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DAILY NEWS DIGEST BY BFSI BOARD

12 December 2024



ECONOMY

Nirmala Sitharaman stresses sustainable debt management to protect future generations: Highlighting the growing challenge of inter-generational debt, Finance and Corporate Affairs Minister Nirmala Sitharaman on Wednesday underscored the need for economies to prioritise “debt management and financial security” in the coming decade. She cautioned against placing an excessive financial burden on future generations, calling for sustainable fiscal policies to address the issue. “Responsible economies can’t be run with borrowings so large that the next generation already knows the pain and liability they are facing. After all they are going to be passed through as taxation to generate that resource to pay back the debt that you have taken”, Sitharaman said at the second edition of the Global Economic Policy Forum organised jointly organised by the Finance Ministry and Confederation of Indian Industry (CII) in the capital.

(Business Line)

ADB cuts India’s growth forecast for FY25 to 6.5%: Asian Development Bank (ADB) on Wednesday cut India’s economic growth rate, measured in terms of changes in GDP (Gross Domestic Product), by 50 basis points (bps; 100 basis points equal 1 percentage point) to 6.5 per cent. This is lower than the RBI’s projection of 6.6 per cent and at the lowest end of the government’s projection band of 6.5-7 per cent. In the latest global economic growth outlook report (ADO), the ADB said that India’s growth outlook has been revised downward to 6.5 per cent from 7 per cent for this year, and to 7 per cent from 7.2 per cent for the next year (2025-26), due to lower-than-expected growth in private investment and housing demand. “The downward revision of the forecast for fiscal year 2024-25 reflects a deceleration of growth in Q2 (July-September) FY2024-25 to 5.4 per cent from 8.2 per cent in Q2 FY2023-24,” the agency said.

(Business Line)

Centre grants one year extension for select IT hardware import system: The Directorate General of Foreign Trade (DGFT) on Wednesday extended the import management system for select



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IT hardware products for another year. This comes at a time when domestic production in India is far lower than the demand. The current import management system for the seven IT hardware products including laptop, tablet, all-in-one personal computer, ultra small form factor computer and servers, is valid till December 31, 2024. According to the latest DGFT notification, importers will have to seek fresh authorisation for next year.

(Business Standard)

BANKING & FINANCE



Shriram Finance exits housing finance biz, sells 85% stake to Warbug Pincus for ₹3,929 crore: Shriram Finance Ltd. completed the sale of its housing finance subsidiary to Warburg Pincus affiliate on Wednesday, December 11, for ₹3,929 crore. The flagship company of the Shriram group sold its entire 84.44 per cent shareholding on a fully diluted basis. With the completion of the stake sale, Shriram Housing Finance has ceased to be a subsidiary of Shriram Finance. According to the company's statement, Shriram Housing Finance Limited (SHFL) has contributed significantly to the promoter group's financial inclusion by focusing on the housing needs of the underserved segments.

(Mint)

SBI seeks counter bids to sell Rs 52k cr of consortium's loans in JAL: State Bank of India (SBI) has invited counter bids from entities interested in acquiring bad debt of Rs 52,074 crore in Jaiprakash Associates Ltd (JAL) through a Swiss challenge auction, triggered by an anchor bid from state-owned National Asset Reconstruction Company Ltd. (NARCL). NARCL has made an offer of Rs 12,000 crore to acquire the debt of 25 lenders on a 15:85 cash: security receipts basis. NARCL's anchor bid would translate into a recovery of 23 per cent for the lenders. Previously, NARCL had offered Rs 10,000 crore to take over the lenders debt in the company but it upped its offer to Rs 12,000 crore subsequently.

(Business Standard)

Banks compliant with Trai's new regulations on message traceability: Large commercial banks in the country are compliant with new Telecom Regulatory Authority of India (Trai) norms on message traceability, which came into effect from December 11, bankers aware of the development said. According to senior public sector bank executives, all the mobile phone numbers are white labelled for call centres and compliances are in place as far as large commercial banks are concerned.



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However, there may be challenges at the vendor (operator) level, as banks are working with certain telecom operators. These operators will need to address the issues on their end.

(Business Standard)

Bank of Baroda launches Mahila Swavalamban scheme for women entrepreneurs.:

Bank of Baroda has announced two new loan schemes for Micro, Small, and Medium Enterprises (MSMEs), focusing on assisting women entrepreneurs. The loan schemes are Baroda Mahila Swavalamban and Baroda Smart OD. Baroda Mahila Swavalamban offers loans for women-led enterprises with interest rates starting at 9.15%. Businesses can avail of loans ranging from ₹20 lakh to ₹7.5 crore, with collateral-free options available for loans up to ₹5 crore through the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) guarantee. The CGTMSE is a government scheme to make collateral free loans easily accessible. The scheme provides a 50% rebate on processing charges and allows repayment over a maximum tenure of 120 months, including a moratorium period. It is open to UDYAM and GST-registered enterprises that are at least 51% owned by women.

(Mint)

ICICI Bank partners with Commonwealth Bank of Australia to strengthen Australia-India trade:

ICICI Bank has signed a MoU with Commonwealth Bank of Australia (CBA) to support customers across the Australia-India corridor. Under the MoU, both Banks will explore collaborations to facilitate the introduction of corporate and institutional customers who are interested in investing or setting up businesses in the other bank's home country. Further, the Banks will facilitate trade between corporate customers in Australia and India by supporting them with banking services and providing guidance for cross-border trade opportunities. The Banks will assist customers migrating to Australia and India with banking services.

(Business Line)

INDUSTRY OUTLOOK



Vishal Mega Mart plans quick commerce rollout, CEO says well-funded for expansion:

The Rs 8,000 crore IPO of Vishal Mega Mart is open for subscription with the company seeing strong institutional interest, raising Rs 2,400 crore via the anchor book. The retailer has also hopped on to the quick commerce band wagon after testing a pilot last year, and is rolling out



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under two-hour delivery at no extra charge, provided the order exceeds Rs 300. The company is present in the fast fashion retail segment with focus on young buyers, and said that it is making strong progress in the category. The retailer saw double-digit same-store sales growth at 13.6% last year. In an interview with Moneycontrol, Gunender Kapur, Managing Director & Chief Executive Officer of Vishal Mega Mart shared insights into company's growth strategy, expansion plans, and financial performance. Here is an edited excerpt from the interview.

(Moneycontrol)

Adani Ports withdraws request for \$553 million funding from US DFC:

Adani Ports and Special Economic Zone said it has withdrawn its request for \$553 million funding from the US Development Finance Corporation for completing the port project in Sri Lanka, saying that it would fund the project through its internal accruals. The company ended September with cash balances of ₹8,893 crore and net debt of ₹35,236 crore. In a recent note on the company and overseas bonds issued by it, JP Morgan had said it was overweight on four bond issuances since they were underpinned by strong cashflows. It has around \$290 million of debt repayments coming up next month, which is backed by a pledge of Haifa Port in Israel.

(Business Line)



REGULATION & DEVELOPMENT

PF withdrawal from ATMs: 'Major improvements from January 2025,' says Labour secretary: Labour Secretary Sumita Dawra announced that the Labour and Employment Ministry is currently in the process of enhancing its IT systems to better serve the workforce of India. She mentioned that EPFO subscribers can expect significant improvements, as they will soon have the ability to directly withdraw funds from their provident accounts at ATMs starting next year. "We are upgrading the IT system of our PF provision. We have already seen some improvements. The speed and auto-settlement of claims have increased, and unnecessary processes have been removed. Our ambition is to bring the IT infrastructure of our EPFO to the same level as our banking system.

(Business Today)

MCA offers e-adjudication, e-consultation to boost stakeholder confidence: The Ministry of Corporate Affairs (MCA) has introduced e-adjudication and e-consultation platforms to streamline legal proceedings and foster a more business-friendly regulatory environment, a senior official said on Wednesday. Addressing the ASSOCHAM-ACCA Global Summit on Responsible Corporate



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Governance and Sustainability Reporting, Anita Shah Akella, CEO of the Investor Education and Protection Fund Authority (IEPFA) and Joint Secretary at MCA, highlighted the government's commitment to balancing corporate integrity with economic dynamism. The introduction of e-adjudication and e-consultation platforms aims to simplify legal procedures, improve stakeholders' experience, and bolster India's ranking in the ease of doing business.

(Business Standard)



FINANCIAL TERMINOLOGY

NULL HYPOTHESIS

- ❖ A null hypothesis is a type of statistical hypothesis that proposes that no statistical significance exists in a set of given observations. Hypothesis testing is used to assess the credibility of a hypothesis by using sample data. Sometimes referred to simply as the “null,” it is represented as H_0 .
- ❖ The null hypothesis, also known as “the conjecture,” is used in quantitative analysis to test theories about markets, investing strategies, and economies to decide if an idea is true or false.
- ❖ The null hypothesis assumes that any kind of difference between the chosen characteristics that you see in a set of data is due to chance. For example, if the expected earnings for the gambling game are truly equal to zero, then any difference between the average earnings in the data and zero is due to chance.



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 : 84.8427
INR / 1 GBP : 108.3221
INR / 1 EUR : 89.2947
INR /100 JPY: 55.9100

EQUITY MARKET

Sensex: 81526.14 (+16.09)
NIFTY: 24641.80 (+31.75)
Bnk NIFTY: 53391.35 (-186.35)

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