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DAILY NEWS DIGEST BY BFSI BOARD

15 May 2024



ECONOMY

US warns India of risk of sanctions following Chabahar port deal with Iran: The US State Department has warned India about the potential risk of economic sanctions that any entity considering a business deal with Iran faced after New Delhi signed a 10-year deal with Tehran to operate the Chabahar port. It also emphasised that no exemptions would apply. India signed a 10-year agreement on Monday with Iran to operate and manage the Chabahar Port, located close to Iran's southeastern border with Pakistan. India and Iran have projected the port as a key hub for the 7,200-km-long International North South Transport Corridor for moving freight between India, Iran, Afghanistan, Armenia, Azerbaijan, Russia, Central Asia and Europe, bypassing Pakistan.

(Business Line)

Navigating the AI tsunami: IMF boss sounds alarm on job impact, calls for swift action: Artificial intelligence (AI) is poised to impact the global labor market significantly, likened to a tsunami by International Monetary Fund Managing Director Kristalina Georgieva. According to Georgieva, AI is expected to affect around 60% of jobs in advanced economies and 40% worldwide within the next two years. Speaking at an event in Zurich organized by the Swiss Institute of International Studies, affiliated with the University of Zurich, Georgieva emphasized the urgent need to prepare both people and businesses for this imminent change. "We have very little time to get people ready for it, businesses ready for it," she said.

(Economic Times)

Govt to handhold exporters for defending RoDTEP benefits: The government is working out a mechanism to help exporters handle the investigations by importing countries on support extended to them under the Remission of Duties and Taxes on Exported Products (RoDTEP) that sometimes leads to the imposition of countervailing duties. The US investigators have visited exporting units in the past to verify whether the benefit given under RoDTEP is in proportion to the taxes on inputs. In



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many cases the exporters have not been able to fully establish the link because of some gaps in the documentation.

(Financial Express)

BANKING & FINANCE



PSBs draw up action points to stem market share loss: Public sector banks (PSBs) plan to up their game in the competitive banking space by stepping up focus on women, youth and MSME customers; on-boarding TASCs (Trusts, Associations, autonomous bodies, Societies, Clubs) to mop up low-cost deposits; and introducing reward and motivation programmes for employees, among others.

(Business Standard)

GST Appellate Tribunals may be functional by year end, early 2025: The work on setting up the long-awaited Goods and Services Tax (GST) Appellate Tribunal seems to be picking up steam now and it is expected to be set up over the next few months. “The objective is to ensure that the GST Appellate Tribunal is operationalised at the earliest. It is likely to be done by the end of the year or early 2025, at the latest,” said a person close to the development, adding that the initial aim of setting them up by the middle of this year may get slightly delayed. Finance Minister Nirmala Sitharaman had on May 6 administered the oath of integrity and secrecy to Justice (Retd) Sanjaya Kumar Mishra as the President of the GST Appellate Tribunal. The government is also in the process of appointing judicial and technical members for the appellate tribunal. In February this year, the finance ministry had sought applications for a total of 96 posts in the GST Appellate Tribunals. In all, there are 63 vacancies for the post of judicial members and 32 for technical members (Centre) and 1 for a technical member (state)

(Moneycontrol)

Non-life insurance premium up nearly 16% in April 2024, shows data: Non-life insurers posted nearly 16 per cent year-on-year (YoY) growth in gross direct premium underwritten in April 2024, data released by the General Insurance Council showed. Gross Direct Premium Underwritten of the non-life insurers in April was Rs 29561.82 crore, 16.24 per cent up from Rs 25431.24 crore in April 2023. The premium of general insurers grew by 15.30 per cent Y-o-Y to Rs 26918.86 crore. The public sector general insurers clocked 7.74 per growth in premium to Rs 10345.04 crore, whereas, the private sector counterparts witnessed 20.58 per cent improvement to Rs 16573.82 crore.

(Business Line)



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Tata AIG General Insurance partners Aurm for its vault services: Aurm, an asset protection firm has announced a strategic partnership with Tata AIG General Insurance, to provide comprehensive insurance coverage to its customers for their valuables. "We are happy to partner with Aurm to offer an innovative cover to insure one's personal assets. Coupled with renowned Aurm's security infrastructure and technology, Tata AIG's insurance coverage for safe vault owners will provide them with ease of mind in protecting their high-value possessions," Mrudul Murthy, Vice president, SME, Tata AIG General Insurance said.

(Economic Times)

INDUSTRY OUTLOOK



FM Sitharaman cautions 'unchecked explosion' in retail F&O trading could create future challenges: Union Finance Minister Nirmala Sitharaman appealed to decision makers at NSE and BSE to work closely with market regulator SEBI to create a stringent regulatory standard. She was speaking at the "Vision for Indian Finance Markets" event at BSE in Mumbai. Any unchecked explosion in retail trading of futures and options (F&O), she warned, could create future challenges not just for markets, but for investor sentiment and household finances. "I would appeal to the BSE that you should work closely with Sebi in order to ensure stringent compliance and regulatory standard so that investor confidence grows further.," the Minister said. Sitharaman also spoke about the active role that household finances and participation from middle class investors has been playing in protecting the market from fluctuations. Hence, she said that there is a need to protect the investors and their contributions. "Household finances have made a generational shift, we want to safeguard that, we want to ensure that it is not going to be shattered."

(Moneycontrol)

DHFL director Dheeraj Wadhawan arrested by CBI in Rs 34,000-crore bank fraud case, sent to judicial custody: The Central Bureau of Investigation (CBI) on May 14 arrested former DHFL director Dheeraj Wadhawan in connection with a Rs 34,000-crore bank fraud case. Wadhawan was taken into custody from Mumbai on May 13 evening, the officials told news agency PTI and added that he was produced before a special court in Delhi on Tuesday that sent him to judicial custody. He was already charge-sheeted by the CBI in connection with the case in 2022. Wadhawan was earlier arrested by the agency in connection with the Yes Bank corruption case and was on bail. The CBI had



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registered the DHFL case related to the alleged defrauding of a consortium of 17 banks to the tune of Rs.34000 crores.

(Moneycontrol)



REGULATION & DEVELOPMENT

GST Appellate Tribunals may be functional by year end, early 2025: The work on setting up the long-awaited Goods and Services Tax (GST) Appellate Tribunal seems to be picking up steam now and it is expected to be set up over the next few months. “The objective is to ensure that the GST Appellate Tribunal is operationalised at the earliest. It is likely to be done by the end of the year or early 2025, at the latest,” said a person close to the development, adding that the initial aim of setting them up by the middle of this year may get slightly delayed. Finance Minister Nirmala Sitharaman had on May 6 administered the oath of integrity and secrecy to Justice (Retd) Sanjaya Kumar Mishra as the President of the GST Appellate Tribunal. The government is also in the process of appointing judicial and technical members for the appellate tribunal. In February this year, the finance ministry had sought applications for a total of 96 posts in the GST Appellate Tribunals. In all, there are 63 vacancies for the post of judicial members and 32 for technical members (Centre) and 1 for a technical member (state).

(Business Today)

Index Numbers of Wholesale Price in India for the Month of April, 2024 (Base Year: 2011-12): The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 1.26 % (Provisional) for the month of April, 2024(over April, 2023). Positive rate of inflation in April, 2024 is primarily due to increase in prices of food articles, electricity, crude petroleum & natural gas, manufacture of food products, other manufacturing etc. The index for this major group increased by 1.97% to 186.7 (provisional) in April, 2024 from 183.1 (provisional) for the month of March, 2024. Prices of crude petroleum & natural gas (3.56%) and food articles (2.67%) increased in April, 2024 as compared to March, 2024. Prices of non-food articles (-1.19%) and minerals (-1.55%) declined in April, 2024 as compared to March, 2024.

(PiB)



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FINANCIAL TERMINOLOGY

MEME STOCKS

- ❖ A meme stock refers to the shares of a company that have gained viral popularity due to heightened social sentiment. This social sentiment is usually due to activity online, particularly on social media platforms. These online communities can dedicate heavy research and resources toward a particular stock.
- ❖ Meme stocks often have heavier discourse and analysis in discussion threads on websites like Reddit and posts to followers on platforms like X (formerly Twitter) and Facebook.
- ❖ Though some believe meme stock communities coordinate efforts to influence the prices of those shares, meme stock shareholders are often an unorganized set of independent individuals, each with their own investment views and preferences. Collectively, their independent actions have been shown to initiate short squeezes in heavily shorted names. As a result, meme stocks can become overvalued relative to fundamental technical analysis.



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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 : 83.5201
INR / 1 GBP : 104.8767
INR / 1 EUR : 90.0825
INR /100 JPY: 53.3700

EQUITY MARKET

Sensex: 73104.61 (+328.48)
NIFTY: 22217.85 (+113.80)
Bnk NIFTY: 47859.45 (+105.35)

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