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DAILY NEWS DIGEST BY BFSI BOARD

15 November 2024



ECONOMY

WPI inflation rises to 4-month high of 2.36 per cent in October: India's wholesale price index (WPI)-based inflation rose to a four-month high of 2.36% in October primarily due a spike in key food prices and an unfavourable base, data released by the commerce ministry showed on Thursday. In October 2023, WPI inflation was (-)0.26%, and in September, it was 1.84%. The wholesale food inflation in October soared to double digits, coming in at 11.59%, the highest print in 28 months. This was mainly driven by a surge in prices of vegetables, oilseeds, and cereals. According to Icra's Chief Economist Aditi Nayar, food inflation alone pushed up the headline WPI print by as much as 63 basis points between September and October 2024.

(Financial Express)

India's October trade deficit widens to \$27.14 billion on rise in imports: India's merchandise trade deficit in October widened more than expected to \$27.14 billion, driven by a rise in imports despite exports increasing year-over-year. Economists had expected the country's October trade deficit to be \$22 billion, according to a Reuters poll, compared to \$20.78 billion in the previous month. India's merchandise exports in October rose 17.26% year-on-year to \$39.2 billion while imports rose 3.88% to \$66.34 billion, government data released on Thursday showed.

(Financial Express)

Asean FTA review: India to seek interim relief from import surge: As negotiations on the review of the Asean-India Trade in Goods Agreement (AITIGA) continue, in the coming round of talks the Indian side may seek an interim mechanism that provides protection to the sectors that are most impacted by the surge in imports from the 10-nation bloc, a senior official said. "We may seek some flexibility in the tariff concessions that have been given in the agreement and explore some mechanism whereby some protection can be offered to sectors that have seen maximum import surge following FTA," the official said without offering details.

(Financial Express)



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BANKING & FINANCE



Credit deposit growth rate converging: The gap between credit and deposit growth is slowly narrowing as the growth rates converge. Bank credit grew 11.9 percent annualised (year-on-year) in the fortnight ended November 01, while deposit grew 11.8 percent y-o-y almost at the same pace as the previous fortnight according to the latest numbers released by the Reserve Bank of India.

(Economic Times)

SBI hikes lending rates under MCLR by 0.05%: The country's largest lender SBI on Thursday announced a 0.05 per cent increase in the marginal cost of fund-based lending rate (MCLR) in some tenors. The one-year MCLR, a key tenor to which long-term loans like home finance are linked, has been increased by 0.05 per cent to 9 per cent effective from Friday, as per a notice on the lender's website. The bank's Chairman C S Setty had said 42 per cent of the bank's loan book is linked to the MCLR, while the rest is external benchmark-based. He had also made it clear that the deposit rates have peaked in the system and the bank will not use rate as a pull factor for the customer.

(Economic Times)

AIBOC presses for 5-day work week, implementation of protective measures for bankers: All India Bank Officers' Confederation (AIBOC) on Thursday demanded a long pending implementation of a 5-day work week for bank employees among others. Besides, the bank officers union pressed for recruitment at public sector banks to address staff shortage. The acute shortage of clerical and subordinate staff compels officers to undertake tasks outside their primary duties, AIBOC said in a statement. Recently, it said, bank employees have been subjected to violent attacks, often instigated by politically connected individuals, both within branches and in public spaces.

(Economic Times)



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INDUSTRY OUTLOOK



EU fines Meta 797 million euros over 'abusive' practices benefiting Facebook Marketplace: The European Commission on Thursday fined Meta Platforms €797.72 million (\$840.24 million) over abusive practices benefiting Facebook Marketplace, it said in a statement, confirming an earlier report by Reuters. "The European Commission has fined Meta ... for breaching EU antitrust rules by tying its online classified ads service Facebook Marketplace to its personal social network Facebook and by imposing unfair trading conditions on other online classified ads service providers," the European Commission said. Meta said it will appeal the decision, but in the meantime, it will comply and will work quickly and constructively to launch a solution which addresses the points raised. The move by the European Commission comes two years after it accused the U.S. tech giant of giving its classified ads service Facebook Marketplace an unfair advantage by bundling the two services together.

(Moneycontrol)

Reliance and Disney complete transaction to form JV for entertainment brands in India: Reliance Industries Limited, Viacom18 and Disney on November 14 announced that the merger of the media and JioCinema businesses of Viacom18 into Star India Private Limited has become effective. This, following the approval by the NCLT Mumbai, Competition Commission of India and other regulatory authorities. RIL has invested Rs 11,500 crore into the JV for its growth. The JV has allotted shares to Viacom18 and RIL as consideration for the assets and cash, respectively. "The transaction values the JV at Rs 70,352 crore on a post-money basis, excluding synergies. At the closing of the transactions noted above, the JV is controlled by RIL and owned 16.34% by RIL, 46.82% by Viacom18 and 36.84% by Disney," said the companies in a joint statement.

(Moneycontrol)

India needs to improve return on time invested (ROTI) to transform into future, says Uday Kotak: Kotak Mahindra Bank founder Uday Kotak on November 14 said India India needs to improve ROTI (return on Time Invested) if it wants to transform into future. "If there is one thing for India to transform in to the future, India needs to improve ROTI (return on Time Invested)," Kotak said at CNBC TV18 Global Leadership Summit. Kotak further added that when we look at execution of projects in our country, anywhere whether private sector or public sector. The concept of time and



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importance of return on time invested, India has only 23 years to go and if you want to be developed country with \$15,000+ per capita, this kind of ROTI is a tough one.

(Moneycontrol)



REGULATION & DEVELOPMENT

Listed entities paid royalties exceeding 20% of their net profits to related parties: Sebi study: A recent study conducted by capital markets regulator Sebi revealed that listed companies paid royalties to related parties (RPs) exceeding 20 per cent of their net profits, which is one out of four times. "One out of two times, listed companies that paid a royalty, did not pay a dividend or paid more royalty to RPs than the dividend paid to non-RP shareholders," the market watchdog's study also stated. The study, released on Thursday, is based on annual, company-level information, in respect of 233 listed companies across sectors in India. And, these companies have made royalty payments, amounting to less than 5 per cent of turnover to their RPs, during the 10-year period from financial year (FY) 2013-14 to FY 2022-23.

(Business Today)

Centre launches PAIR programme to enhance research in higher education: The Centre on Thursday launched the Partnerships for Accelerated Innovation and Research (PAIR) programme, designed to elevate research capabilities in higher education institutions (HEIs) across India with limited research capabilities by fostering collaborations with top-tier institutions. This follows the operationalisation of the programme discussed at the inaugural governing board meeting of the Anusandhan National Research Foundation (ANRF), chaired by Prime Minister Narendra Modi in September this year. "The programme will operate through a mentorship-driven hub-and-spoke framework to facilitate systematic research growth across institutions," the Department of Science and Technology (DST) said in an official statement.

(Business Standard)



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FINANCIAL TERMINOLOGY

Enterprise Resource Planning (ERP)

- ❖ Enterprise resource planning (ERP) is a platform companies use to manage and integrate the essential parts of their businesses. Many ERP software applications are critical to companies because they help them implement resource planning by integrating all the processes needed to run their companies with a single system.
- ❖ An ERP software system can also integrate planning, purchasing inventory, sales, marketing, finance, human resources, and more.
- ❖ Some benefits of ERP include the free flow of communication between business areas, a single source of information, and accurate, real-time data reporting.



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 : 84.4050
INR / 1 GBP : 107.1291
INR / 1 EUR : 89.0630
INR /100 JPY: 54.1500

EQUITY MARKET

Sensex: 77580.31 (-110.64)
NIFTY: 23532.70 (-26.35)
Bnk NIFTY: 50179.55 (+91.20)

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