



ICMAI
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DAILY NEWS DIGEST BY BFSI BOARD

12 June 2024



ECONOMY

OPEC forecasts global oil demand to grow by 2.3 million bpd in second half of 2024:

Organisation of Petroleum Exporting Countries (OPEC) forecast world oil demand to grow by an average of 2.3 million barrels per day (bpd) in the second half of 2024. The group, in its monthly oil report, said that the services sector is projected to be the main contributor to the economic growth in the second half of the year, particularly supported by travel and tourism. The oil cartel said in the non-OECD, China is expected to be the primary oil demand driver, with other countries in the region providing support. The oil demand from non-OECD is forecast to grow on average by 2.1 million bpd year-on-year in the second half. In the OECD, oil demand is estimated to increase by 0.25 million bpd y-o-y, in the same period driven mostly by the US. The ongoing air travel recovery, healthy driving levels, as well as improvements in manufacturing sector activities are projected to support jet/kerosene, gasoline, and distillate demand in the region.

(Moneycontrol)

India may grow 6.7% on average from FY25-FY27: World Bank: The World Bank on June 11 retained its GDP growth projection for India at 6.6 percent in FY25. Back in April, the World Bank had raised its GDP growth projection for India by 20 basis points to 6.6 percent for the ongoing financial year. The global agency said that India will remain the fastest-growing of the world's largest economies, although its pace of expansion is expected to moderate. After a high growth rate in 2023-24, steady growth of 6.7 percent per year, on average, is projected for the three fiscal years beginning in 2024-25, according to its Global Economic Prospects for June 2024. World Bank see India's GDP growth at 6.7 percent in FY26 and 6.8 percent in FY27.

(Moneycontrol)

India Inc's profit-to-GDP ratio at 15-year high: With a sharp run-up in the profits of oil marketing companies and the banking sector, the corporate profit-to-GDP ratio has hit a 15-year high in the financial year March 2024. The corporate profit-to-GDP ratio of the Nifty-500 universe and



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listed India Inc swelled to 4.8 per cent and 5.2 per cent, respectively. The improvement in profit was led by the BFSI (banking, financial services and insurance), oil and gas, and automobile sectors, which contributed 95 per cent of the total improvement, according to a Motilal Oswal Financial Services report.

(Business Line)

World Bank upgrades global growth outlook on resilient US economy: The World Bank raised its global growth outlook on Tuesday on the back of resilient consumer spending in the United States, but warned that growth remains weak by historical standards. In updated forecasts, the Washington-based development lender said it now expects the world economy to grow by 2.6 percent this year in real terms, up 0.2 percentage points from its last update in January. In updated forecasts, the Washington-based development lender said it now expects the world economy to grow by 2.6 percent this year in real terms, up 0.2 percentage points from its last update in January.

(Economic Times)

BANKING & FINANCE



SBI, Union Bank announce big fund-raising plans: The State Bank of India (SBI) and Union Bank of India (UBI) have announced huge fund-raising plans in the backdrop of lagging deposit growth and credit growth. SBI, India's largest bank, is planning to raise up to \$3 billion through a public offer and/or private placement of senior unsecured notes in US dollars or any other major foreign currency in the current financial year. UBI has firmed up plans to mobilise up to ₹10,000 crore, including ₹6,000 crore by way of equity capital and the balance through bonds. In view of the credit growth is outpacing deposit growth, banks are tapping other avenues (in addition to deposits) to bolster their resources to fund credit growth.

(Business Line)

RBI rejects reappointment of Rajkumar Bansal as Edelweiss ARC MD and CEO: RBI has rejected the reappointment of Rajkumar Bansal as Edelweiss Asset Reconstruction Co's (ARC) Managing Director and Chief Executive Officer. In May, the RBI imposed business restrictions on two Edelweiss Group entities, including Edelweiss ARC Ltd (EARCL) and ECL Finance Ltd for alleged violation of regulatory norms. EARCL has been ordered to stop the acquisition of financial assets, including security receipts (SRs) and reorganising the existing SRs into senior and subordinate tranches with immediate effect.



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(Business Line)

IRDAI new claim settlement rules: Insurers to settle claims within 7 days, surveyors to submit reports within 15 days: The Insurance Regulatory and Development Authority of India (IRDAI) has introduced a series of new rules that are set to significantly impact your general insurance policies, such as motor, health and home insurance, making them more customer-friendly and efficient. These changes are geared toward faster claim settlements, innovative insurance products, and reducing burdens on policyholders. One of the most notable changes is the introduction of flexible policy durations. Customers can now opt for insurance policies that span less than a year, annual, or even more than a year, providing more choices to fit individual needs and preferences. The important part is that the claim settlement process has been standardised and streamlined. The allocation of surveyors through a tech-based solution by the General Insurance Council now must occur within 24 hours of the claim report. Furthermore, surveyors must submit their survey reports within 15 days of allocation. Once the insurer receives the survey report, they need to decide on the claim within 7 days. This accelerated timeline is designed to reduce delays and enhance customer satisfaction. In terms of documentation, no claim can be rejected due to a lack of documents, as all necessary documents will be requested during the underwriting process. Upon claim settlement, customers will only need to submit documents directly relevant to the claim, simplifying the procedure. Additionally, for cases of partial loss under motor insurance, the policyholder will no longer need to dispose of the salvage themselves. Instead, the insurer will handle the salvage collection, ensuring that the policyholder receives the claim amount without inconvenience. The new rules also state that customers should be given the first choice under motor insurance of "Pay as you Drive," "Pay as you Go," and "Pay as you Use," offering tailored solutions based on actual usage rather than fixed premiums. This flexibility can result in significant cost savings for many drivers.

(Business Today)

INDUSTRY OUTLOOK



Ola Electric gets SEBI approval for ₹7,500-crore IPO: Bhavish Aggarwal-led Ola Electric Technologies has received market regulator SEBI's nod for its initial public offering (IPO) to raise ₹7,500 crore, according to sources close to the development. Ola Electric was the first-ever Indian EV two-wheeler maker to file for an IPO. The firm filed its draft red herring prospectus (DRHP) with the markets regulator on December 22, 2023. Ola Electric filed its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India (SEBI), proposing to raise up to



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₹5,500 crore through a fresh issue, apart from an offer-for-sale (OFS) component of 95.2 million shares. The firm is also looking at a pre-IPO placement of shares worth ₹1,100 crore. If this happens, the size of the fresh issue will be reduced to that extent.

(Business Line)

IBBI proposes reducing compliance burden, simplifying forms for RPs: The Insolvency and Bankruptcy Board of India (IBBI) has proposed to simplify the forms submitted for the corporate insolvency resolution process (CIRP) by resolution professionals (RPs). The changes, proposed in a discussion paper released earlier this week, follow the suggestion of the Financial Stability and Development Council (FSDC) to ease compliance burden. The move is to avoid duplication and streamline formalities undertaken by RPs. For instance, the IBBI has proposed to move to a monthly compliance reporting framework where insolvency professionals would report the status and progress of the CIRP as on the last day of every month, by filing the applicable forms by 10th day of the following month. Currently, the timelines for filing CIRP forms are linked to different events, such as the insolvency commencement date, public announcement, appointment of RPs, issue of information memorandum. This, IBBI said, leads to due dates for filing of forms falling on different dates for an insolvency professional handling multiple CIRP assignments, making the filing process cumbersome. Certain forms, such as the pre assignment form and CIRP Form-6, which details interim finance, commencement of insolvency resolution process of guarantors of the company, have been proposed to be eliminated by the IBBI.

(Business Standard)



REGULATION & DEVELOPMENT

Mohan Majhi: Tribal leader & 4-time MLA to be BJP's first Odisha CM: The BJP on Tuesday named its tribal face and four-time MLA Mohan Charan Majhi as the new chief minister of Odisha and appointed KV Singh Deo as well as Pravati Parida as his two deputies. Majhi, 52, will be BJP's first-ever chief minister for Odisha. He will replace BJD chief Naveen Patnaik, whose party was defeated in the just-concluded assembly elections after ruling the state for nearly 24 years. In the recently concluded Assembly elections in Odisha, Majhi won the Keonjhar assembly seat defeating Biju Janata Dal's Mina Majhi by 11,577 votes. He was first elected to the Odisha Assembly from the Keonjhar seat in the year 2000 and since then continues to represent it. Prior to his Assembly debut, Majhi served as a sarpanch between 1997 to 2000. He was also a member of Standing Committee of SC and ST under ORV Act.

(Moneycontrol)



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SEBI launches free investor-certification programme; free study material, no exam fee!: The market regulator, in association with the National Institute of Securities Market (NISM) has launched a free investor certification programme. In a circular issued on June 11, the Securities and Exchange Board of India (Sebi) said that this is this voluntary certification aims to help investors test their knowledge of markets and investing. It added that it is designed to assist individuals in their journey towards gaining comprehensive knowledge about investing in the Indian securities markets.

(Moneycontrol)

EU-STYLE LAW. Govt calls key meeting on draft digital competition law: A big move is afoot on the EU-style digital competition law under consideration, posing a challenge to tech firms by laying out strict compliance obligations that can impact their business model. The Ministry of Electronics and Information Technology (MeitY) has scheduled a crucial meeting with industry associations on Thursday to discuss the draft Digital Competition Bill (DCB). DCB has proposed this ex-ante law for digital markets to regulate enterprises that have a significant presence in India. India's digital economy is expected to touch the \$1 trillion mark by 2027-28, according to government estimates. The MeitY Secretary will chair the meeting on Thursday. It will cover the industry stakeholders' representations, which have raised "serious concerns" about the proposed DCB's impact on data and digital markets, according to official sources.

(Business Line)



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FINANCIAL TERMINOLOGY

RETRACEMENT

- ❖ A retracement is a technical term used to identify a minor pullback or change in the direction of a financial instrument, such as a stock or index. Retracements are temporary in nature and do not indicate a shift in the larger trend.
- ❖ The term, used by technical analysts to analyze the price of securities, refers to a short-term change in a stock's price relative to an overarching trend. Once a retracement is over, there should be a continuation of the previous trend.
- ❖ Retracements are not the same as reversals—with the latter, the price of the security must breach support or resistance levels.



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 : 83.5054
INR / 1 GBP : 106.2645
INR / 1 EUR : 89.9325
INR /100 JPY: 53.0900

EQUITY MARKET

Sensex: 76456.59 (-33.49)
NIFTY: 23264.85 (+5.65)
Bnk NIFTY: 49705.75 (-75.15)

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 - ❖ 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)
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