahead for compensation cess. The next GST Council meeting in November will take up the recommendation of the new GoM on health and life insurance. The GST Council meeting will be held in November to take a call on reduction of rate on health and life insurance, FM said. The new GoM on medical health insurance will be submitting its report by end of October.

(Moneycontrol)

SEBI notifies new rules for Foreign Venture Capital Investors: The Securities and Exchange Board of India (SEBI) has announced new regulations to streamline the framework for the registration of Foreign Venture Capital Investors (FVCIs). As per the new guidelines, the responsibility for granting FVCI registration and processing post-registration references has been delegated to designated depository participants (DDPs), aligning with the framework already established for Foreign Portfolio Investors (FPIs). Under the updated framework, any applicant seeking to register as an FVCI must engage a DDP for obtaining a registration certificate. Additionally,



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it is mandatory that the DDP and the custodian of the FVCI are the same entity. This delegation simplifies the registration process, which was previously handled directly by SEBI. SEBI's notification clarifies that no individual or entity can trade in securities as an FVCI without obtaining a certificate from a DDP, acting on behalf of SEBI. The FVCI must also appoint a domestic custodian to monitor its investments and provide periodic reports to SEBI.

(Financial Express)



FINANCIAL TERMINOLOGY

OPEN NETWORK FOR DIGITAL COMMERCE (ONDC)

- ❖ The Open Network for Digital Commerce (ONDC) acts as a middleman in the world of online shopping, connecting buyers and sellers. It functions similarly to the Unified Payment Interface (UPI), a popular mobile payment system that allows people to make mobile payments regardless of the specific payment app they use.
- ❖ Govt. has taken this initiative to reduce the dominance of e-commerce giants like Flipkart and Amazon.
- ❖ ONDC is based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform.
- ❖ The foundations of ONDC are to be open protocols for all aspects in the entire chain of activities in exchange of goods and services, similar to hypertext transfer protocol for information exchange over internet, simple mail transfer protocol for exchange of emails and unified payments interface for payments.
- ❖ Buyers get access to more sellers which ultimately leads to more finest choices. Sellers can cut the advertising and commission cost associated with intermediaries. Buyers can enjoy lower rates of goods & services due to the elimination of intermediaries.



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 : 83.9425
INR / 1 GBP : 110.0850
INR / 1 EUR : 92.9036
INR /100 JPY: 58.7400

EQUITY MARKET

Sensex: 81559.54 (+375.61)
NIFTY: 24936.40 (+84.25)
Bnk NIFTY: 51117.80 (+540.95)

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