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DAILY NEWS DIGEST BY BFSI BOARD

15 August 2024



ECONOMY

Exports shrink 1.5% in July, trade deficit widens to \$23.5 billion: India's merchandise trade deficit rose to the highest level in nine months in July on the back of high crude imports and a contraction in overall goods exports after three straight months of positive growth. Exports contracted 1.47% on year to \$33.98 billion in July, while imports rose 7.4% to \$ 57.48 billion. The trade deficit of \$23.5 billion registered in the month was the highest since October, when it touched \$30 billion. The key reason for the relatively higher deficit in July was a 17% increase in crude oil imports during the month to \$ 13.8 billion while imports of petroleum products fell 22% on year to \$ 5.2 billion, officials said.

(Financial Express)

India seeks review of trade pact with UAE: India is seeking a review of certain provisions of the Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE) to address the issues that have cropped up following a surge in imports of precious metals from the West Asian nation. "As regards CEPA, there are two things – one is the value addition norms and second is reduction (of customs duties). So we are in discussion with them and there are various issues which are discussed under the review," commerce secretary Sunil Barthwal told reporters. "Once we get it (the review), then we will look at all the issues holistically."

(Financial Express)

India's wholesale inflation eases to 3-month low of 2.04% in July: India's wholesale inflation, measured using the Wholesale Price Index, eased to a 3-month low of 2.04 per cent on an annual basis in July as against a 16-month high of 3.36 per cent in June, showed government data on Wednesday. The annual rate of inflation for Primary Articles of WPI stood to 3.08 per cent in July as compared to 8.80 per cent in June. Manufactured products' inflation surged to 1.58 per cent in July from 1.43 per cent in June. The fuel and power inflation increased to 1.72 per cent as against 1.03 per cent in June. "Positive rate of inflation in July, 2024 is primarily due to increase in prices of food



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articles, manufacture of food products, mineral oils, crude petroleum & natural gas, other manufacturing etc," the government said in a pres release.

(Economic Times)

BANKING & FINANCE



Karnataka govt orders state departments to close accounts in SBI & PNB: The Karnataka government on Wednesday ordered all departments to close their accounts in SBI and PNB. All state departments have been directed to close accounts and recover deposits. No further deposits or investments will be allowed in these banks. The decision has been taken over alleged misappropriation of funds. The state government has set September 20 deadline for all departments to comply, according to a circular dated August 12 from PC Jaffer, secretary (budget & resources), finance department, which has been approved by CM Siddaramaiah. "Accounts held in the State Bank of India and Punjab National Bank by state government departments, public enterprises, corporations, local bodies, universities, and other institutions must be terminated forthwith. Additionally, no further deposits or investments are to be made in these banks," the order said. This action follows reports of two fraudulent transactions. The first involves a fixed deposit of Rs 25 crore at PNB's Rajajinagar branch, started by the Karnataka Industrial Area Development Board on September 14, 2011. Despite the deposit term ending, PNB allegedly released only Rs 13 crore, and efforts to resolve the issue over the past decade have been unsuccessful. The second case involves a Rs 10 crore fixed deposit at the former State Bank of Mysore, now part of SBI. The Karnataka State Pollution Control Board's deposit was misused to settle loans of a private company with forged documents. Efforts to recover the amount have been similarly unsuccessful.

(Moneycontrol)

New accounting standards for insurance notified, raise investment chances: Ministry of Corporate Affairs notified new accounting norms for "insurance contracts", aligning the Indian standards with the global ones and paving the way for a major revamp in the country's accounting practices adopted in the insurance industry. The new standards would help global investors better gauge the risk exposure of domestic insurers, a senior official said. The Accounting Standard (Ind AS 117) would be applicable from April 1, 2024, the ministry said in a notification. The insurance regulator could now announce the date of adoption of the new standards by relevant entities, said the



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official. The government had in 2021 raised the FDI limit in insurance to 74% from 49% and allowed foreign ownership and control of these firms with certain safeguards.

(Economic Times)

Banks bat for frequent Lok Adalats to settle small-value loans: Banks have reached out to the government, making a case for more frequent Lok Adalats to be held through Debt Recovery Tribunals, or DRTs, to settle distressed loans out of court. A representation was made by a few public sector banks (PSBs) last month on the matter, two executives aware of the matter told ET. "These recommendations are part of the discussions with the government to step up on loan recovery and ensure expeditious resolutions," one of them said. Under existing laws, banks can take cases where the loan outstanding does not exceed ₹20 lakh to the Lok Adalat forum to try to settle it amicably with the borrower.

(Economic Times)

INDUSTRY OUTLOOK



Bharti raises USD 1.8 billion from Barclays for BT stake buy: Bharti Group has raised about \$1.8 billion from Barclays for its proposed acquisition of a 24.5% stake in the UK's BT Group, according to people familiar with the development. A clutch of international banks may look to provide additional funding depending on the group's requirement for more debt for the deal, they said. The acquisition of 9.99% stake in BT via open market trade is being made by Bharti Global, the international arm of Bharti Enterprises, through Bharti Televentures. The remaining 14.51% will be bought after it gets regulatory clearances.

(Economic Times)

India's imports from China up 13%; exports dip 9.44% in July: India's exports to China dipped by 9.44 per cent to \$1.05 billion, while imports rose by 13.05 per cent to \$10.28 billion in July, according to the commerce ministry data. Cumulatively, during April-July this fiscal, exports to the neighbouring country also dipped by 4.54 per cent to \$4.8 billion, while imports grew 9.66 per cent to \$35.85 billion, leaving a trade deficit of \$31.31 billion, the data showed.

(Economic Times)



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REGULATION & DEVELOPMENT

Govt names Govind Mohan as next Home Secretary: The Appointments Committee of the Cabinet on August 14 named Govind Mohan as the next Home Secretary, effective from August 22. Mohan, an IAS officer of the 1989 batch from the Sikkim cadre, is currently the Secretary in the Ministry of Culture. He is being appointed as an Officer on Special Duty in the Home Ministry, effective immediately, according to a government statement.

(Moneycontrol)

Govt looking at revising FDI policy, says commerce secretary Barthwal: The Union government is looking at revising the foreign direct investment (FDI) policy, and is doing stakeholder consultation regarding the same, Commerce Secretary Sunil Barthwal said here on Wednesday. “The Department for Promotion of Industry and Internal Trade (DPIIT) is looking into what should be the revised FDI policy and they are working in that direction. They are also doing stakeholder consultation. Once they take a position on FDI, that will be a better way of looking at it,” Barthwal told reporters when asked about the commerce department’s views on the Economic Survey suggestion to increase FDI inflows from China.

(Business Standard)



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FINANCIAL TERMINOLOGY

COINSURANCE

- ❖ Coinsurance is the amount, generally expressed as a fixed percentage, an insured must pay toward a covered claim after the deductible is satisfied. It is common in health insurance.
- ❖ Some property insurance policies also contain coinsurance provisions. In this case, coinsurance is the amount of coverage that the property owner must purchase for a structure.
- ❖ Coinsurance is the percentage under an insurance plan that the insured person pays toward a covered expense or service.
- ❖ The coinsurance clause in a property insurance policy requires that a home is insured for a percentage of its total cash or replacement value.

Wishing a happy Independence Day



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 : 83.9366
INR / 1 GBP : 107.6879
INR / 1 EUR : 92.2726
INR /100 JPY: 57.0400

EQUITY MARKET

Sensex: 79105.88 (+149.85)
NIFTY: 24143.75 (+4.75)
Bnk NIFTY: 49727.30 (-104.55)

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