ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)
www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

DAILY NEWS DIGEST BY BFSI BOARD

11 January 2025

ECONOMY

Rupee hits lifetime low of 85.97 vs USD amid persistent FII outflows, rising crude oil prices: Indian rupee hit record low at closing on January 10 due to persistent FII outflows from Indian equities, strong dollar demand from oil importers after surge in Brent crude oil prices, and rising US treasury yields, currency experts said. According to the Bloomberg data, the local currency closed at 85.9728 against the US dollar, as compared to 85.8788 at open and 85.8638 close on the previous trading session against the greenback. Rupee closed at its weakest as risk aversion was the name of the game with dollar and JPY getting bought and other currencies, equities getting sold off, with a higher Brent oil above $78.60 per barrel
(Moneycontrol)

Industrial growth rises to six-month high of 5.2% in November: Factory output grew six-month high of 5.2 per cent in November, government data released on Friday showed. The growth, measured on the basis of changes in Index of Industrial Production (IIP), was 3.5 per cent in October. According to a Statistics Ministry, the growth rates of three sectors – Mining, Manufacturing and Electricity – for November were 1.9 per cent, 5.8 per cent and 4.4 per cent, respectively. These were 0.9 per cent, 4.4 per cent and 2.8 per cent in October. The previous high growth rate at 6.3 per cent was recorded in May. It grew by 4.9 per cent in June and 5 per cent in July. The IIP growth was flat in August before picking up at 3.1 per cent in September and 3.7 per cent in October. The growth in the factory output, measured in terms of the IIP, in April-November 2024 grew by 4.1 per cent against 6.5 per cent in the year-ago period, the data showed.
(Business Line)

Bankers ask RBI for durable liquidity as deficit mounts to Rs 2 trillion: Amid funds in the money market drying up, bankers in a meeting with the Reserve Bank of India (RBI) this week asked for liquidity to be made durable. The instruments to be used in this connection include open market operations, variable rate repo (VRR) auctions, and buy/sell swaps, said sources aware of the development. According to the data, the RBI on Thursday infused Rs 2 trillion through the liquidity adjustment facility. The RBI's intervention in the rupee spot market to stem the depreciation of the domestic currency has further strained systemic liquidity.

(Business Standard)

BANKING & FINANCE

Banking system faces huge liquidity deficit: The banking system is facing a huge liquidity deficit, which at the last count was estimated at about ₹2 lakh crore on January 9th, in the wake of RBI's intervention in the foreign exchange market to prevent sharp depreciation of the Rupee and lacklustre government spending, say market experts. The liquidity deficit had its impact on call money rates, which traded above the repo rate of 6.50 per cent. The weighted average rate (WAR) in the call money market increased to 6.88 per cent on Friday against previous day's 6.83 per cent. The systemic liquidity deficit is highlighted by the fact that at the 14-day Variable Rate Repo (VRR) auction held on Friday, the central bank received bids for liquidity injection aggregating ₹2,77,743 crore from banks against the notified amount of Rs 2.25 lakh crore. The central bank injected liquidity aggregating ₹2,25,006 crore at the weighted average rate (WAR) of 6.55 per cent.

(Business Line)

Government forms crisis management group to tackle bank strikes and ensure continuity: The government has formed a crisis management group to handle nationwide strikes by public sector bank employees, including the planned February 24-25 strike. The group will work on strengthening SOPs to ensure business continuity, such as ATM replenishment and branch services. The AIBOC demands a five-day work week and withdrawal of recent performance review directives. Apart from managing exigencies of strikes lasting three days or more, the group will work with banks to strengthen their standard operating procedures (SOPs) for ensuring business continuity, said a senior government official.

(Economic Times)

Difficult to lower rates without easy funds: Microfinance institutions: The heads of microfinance institutions (MFIs) on Friday said that it would be difficult for them to lower interest rates unless they have access to cheaper sources of funds which can be ensured by a dedicated credit guarantee scheme, refinance facility or interest subvention. With current rates between 21% and 24%, there is regulatory pressure to reduce them. Alternatives include revamping existing credit guarantee schemes and introducing an interest subvention scheme.

(Economic Times)

SBI Chairman pitches for dedicated institutions to track end-use of funds raised by small businesses: State Bank of India chairman CS Setty on Friday pitched for the creation of a market infrastructure institution to track the end-use of funds borrowed or raised as equity by small businesses. A "viable mechanism" is needed to ensure that the funds are used for the intended purposes, Setty said in remarks which come amid heightened concerns on the subject of end-use of funds. "We will require a viable mechanism to track the actual use of these funds to ensure that the funds are utilised for the purposes they have been raised for, probably through the establishment of a separate market infrastructure institution with powers to track the use of borrowed funds or the funds raised through equities," Setty said.

(Economic Times)

INDUSTRY OUTLOOK

Hotel federation FHRAI goes after Swiggy, Zomato as NRAI flags private label concerns on quick commerce: The Federation of Hotel and Restaurant Associations of India (FHRAI) is planning to approach the Ministry of Commerce and Industry against Swiggy and Zomato's standalone quick food delivery apps. The restaurant body has alleged that food aggregator platforms are leveraging their dominant positions and access to restaurant data to promote their own private labels, namely Blinkit's Bistro and Swiggy's Snacc.

(Moneycontrol)

Fund raising from capital markets to jump 21% to Rs 14.27 lakh crore in FY25: Fundraising through capital markets, which includes both equity and debt instruments, is projected to increase by nearly 21% in FY25, reaching a total of Rs 14.27 lakh crore. This marks an uptick from the Rs 11.8 lakh crore raised in FY24, according to Securities and Exchange Board of India (Sebi) chief Madhabi Puri Buch, who shared this estimate on January 10. Buch noted that during the first nine months of the current fiscal year, entities have raised Rs 3.3 lakh crore through equity and Rs 7.3 lakh crore via the debt markets, bringing the total capital mobilised to Rs 10.7 lakh crore. Looking ahead to the final quarter of FY25, Buch projected that the total amount raised for the year in both equity and

debt markets could surpass Rs 14 lakh crore, based on current trends. She shared this outlook while addressing a conference organised by the National Institute of Securities Markets (NISM) in Mumbai.
(Business Today)

Infosys countersues Cognizant, its CEO in battle over misuse of information: IT major Infosys escalated the legal tussle with Cognizant by filing a countersuit in a US court, accusing the Nasdaq-listed firm and its Chief Executive Officer (CEO) Ravi Kumar of anticompetitive practices by maintaining its monopoly. Infosys has also alleged that Kumar misused sensitive information that slowed the launch of the company's health care platform Helix. The Bengaluru-headquartered company has filed a countersuit in the Northern District of Texas, seeking a jury trial and three times the damages it claims to have suffered.
(Business Standard)

REGULATION & DEVELOPMENT

IBBI mandates eBKray auction platform to sell assets under liquidation: The Insolvency and Bankruptcy Board of India (IBBI) has mandated the exclusive use of the eBKray auction platform to sell assets under the liquidation process from April 1. The eBKray (now known as Bank Asset Auction Network) is a property listing and e-auction platform designed for banks and lending institutions, addressing recovery of non-performing asset (NPA) loans through efficient property auctions. "The IPs were directed that they shall exclusively list the details of all the unsold assets in respect of the ongoing liquidation processes on the eBKray platform and that they may utilise the eBKray auction platform for the sale of assets in respect of ongoing cases for auctions," the regulator said in a circular on Friday. IBBI directed the IPs (insolvency professionals) to list unsold assets from ongoing liquidation cases for auction on the eBKray platform by March 31. Further, the board emphasised that all auctions for such assets would be conducted exclusively through the platform starting from April 1.
(Economic Times)

Registration process for FPIs investing only in G-Secs to get easier: The Securities and Exchange Board of India (Sebi) may soon ease the registration process for foreign portfolio investors (FPIs) planning to invest only in Indian government bonds or G-Secs, an official said on Friday.The changes, which will be announced soon, will reduce the need to furnish certain data that was earlier required in the usual FPI registration process. “As far as FPIs in government debt is concerned, we will not have any specific Sebi-oriented requirement for data.

(Business Standard)

Sebi proposes increasing threshold for granular disclosures by FPIs: The Securities and Exchange Board of India (Sebi) on Friday proposed increasing the investment threshold set for granular disclosures by foreign portfolio investors (FPIs) from Rs 25,000 crore to Rs 50,000 crore. The proposal to increase the threshold is on account of a rise in daily market turnover, said Sebi in a consultation paper floated on Friday. Under the August Circular, or the additional disclosure framework by Sebi, FPIs holding more than 50 per cent of their Indian equity AUM in a single Indian corporate group or holding more than Rs 25,000 crore of the equity AUM in the Indian markets are mandated to give disclosures of ownership.

(Business Standard)

FINANCIAL TERMINOLOGY

REVERSE TRIANGULAR MERGER

- A reverse triangular merger is the formation of a new company that occurs when an acquiring company creates a subsidiary, the subsidiary purchases the target company, and the subsidiary is then absorbed by the target company.
- A reverse triangular merger is more easily accomplished than a direct merger because the subsidiary has only one shareholder, the acquiring company and the acquiring company may obtain control of the target's nontransferable assets and contracts.
- At least 50% of the payment in a reverse triangular merger is the stock of the acquirer, and the acquirer gains all assets and liabilities of the seller.

ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)
www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 85.8956
INR / 1 GBP : 105.4741
INR / 1 EUR : 88.3488
INR /100 JPY: 54.2300

EQUITY MARKET

Sensex: 77378.91 (-241.30)
NIFTY: 23431.50 (-95.00)
Bnk NIFTY: 48734.15 (-769.35)

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.
- Advance Certificate Course on FinTech

For details please visit BFSIB portal of the ICMAI

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 2nd Edition)

To purchase please visit BFSIB portal of ICMAI

TEAM BFSIB

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India (ICMAI)