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DAILY NEWS DIGEST BY BFSI BOARD

16 April 2024

BANKING & FINANCE



Jio Financial, Blackrock ink pact for wealth management and broking business: Jio Financial Services announced on April 15 that it has entered into a joint venture with US-based BlackRock for wealth management and broking business in India. In an exchange filing, the Reliance Group-backed financial entity said it has signed a 50:50 joint venture for the purpose of undertaking wealth business including incorporation of a wealth management company and subsequent incorporation of a brokerage company in India.

(Moneycontrol)

RBI extends Key Fact Statement rules to all retail, MSME borrowers: RBI has 15 extended the applicability of Key Fact Statement or KFS to borrowers of all retail and micro, small and medium enterprise (MSME) term loans as part of enhancing transparency in loan deals. KFS is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format. As per the RBI direction, banks cannot charge additional fees which are not mentioned in the KFS of loans from the borrower without the consent from borrower. "Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the REs to the borrower at any stage during the term of the loan, without explicit consent of the borrower," RBI said in a circular. The RBI said the KFS should be written in language understood by the borrowers. Further, the KFS must have a unique proposal number and have a validity of at least three working days for loans having tenor of seven days or more, and a validity of one working day for loans having tenor of less than seven days. As per the circular, the KFS should have computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor.

(Moneycontrol)

Deposits of senior citizens soared about 150% to ₹34 lakh crore in 5 years: SBI report: Senior citizens are proving to be a great source of stable deposits for the banking system. The attraction of 50 basis points additional interest rate and higher deposit insurance cover ensures that



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the golden-agers don't leave the safety of bank deposits for lucrative returns offered by non-convertible debentures issued by companies. This is underscored by the fact that the number of senior citizen term deposits accounts in the country, per State Bank of India's economic research department's (ERD) estimates, jumped about 81 per cent to close to 7.4 crore as of December-end 2023 from around 4.1 crore in 2018. Simultaneously, senior citizens' aggregate deposits shot up about 150 per cent to ₹34,367 lakh crore as of December-end 2023 from ₹13,724 lakh crore in 2018. The average amount per senior citizen term deposit account increased about 39 per cent to ₹4,63,472 as at December-end 2023 from ₹3,34,243 in 2018, per ERD data. Banks' deposit insurance cover was increased from ₹1 lakh to ₹5 lakh with effect from Feb 4, 2020.

(Business Line)

Bank of India partners with IMGC for mortgage guarantee-backed products: Bank Of India and India Mortgage Guarantee Corporation (IMGC) have partnered to offer mortgage guarantee backed home loan products, focusing on salaried and self employed customers in the affordable housing segments. IMGC is India's first mortgage guarantee company with over 5,100 branches and plans to provide home loan products with more flexibility and security to customers. "The Bank has launched a Home Loan product with a mortgage guarantee provided by IMGC to strengthen the credit delivery system and facilitate flow of credit to the affordable housing sector", said A K Pathak, Chief General Manager, Bank Of India.

(Economic Times)



ECONOMY

March trade deficit shrinks to 11-month low as gold import more than halves: India's trade deficit narrowed to \$15.6 billion in March, a 11-month low, owing to a sharp fall in merchandise imports. The deficit figure stood at \$18.96 billion in March 2023 and \$18.71 billion in February 2024. Even as the trade deficit narrowed in March, exports too dropped by 0.3 percent from the year-ago period to \$41.68 billion while imports fell by a much larger 5.98 percent at \$57.28 billion, the commerce ministry said on April 15. The steep drop in imports in March 2024 were led by lower gold imports which more than halved on a year-on-year basis. Imports of fertilisers and leather products also witnessed significant contraction at 36.23 percent, and 25.7 percent respectively. In terms of merchandise exports, 17 of the 30 key sectors showed growth in March 2024 as compared to same



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period last year, including categories like electronics, drugs and pharmaceuticals, engineering goods among others.

(Moneycontrol)

Global turmoil pulls down India's goods exports by 3.1% to \$437 billion in FY24: Geopolitical conflicts, slowdown in global demand and fall in commodity prices took its toll on India's foreign trade with goods exports falling 3.11 per cent (year-on-year) in April-March 2023-24 to \$437.06 billion as items including petroleum products, gems & jewellery, readymade garments, chemicals, leather and marine products faced the heat, per government figures.

(Moneycontrol)

Wholesale inflation rises to 0.53% in March: Vegetable prices pushed producers' inflation, based on Wholesale Price Index (WPI), to 0.53 per cent in March as against 0.2 per cent in February, data released by Commerce & Industry Ministry on Monday showed. This is in contrast to retail inflation, based on Consumer Price Index (CPI), which slipped to 4.85 per cent in March as against 5.1 per cent of February.

(Business Line)

'Pranab Mukherjee, Chidambaram used to pressurise RBI to present rosier picture of growth,' claims ex-Governor Subbarao: Former RBI Governor Duvvuri Subbarao has claimed, in his memoir, that the Finance Ministry under Pranab Mukherjee and P Chidambaram used to pressurise the central bank to soften interest rates and present a rosier picture of growth to shore up sentiments. In his recent book 'Just A Mercenary?: Notes from My Life and Career', Subbarao writes that there is 'little understanding and sensitivity' in the government on the importance of the central bank's autonomy. "Having been both in the government and in the RBI, I can say with some authority that there is little understanding and sensitivity within the government on the importance of central bank autonomy," he said in the book. Subbarao was finance secretary (2007-08) before taking over as the governor of the RBI for five years on September 5, 2008. In a chapter titled 'Reserve Bank as the Government's Cheerleader?', Subbarao recalled that pressure by the government was not confined to the Reserve Bank's interest rate stance.

(Business Today)



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INDUSTRY OUTLOOK



TCS targets to hire around 40,000 freshers in FY25; will honour all offers made: Tata Consultancy Services (TCS) aims to hire a similar number of freshers in the fiscal year 2025 as it did last year, which was around 40,000, CEO and MD K Krithivasan told Moneycontrol. This comes at a time when the company posted three consecutive quarters of headcount decline, and for the first time in 19 years since it got listed, TCS' full-year headcount for FY24 plunged by 13,249. Explaining the divergence between slowing headcount despite a strong deal pipeline and steady revenue growth, Krithivasan said, "We look at the trainees we deploy, we put them through our own internal training mechanisms and maybe after a period of 6 to 8 months, they become productive and billable. So, there will always be a lag."

(Moneycontrol)

TCS expands presence in Brazil with new delivery centre in Londrina: Tata Consultancy Services (TCS), a global information technology services, consulting, and business solutions provider, has announced plans to open a new delivery centre in Londrina, Paraná, Brazil. This move is set to generate over 1,600 job opportunities within the next five years, which would bolster the local economy and expand TCS' footprint in the region, the company stated in a filing to the Bombay Stock Exchange on Monday. TCS first established its presence in Londrina in 2018 and currently employs approximately 1,700 professionals in the city. The introduction of the new centralised campus will bring together the city's workforce under one roof, fostering a dynamic environment for collaboration and innovation in Londrina.

(Business Standard)



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REGULATION & DEVELOPMENT

NFRA takes action against auditors of Reliance Capital for lapses and fraud: The National Financial Reporting Authority (NFRA), the regulatory body overseeing auditors and audit firms for listed and large companies, has taken action against Pathak HD & Associates (PHD), the joint auditor for Reliance Capital, formerly an Anil Ambani group company, along with its two auditors. This move comes in response to multiple failures highlighted by the resigning auditor, Price Waterhouse (PW), which also flagged suspected fraud amounting to Rs 12,571 crore by the company. Reliance Capital recently underwent a change in ownership, being taken over by the Hindujas after significant concessions by lenders. This development follows the Reserve Bank of India's decision in November 2021 to replace the board of the Anil Ambani Group company due to governance concerns and defaults in payments.

(Economic Times)

India likely to see 'above normal' monsoon this year, predicts IMD: In what could come as a relief to the government's fight against inflation, the India Meteorological Department (IMD) predicted an 'above-normal' monsoon in 2024, which quantitatively could be around 106 per cent of the long period average (LPA). This mirrors the consensus that most weather experts have on the Indian monsoon this year. Last week, the private weather forecasting agency Skymet also stated that the cumulative all-India southwest monsoon this year could be 'normal,' at 102 per cent of LPA. The LPA for the June to September rains is 87 centimetres, and a forecast of 106 per cent of this means that the monsoon could be 'above normal'.

(Business Standard)



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FINANCIAL TERMINOLOGY

COVERED CALLS

- ❖ The term covered call refers to a financial transaction in which the investor selling call options owns an equivalent amount of the underlying security.
- ❖ To execute this, an investor who holds a long position in an asset then writes (sells) call options on that same asset to generate an income stream. The investor's long position in the asset is the cover because it means the seller can deliver the shares if the buyer of the call option chooses to exercise.
- ❖ A covered call is a popular options strategy used to generate income in the form of options premiums. Investors only expect a minor increase or decrease in the underlying stock price for the life of the option when they execute a covered call.



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 : 83.4422
INR / 1 GBP : 104.0697
INR / 1 EUR : 88.9071
INR /100 JPY: 54.2500

EQUITY MARKET

Sensex: 73399.78 (-845.12)
NIFTY: 22272.50 (-246.90)
Bnk NIFTY: 47773.25 (-791.30)

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