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DAILY NEWS DIGEST BY BFSI BOARD

14 September 2024



ECONOMY

Govt removes MEP on basmati rice, onion; tightens stock limit on wheat: With crucial state elections around the corner, the central government on Friday took a slew of decisions that included lifting the Minimum Export Price (MEP) of basmati rice and onions while at the same time tightening the stock holding limit on wheat. The MEP of basmati rice was first imposed last year at \$1,200 per tonne before it was lowered to \$950 per tonne. However, with basmati rice prices dropping by more than Rs 1,000 per quintal in major growing markets of Haryana and Punjab, farmers have been demanding a lifting of the export cap to boost overseas sales.

(Business Standard)

MoSPI may use GST data to calculate GDP figures after base year revision: In a bid to improve the calculation of gross domestic product (GDP), the Ministry of Statistics and Programme Implementation (MoSPI) is expected to incorporate goods and services tax (GST) data as a new source once the ongoing revision of the national accounts' base year is completed, according to a senior official. Until now, the Goods and Services Tax Network (GSTN) has been reluctant to share such data with MoSPI, citing confidentiality concerns. When the base year is revised for national accounts, new data sources will be included, with monthly GST data being one of them.

(Business Line)

FinMin extends exports incentive schemes to exports through courier: The Union Finance Ministry on Friday extended export-related benefits, including Duty Drawback, Remission of Duties or Taxes on Exported Products (RoDTEP), and Rebate of State and Central Taxes and Levies on Export of Goods (RoSCTL), to exports made via courier mode. The Central Board of Indirect Taxes and Customs (CBIC) under the Department of Revenue, Ministry of Finance (MoF), in its circular said, "The courier import and export shipments are handled on the Express Cargo Clearance System (ECCS) for clearance at the notified International Courier Terminals (ICTs). Owing to inherent limitations of the system's architecture, it has not been feasible to process certain export-related



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payments (i.e. Duty Drawback, RoDTEP, and RoSCTL) on ECCS. Hence, it has been decided to use the Indian Customs EDI System (ICES) at the International Courier Terminals to process the aforesaid payments, as ICES has the requisite facilities, such as scroll generation and integration with PFMS.”

(Business Standard)

BANKING & FINANCE



RBI imposes penalty on BNP Paribas, 3 others for compliance lapses: The Reserve Bank of India on Friday said it has imposed a penalty of Rs 31.8 lakh on BNP Paribas (the bank) for certain deficiencies in statutory and regulatory compliance. The central bank has also imposed penalties on Hewlett Packard Financial Services (India), SMFG India Credit Company, and Muthoot Vehicle & Asset Finance for non-compliance with certain norms. In a statement, the RBI said the penalty has been imposed on the bank for non-compliance with certain directions issued by it on 'Interest Rate on Advances'. Giving details, it said the statutory inspection for Supervisory Evaluation of the bank was conducted by it with reference to its financial position as of March 31, 2023.

(Business Standard)

BoB to launch 7 phygital branches as a pilot project: Bank of Baroda (BoB) is planning to launch seven phygital branches as a pilot project across the country. These branches integrate self-service and assisted service models. Debadatta Chand, Managing Director and CEO, recently inaugurated the bank's second phygital branch in Mumbai at Vile Parle. BoB opened its first phygital branch at Horniman Circle in Mumbai in July. The second branch was opened last month at Chanda Nagar in Hyderabad last month.

(Business Line)

Mahindra & Mahindra Financial to expand mortgage business: Mahindra & Mahindra Financial Services said on Friday it will expand its mortgage loan business to further strengthen its presence in the financial services sector. The company will provide housing finance loans, top-up loans, home improvement and home extension loans, among others, it said in an exchange filing. The Mumbai-based non-banking finance company (NBFC) will also participate in the government's affordable housing loan schemes, it said.

(Economic Times)



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Banks with large commercial real estate exposure may be shortsellers' targets, says RBI's Shaktikanta Das: Reserve Bank of India Governor Shaktikanta Das while addressing Bretton Woods Committee's Future of Finance Forum in Singapore flagged concerns for banks with large commercial real estate exposure, saying they might be shortseller targets. "Banks exhibit high sensitivity to expected and unexpected CRE losses, due to the relatively high CRE coverage ratios in their loan books. Further, liquidity squeezes can materialise for banks with large CRE exposures, as short sellers may target them and investor confidence may slip further. Staying alert and undertaking forward looking regulatory measures ahead of the curve can contain the risks to bank balance sheets and systemic stability," said Das.

(Economic Times)

INDUSTRY OUTLOOK



Sebi disposes of proceedings against NSE, ex-officials in co-location case: Market regulator Securities and Exchange Board of India (SEBI) has disposed proceedings against the National Stock Exchange (NSE) in the alleged co-location case. In an order released on September 13, SEBI said, "There is no dispute to the fact that NSE did not have a detailed defined policy for the use of Colo (co-location) facility. It even failed to monitor the use of the secondary server by TMs without having sufficient reason. The defence put forward by NSE about the issuance of welcome email in the form of 'registration enablement mail' at the time of providing Colo facility to TMs, can't be said to be justifying its role as a first-level regulator." The regulator cited insufficient evidence for conclusion and closed the case without any direction. Earlier this year, SEBI had rejected a settlement application by the NSE in the co-location case.

(Business Today)

Adani Group rejects allegations concerning Swiss bank accounts, terms them baseless: The Adani Group has rejected and denied "baseless allegations" over reports concerning freezing of some funds in Swiss bank accounts. The Business conglomerate asserted that it has no involvement in any Swiss court proceedings, nor have any of the company accounts been subject to sequestration by any authority. The Adani Group said in a statement that the allegations are clearly preposterous, irrational, and absurd and it is yet another orchestrated and egregious attempt by the same cohorts acting in unison to inflict damage on the group's reputation. "We unequivocally reject and deny the baseless allegations presented. The Adani Group has no involvement in any Swiss court proceedings, nor have any of our company accounts been subject to sequestration by any authority. Furthermore,



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even in the alleged order, the Swiss court has neither mentioned our group companies, nor have we received any requests for clarification or information from any such authority or regulatory body,” the statement said.

(Financial Express)

Govt launches digital platform to ease exports: The ministry of commerce and industry on Wednesday launched an online platform that pools in information on foreign trade from diverse sources to guide the existing and aspiring exporters on the opportunities available in the international market and how to capture them. The “Trade Connect e-Platform” serves as a one-stop solution, providing exporters with near real-time access to critical trade-related information, while seamlessly connecting them to key government entities such as the Indian Missions abroad, Department of Commerce, Export Promotion Councils, and other trade experts. Right from answering queries on global demand of a product and country-wise trade information, the platform will also guide exporters on international standards, market access conditions, compliance requirements and forge connections with international buyers.

(Financial Express)



REGULATION & DEVELOPMENT

High premium costs for parametric insurance flagged at NDMA meet amid GST concerns: The high cost of policy premium for parametric insurance cover was flagged during a meet organised by the National Disaster Management Authority (NDMA) on Friday. A parametric cover pays claims based on predefined disaster triggers, such as earthquakes or storms. There has been a strong demand for roll back on imposition of 18 percent GST for insurance premium, announced during the recent budget by the Finance ministry. It has also been noted by the GST council which met recently and referred the same to the Group of Ministers (GoM).

(Economic Times)

RBI Guv warns against stretched valuations, says sudden shocks can spread stress across markets: RBI Governor Shaktikanta Das on Friday cautioned that to the extent that valuations are currently stretched, sudden shocks could precipitate stress that spreads contagiously across financial market segments through sell-offs and band-wagon effects. “Global financial markets have displayed resilience in recent months, with equity and bond yields rallying, volatility remaining low for the most part, and narrowing of corporate bond spreads; but there has been a sharp increase



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in prices of relatively riskier assets,” Das said at the third annual conference of the Bretton Woods Committee’s Future of Finance Forum in Singapore.

(Economic Times)

APEDA signs MoU with LuLu Group International to promote Indian Organic Products globally: The Agricultural and Processed Food Products Export Development Authority (APEDA), under the Ministry of Commerce & Industry, Government of India, signed a Memorandum of Understanding (MoU) with LuLu Group International (LLC), a leading retail chain in the Middle East and Asia. As part of the agreement, LuLu Group will showcase a wide range of certified Indian organic products in its stores across the United Arab Emirates (UAE). APEDA will support these efforts by facilitating connections between organic growers in India including Farmer Producer Organizations (FPOs), Farmer Producer Companies (FPCs) and cooperatives and LuLu Group. This will ensure that Indian organic products reach a wider global audience.

(PiB)



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FINANCIAL TERMINOLOGY

GAMMA HEDGING

- ❖ An active trading strategy meant to hedge risk on options trades. Gamma hedging, tactical trading and intraday momentum used to be for hedge fund managers exclusively, but as technology disrupts many professions that had high bars of entry, more retail investors are becoming sophisticated active traders.
- ❖ Gamma hedging is also employed at an option's expiration to immunize the effect of rapid changes in the underlying asset's price that can occur as the time to expiry nears.
- ❖ Gamma hedging consists of adding additional option contracts to a portfolio, usually in contrast to the current position. For example, if a large number of calls were being held in a position, then a trader might add a small put-option position to offset an unexpected drop in price during the next 24 to 48 hours, or sell a carefully chosen number of call options at a different strike price. Gamma hedging is a sophisticated activity that requires careful calculation in order to be done correctly.



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 : 83.9180
INR / 1 GBP : 110.2235
INR / 1 EUR : 92.9537
INR /100 JPY: 59.4900

EQUITY MARKET

Sensex: 82890.94 (-71.77)
NIFTY: 25356.50 (-32.40)
Bnk NIFTY: 51938.05 (+165.65)

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TEAM BFSIB

**Banking, Financial Services & Insurance Board
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