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THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**17 July 2024**



## **ECONOMY**

**IMF raises India's FY25 growth forecast to 7% from 6.8%:** The International Monetary Fund raised India's growth forecast for FY25 to 7 percent from 6.8 percent projected in April, according to its World Economic Outlook released on July 16. "The forecast for growth in India has also been revised upward, to 7 percent, this year, with the change reflecting carryover from upward revisions to growth in 2023 and improved prospects for private consumption, particularly in rural areas," the fund noted. The global financial institution expects the economy to grow 6.5 percent in FY26.

***(Moneycontrol)***

**Govt may float employment-linked incentive scheme to boost employment:** The NDA government may introduce an employment-linked incentive scheme to promote job creation in the labour intensive sectors. Based on production-linked incentive (PLI) programme, the scheme would apply to a few labour-intensive sectors, including toys, textiles, apparel, furniture, tourism, and logistics, among others, a report in the Financial Express said. The scheme's potential benefits could include tax breaks for companies hiring new employees and wage subsidies for additional job opportunities created over a specified timeframe. In addition to financial perks, non-monetary advantages such as streamlining regulatory processes and funding skill development initiatives may form integral components of this comprehensive initiative. Beyond revamping the employment landscape, the government envisions the ELI scheme as a catalyst to stimulate domestic manufacturing and bolster economic growth.

***(Business Today)***

**Lenders bank on special plans to raise retail deposits:** Indian lenders have intensified efforts to garner retail deposits through special plans that offer savers at least 25-30 basis points more than current commitments of comparable tenures, signalling policy interest rates will remain elevated for some time now. SBI, Bank of Baroda, Indian Overseas Bank, Union Bank of India and Bank of Maharashtra have started deposit plans offering 7.25% to 7.30% on investments stretching from 399



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to 444 days. These banks are offering an additional 50 basis points for senior citizens. The move to raise deposit rates comes within a fortnight of the Reserve Bank of India's (RBI's) interaction with banks. The regulator had directed bank CEOs to narrow gap between deposit and credit growth. The latest RBI data showed bank credit rose 14% on-year as of June 28, while deposits rose 11%.

***(Economic Times)***

## **BANKING & FINANCE**



**Total salary of top 10 PSU banks' heads was less than half of Axis Bank's chief's payout in FY24:** The combined take-home salaries of the heads of the 10 biggest state-owned banks was less than half the compensation paid to Axis Bank's top executive in 2023-24, according to the annual report of banks analysed by Moneycontrol. The aggregate salaries of the top 10 state-owned banks came to Rs 4.46 crore in FY24, while Axis Bank's managing director and CEO earned Rs 9.10 crore, including stock options and other perquisites. The stark difference in the annual salaries of public and private sector bank executives is due to performance incentives being a component of private banks' annual remuneration.

***(Moneycontrol)***

**IRDAI imposes Rs 2 crore penalty on Bajaj Finance for violating regulations:** Insurance Regulatory and Development Authority of India (IRDAI) has levied a penalty of Rs 2 crore on Bajaj Finance for the violation of regulatory norms, the Pune-based NBFC said in an exchange filing on July 16. The non-banking financial company said the insurance regulator had conducted an onsite inspection of Bajaj Finance Limited between March 3, 2021 and March 5, 2021 for the period FY18 to FY20, the firm said in the filing. On March 14, 2024, the NBFC received a show-cause notice from the regulator. Following the response from the NBFC, the insurance regulator issued an order dated July 15, 2024, levying a penalty in aggregate of Rs 2 crore for violation of provisions of IRDAI regulations, according to the company statement.

***(Moneycontrol)***

**Moody's affirms HDFC Bank's credit ratings, maintains stable outlook:** Moody's Ratings affirmed HDFC Bank Limited's Baa3 long-term deposit ratings and baa3 Baseline Credit Assessment, maintaining a stable outlook due to India's favorable operating environment. The bank's diversified loan portfolio and profitability support its capital generation and solvency. Despite post-merger



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profitability challenges, HDFC Bank's asset quality is stable. Upgrades are unlikely due to alignment with India's sovereign rating, with downgrades possible if financial fundamentals deteriorate significantly.

***(Economic Times)***

**Kotak Mahindra Bank announces new distribution structure to enhance customer experience:** Kotak Mahindra Bank unveiled a new Distribution structure to integrate its physical branches, digital platforms, and voice channels, enhancing customer experience and operational efficiency. Pranav Mishra, with 30 years of experience, was appointed Head of Distribution. This strategic move aims to deliver seamless, omni-channel banking across all Group products and services.

***(Economic Times)***

## INDUSTRY OUTLOOK



**FAME-III to be implemented soon, final plan ready: HD Kumaraswamy:** The Centre is planning to roll out the third phase of its flagship Faster Adoption and Manufacturing of Electric Vehicles (FAME) scheme in the "near future", Union Minister for Heavy Industries HD Kumaraswamy said here on Tuesday. "Already preparatory work is going on. All the seven (line) ministries have recommended how to implement the FAME-III programme. In the future, some months or some future days, we will implement it," Kumaraswamy said on the sidelines of an event organised by automobile industry body SIAM.

***(Business Standard)***

**Companies now have to make detailed disclosures on dues pending to MSMEs:** The Ministry of Corporate Affairs (MCA) on Tuesday unveiled an updated MSME-1 Form on the MCA V3 platform, mandating all companies to report detailed information on outstanding payments owed to Micro, Small, and Medium Enterprises (MSMEs). According to the latest notification, the new MSME-1 Form on MCA V3 must be submitted by all companies with payments overdue for more than 45 days to any micro or small enterprises, starting from the date of acceptance or deemed acceptance. "Provided that only those specified companies which have payments pending to any micro or small enterprises for more than 45 days from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) shall furnish the information in MSME Form-1," said the MCA notification. The new information required now includes the amount paid within 45 days, the amount paid after 45



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days, the amount outstanding for 45 days or less, the amount outstanding for more than 45 days, and the reason for the delay in payment/amount outstanding.

***(Business Standard)***

**MSMEs urge RBI to allow P2P lending, crowdfunding to overcome credit gaps:** Micro, small, and medium enterprises (MSMEs) have urged the Reserve Bank of India (RBI) to develop a regulatory framework for peer lending and crowdfunding to overcome credit gaps, according to an industry insider who was part of a meeting with central bank officials in Mumbai last week. "Given the efficacy of these frameworks, it is imperative for India to adopt a comprehensive framework encompassing both equity-based crowdfunding with an upper limit of Rs 10,000 for an investor to invest in MSMEs and debt-based crowdfunding models," the industry source said. "This would empower MSMEs by giving them the choice to either raise funds by offering equity shares or by securing debt financing."

***(Business Standard)***



## REGULATION & DEVELOPMENT

**Sebi proposes new asset class placed between MFs and PMS for higher risk takers:** The market regulator has proposed a new asset class that could bridge the the gap between Mutual Funds and Portfolio Management Services (PMS-es) in terms of flexibility in portfolio construction. It has proposed that the asset class be allowed to invest even in derivatives for purposes other than hedging and rebalancing. Through a consultation paper released on July 16, the Securities and Exchange Board of India (Sebi) has proposed that the minimum investment in this asset class be Rs 10 lakh across strategies, that mutual fund houses or asset management companies offer these products, that the products will be riskier than what is traditionally offered by MFs and therefore be branded differently and that all investments permissible to MFs be available to this new asset class. The consultation paper stated, "The proposed New Asset Class seeks to provide investors with a regulated investment product featuring higher risk-taking capabilities and a higher ticket size, aimed at curbing the proliferation of unregistered and unauthorized investment products."

***(Moneycontrol)***

**Go First heads for liquidation after discussions on bids come up short:** Creditors to the debt-laden Go First airline are set to move towards liquidation of the airline after finding no headway between banks and the two prospective bidders, five months after bids were formally received for the



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Wadia Group-owned carrier, said people familiar with the matter. Lenders are putting final touches to a voting proposal seeking liquidation of the airline after both the bids - from a consortium of EaseMyTrip CEO Nishant Pitti and SpiceJet chairman Ajay Singh, and from Sharjah-based Sky One Aviation - were below their expectations. The voting proposal may be put up before the committee of creditors this week, the people said.

*(Economic Times)*



## FINANCIAL TERMINOLOGY

### LOAD FUND

- ❖ A load fund is a mutual fund that comes with a sales charge or commission. The fund investor pays the load, which goes to compensate a sales intermediary, such as a broker, financial planner, or investment advisor, for his time and expertise in selecting an appropriate fund for the investor.
- ❖ The load is either paid upfront at the time of purchase (front-end load), when the shares are sold (back-end load), or as long as the fund is held by the investor (level-load). Load funds may be contrasted with no-load funds, which do not carry a sales charge.
- ❖ If a fund limits its level load to no more than 0.25% (the maximum is 1%) it can call itself a "no-load" fund in its marketing literature. Front-end and back-end loads are not part of a mutual fund's operating expenses and are typically paid out to the selling broker and the broker-dealer as a commission. However, level-loads, called 12b-1 fees, are included as operating expenses.



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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 : 83.5781  
INR / 1 GBP : 108.2777  
INR / 1 EUR : 90.9764  
INR /100 JPY: 52.7100

### EQUITY MARKET

Sensex: 80716.55 (+51.69)  
NIFTY: 24613.00 (+26.30)  
Bnk NIFTY: 52396.80 (-59.10)

### Courses conducted by BFSI Board

- ❖ Certificate Course on Concurrent Audit of Banks
- ❖ Certificate Course on Credit Management of Banks
- ❖ Certificate Course on Treasury and International Banking
- ❖ Certificate Course on Investment Management
- ❖ Certificate Course on General Insurance.

For details please visit  
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### Publications by BFSI Board

- ❖ Aide Memoire on Infrastructure Financing.
  - ❖ Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).
  - ❖ Guidance Note on the Internal Audit of General Insurance Companies.
  - ❖ BFSI Chronicle (quarterly issue of BFSIB)
  - ❖ Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)
- To purchase please visit  
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### TEAM BFSIB

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