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## **DAILY NEWS DIGEST BY BFSI BOARD**

**12 August 2024**



## **ECONOMY**

**Uncertainty in garment sector amid Bangladesh crisis, normalcy soon: FM:** Union Finance Minister Nirmala Sitharaman on Saturday said that the garment and knitted fabric sector in Bangladesh was facing a “bit of uncertainty” but expressed hope that the country’s interim government would resolve the situation soon and protect India’s investments in the country. “I have held discussions on our textile garment investments in Bangladesh, many of which are from Tamil Nadu. The investments went there in good faith and they did well having gone there. Exports from Bangladesh had also increased,” Sitharaman said while addressing the post-budget press meet with the Reserve Bank of India (RBI) Governor Shaktikanta Das in New Delhi.

***(Business Standard)***

**Madhabi Buch made disclosures, investors should read Hindenburg disclaimer: Sebi:** While asking investors to remain calm and read the disclaimer in Hindenburg report, markets regulator Sebi on Sunday said its Chairperson Madhabi Puri Buch has been making disclosures. "Investors should remain calm and exercise due diligence before reacting to such reports. Investors may also like to take note of the disclaimer in the report that states that readers should assume that Hindenburg Research may have short positions in the securities covered in the report," Sebi said in a statement on the Hindenburg report.

***(Economic Times)***

**Nirmala Sitharaman urges banks to boost deposits as credit gap widens:** Finance Minister Nirmala Sitharaman emphasized the need for banks to focus on increasing smaller, consistent deposits, which are crucial for the banking system, as concerns grow over the widening gap between deposits and credit. She highlighted that while deposits grew by 10.6% as of late July, credit expanded by 13.7%, creating potential liquidity issues. RBI Governor Shaktikanta Das supported this view and noted that banks should innovate deposit schemes to attract more funds.

***(Economic Times)***



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## **BANKING & FINANCE**



### **FM Nirmala Sitharaman urges banks to focus on 'core banking' at post-Budget meeting:**

Union Finance Minister Nirmala Sitharaman urged banks to focus on 'core banking' during a meeting with members of the Reserve Bank of India's Central Board of Directors on August 10. "Both RBI and the government want banks to focus on core banking," the Union finance minister said underscoring the need for banks to concentrate on their fundamental operations. "The government and RBI have been telling banks continuously to focus on core banking, including deposit collection and lending money," she said. In order to overcome the mismatch between deposits and lending, Sitharaman asked banks to come up with "innovative and attractive" deposit schemes to mobilise funds from the people. Addressing the meeting RBI Governor Shaktikanta Das said that banks have the autonomy to set their own interest rates, as both deposit and lending rates are deregulated.

***(Business Today)***

### **India to introduce digital payment service in Maldives to boost local tourism, says**

**Jaishankar:** India and Maldives have signed an agreement to introduce the Unified Payments Interface (UPI) in the island nation, External Affairs Minister S Jaishankar said, adding that this will make it easier for tourists to pay for things, boosting travel to the islands and helping the local economy. The Memorandum of Understanding (MoU) in this regard was signed on August 9 during Jaishankar's three-day official visit to the Maldives.

***(Business Today)***

### **Sovereign green bonds trading at IFSC to start in 2nd half of FY25: RBI Guv:**

Reserve Bank Governor Shaktikanta Das on Saturday said trading of sovereign green bonds can commence at the International Financial Services Centre in Gujarat during the second half of the current fiscal. "We are in discussion with the IFSC, it will be operationalised very soon. I think in the second half (of the current financial year), it will be possible," Das said. In April, the Reserve Bank of India (RBI) had announced that it will issue a framework to enable the trading of sovereign green bonds in GIFT City. The government has been raising funds through green bonds since 2022-23 and has raised a total of Rs 36,000 crore in the last two years.

***(Business Standard)***



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## **HDFC Bank top executives highest paid bankers in FY24, ICICI brass next:**

The top executives of HDFC Bank, India's largest private sector lender, were the highest earning bankers in FY24, according to data compiled by Business Standard from annual reports of banks. Sashidhar Jagdishan, managing director (MD) and chief executive officer (CEO) of HDFC Bank, drew a remuneration of Rs 10.77 crore in FY24, according to the lender's annual report. Kaizad Bharucha, deputy MD at HDFC Bank, drew a remuneration of Rs 11.12 crore.

***(Business Standard)***

## **INDUSTRY OUTLOOK**



**Bombay HC orders Sebi to disclose ICICI Securities exemption letter:** The Bombay High Court on August 10 has ordered the Securities and Exchange Board of India (SEBI) to disclose the exemption letter granted to ICICI Securities, which exempted the firm from the reverse book-building process for delisting. The court ruled that the market regulator must provide this letter to Aruna Vinod Modi, an ICICI Securities shareholder who challenged the exemption. However, Aruna Modi is prohibited from sharing, reproducing, or allowing third-party inspection of the letter. Modi argued that SEBI overstepped its authority by granting the exemption, which she claimed violated delisting regulations. Additionally, a case is ongoing before the National Company Law Tribunal (NCLT) alleging that ICICI Bank improperly influenced shareholders to support the delisting of ICICI Securities from Indian stock exchanges.

***(Moneycontrol)***

**NCLT orders insolvency proceedings against Coffee Day Enterprises:** Corporate dispute tribunal NCLT has ordered initiating insolvency proceedings against Coffee Day Enterprises Ltd (CDEL), the parent company of Coffee Day Group which operates Cafe Coffee Day chain of coffee houses. The Bengaluru bench of the NCLT (National Company Law Tribunal) on August 8 admitted the plea filed by IDBI Trusteeship Services Ltd (IDBITSL) claiming a default of Rs 228.45 crore and appointed an interim resolution professional to take care of the operation of the debt-ridden company. CDEL, which also owns and operates a resort, renders consultancy services and is engaged in the sale and purchase of coffee beans, had defaulted in the payment of coupon payments of redeemable non-convertible debentures (NCDs).

***(Moneycontrol)***



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**Centre of Excellence in Corporate Forensics to be set up in GIFT City:** The Gujarat International Finance Tec-City (GIFT City) and the National Forensic Sciences University (NFSU) on Wednesday signed an agreement to set up a Centre of Excellence in Corporate Forensics. A Memorandum of Understanding was signed between the two institutions to collaborate on enhancing expertise in international arbitration, fraud investigation, data security, cyber security, and anti-money laundering, an official release said.

***(Business Line)***



## REGULATION & DEVELOPMENT

**T V Somanathan appointed as Cabinet Secretary, to take charge from August 30:** The Appointments Committee of the Union Cabinet on Saturday appointed 1987-batch IAS officer T V Somanathan as the Cabinet Secretary of India. He will remain in office for a tenure of two years, starting August 30. Somanathan, who is presently serving as the Finance Secretary of India, will discharge the duty of Officer on Special Duty in the Cabinet Secretariat from the date he joins the assignment till he takes over as the Cabinet Secretary. He will take over from outgoing 1982-batch officer Rajiv Gauba, who had occupied the post since August 30, 2019.

***(Business Today)***

**Union Cabinet approves PMAY-U 2.0 with Rs 2.30 trn housing assistance:** The Union Cabinet on Friday approved the Pradhan Mantri Awas Yojana-Urban (PMAY-U) 2.0 under which financial assistance will be provided to one crore urban poor and middle-class families through states and Union Territories to construct, purchase, or rent a house at an affordable cost in urban areas in five years. According to a statement, the government will provide an assistance of Rs 2.30 trillion under the scheme. A total of 1.18 crore houses have been sanctioned in the first phase of PMAY-U 2.0, while more than 85.5 lakh houses have already been constructed and delivered to the beneficiaries. "In pursuance of the Prime Minister's vision, PMAY-U 2.0, with an investment of Rs 10 trillion, will address the housing needs of one crore families, ensuring that every citizen leads a better quality of life," the government in a statement said.

***(Business Standard)***

**Banking laws Bill extends tenure of cooperative banks' directors to 10 yrs:** Better protection for depositors and investors was one of the chief considerations in Union Finance Minister





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Nirmala Sitharaman introducing, on Friday, the Banking Laws (Amendment) Bill, 2024, in the Lok Sabha to amend four pieces of legislation. This amendment is also to improve audit quality in public-sector banks (PSBs), offer consistency in reporting by banks to the Reserve Bank of India (RBI), and provide for an increase in the tenure of directors in cooperative banks. By proposing to amend the State Bank of India Act and the Banking Companies (Acquisition and Transfer of Undertakings) Act, the government seeks to enable transferring unclaimed dividends, shares, and interest or redemption of bonds to the Investor Education and Protection Fund (IEPF) when they remain unclaimed by investors for seven consecutive years. This will allow investors to claim transfers or refunds from the fund. However, the proposed changes to the Banking Companies (Acquisition and Transfer of Undertakings) Act left out the issue of change in the ownership pattern of PSBs. The Bill also proposes to amend various sections of the Banking Regulation Act to allow for up to four nominees from one now. This includes simultaneous and successive nominations, offering greater flexibility, and convenience for depositors and their legal heirs, especially concerning deposits, articles in safe custody, and safety lockers. The Bill also proposes to extend the tenure of directors of cooperative banks from eight years at present to 10 years. This does not include the tenure of chairman and whole-time directors. The amendment to the Banking Regulation Act also proposes to redefine “substantial interest” that would lead to an increase in the threshold for shareholding from Rs 5 lakh to Rs 2 crore, reflecting the present value. This was last fixed in 1968. Another major change proposed by the Bill is amendment to the RBI Act as well as the Banking Regulation Act to revise the reporting dates for the submission of statutory reports by banks to the RBI. The Bill proposes shifting the reporting date from the current “reporting Friday” to the last day of the fortnight, month, or quarter. This amendment aims to ensure consistency in reporting practices.

***(Business Standard)***



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# FINANCIAL TERMINOLOGY

## ECONOMIC GROWTH

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- ❖ Economic growth is an increase in the production of economic goods and services in one period of time compared with a previous period. It can be measured in nominal or real terms.
- ❖ Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used.
- ❖ Economic growth is commonly measured in terms of the increase in aggregate market value of additional goods and services produced, using estimates such as GDP.



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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 : 83.9000  
 INR / 1 GBP : 107.1218  
 INR / 1 EUR : 91.6697  
 INR /100 JPY: 57.0200

**EQUITY MARKET**

Sensex: 79705.91 (+819.69)  
 NIFTY: 24367.50 (+250.50)  
 Bnk NIFTY: 50484.50 (+327.80)

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- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
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**Publications by BFSI  
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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 2<sup>nd</sup> Edition)**
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