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DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

Strained India-Canada relations unlikely to impact long-term capital flows, say I-bankers: Deteriorating ties between Canada and India are unlikely to significantly affect long-term capital inflows from the North American nation, industry experts said. While escalating tensions may deter new investors, Canadian pension funds and private investors with established operations in India are expected to weather the strain in bilateral relations, drawn by the attractive long-term returns offered by infrastructure and energy projects. Diplomatic relations between the two nations took a fresh hit when India withdrew its diplomats from Canada while expelling that country's representatives, prompting speculation about the future of Canadian investments in India. However, analysts and investment bankers suggest that these tensions are unlikely to deeply affect major Canadian investors already embedded in the Indian market. Canada has become a significant source of capital for Indian private companies, particularly in the infrastructure and energy sectors. Canadian institutional investors, including some of the world's largest pension funds, have heavily invested in Indian projects that promise stable, long-term returns.

(Moneycontrol)

Bitcoin approaches \$70,000 with speculators eyeing record highs: Bitcoin bulls are setting their sights again on the record highs reached in March with optimism building around riskier assets and the looming US elections. "After six months of price consolidation this year, the stage is set for a perfect storm in favor of Bitcoin and other crypto assets," wrote Blockforce Capital's Brett Munster. He cited a rise in global liquidity, including from China, which has been offering a raft of stimulus measures in recent days in an attempt to boost its economy.

(Moneycontrol)

FPIs sell record ₹67,309 crore in October: Foreign portfolio investors (FPIs) have offloaded shares worth ₹67,309 crore in the cash market in October so far. This is the highest-ever selloff for any month (after adding Wednesday's provisional figures) and beats the previous high of ₹65,816



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crore seen in March 2020. Rich valuations, escalating tensions in West Asia and a reallocation of portfolios by overseas investors towards China following the announcement of stimulus measures by the country may have contributed to the recent selloff. The upliftment in sentiment on China has come at the expense of India, according to the latest BofA Global Fund Manager Survey (FMS). India, which was the second favourite market in the Asia Pacific region last month with net 25 per cent investors overweight on the country, has now slipped to the fifth position. “Long China equities” are among the most crowded trades.

(Business Line)

BANKING & FINANCE



Banks’ CASA ratio comes full circle, back at levels after demonetisation: Banks’ CASA (current account, savings account) ratio seems to have come full circle, returning to where it was after the 2016 demonetisation of ₹500 and ₹1,000 banknotes. This comes against the backdrop of higher interest rates being offered on term deposits (TDs) by banks and savers/investors chasing better returns from mutual funds and capital markets. “If we look at long-term data, it was after demonetisation that the CASA ratio moved up to 36-38 per cent (from 34 to 35 per cent earlier) and then to 44-45 per cent during Covid.

(Business Line)

Banks can claim deductions for broken period interest on securities traded as stock-in-trade: SC: The Supreme Court on Wednesday clarified that banks are allowed to claim deductions for broken period interest paid on securities traded as stock-in-trade. It rejected the income tax department’s stand that broken period interest on security held till maturity constitutes an investment and, therefore, should be treated as capital expenditure and not stockintrade, thus deduction would not be available for the broken period interest. Upholding the Bombay High Court view, a Bench led by Justice Abhay S Oka held that if the banks were treating the securities as stockintrade, the interest on the broken period cannot be considered as capital expenditure and will have to be treated as revenue expenditure, which can be allowed as a deduction.

(Economic Times)

Kotak Mahindra Bank’s aim to be 3rd largest private lender exposes it to significant M&A risk: Bernstein: Uday Kotak backed Kotak Mahindra Bank’s ambition to be India’s third



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largest private sector lender could expose it to significant M&A risk given the integration challenges and the weaker RoA of smaller banks, Bernstein Research a part of the Société Générale group has said. The brokerage house also said that given the high growth outperformance ask, inorganic growth would almost be inevitable for Kotak Mahindra to achieve its 'Top 3' objective. To emerge as the third most profitable private sector bank, Kotak will need an organic earnings growth which is 7% percentage points higher than Axis which looks unlikely, it said. In a recent interview with The Economic Times, Kotak Mahindra Bank CEO Ashok Vaswani had said that he aspires that the bank would become the third largest private sector bank by profits by 2030.

(Economic Times)

INDUSTRY OUTLOOK



Aditya Birla Housing Finance partners BharatPe to revolutionise secured lending: Aditya Birla Housing Finance (ABHFL), a wholly-owned subsidiary of Aditya Birla Capital Ltd, has entered into a strategic partnership with BharatPe, a fintech company, to facilitate access to home loans and loan against property for latter's merchant partners. ABHFL is the first housing finance company to partner with BharatPe, offering streamlined access to secured lending through advanced digital solutions, significantly enhancing the user experience. This collaboration enables ABHFL to offer Home Loans (HL) and Loans Against Property (LAP) to over 1.3 crore merchants of BharatPe across 450+ cities, with a strong focus on Tier 2 and 3 markets.

(Business Line)

Over 400,000 rooftop solar units installed under PM Suryaghar Yojana: Under its flagship programme for rooftop solar PM Suryaghar Yojana, the government has installed around 4 lakh rooftop solar connections so far, according to the Minister of New and Renewable Energy Pralhad Joshi. The scheme launched in February by Prime Minister Narendra Modi aims at installing rooftop solar at 10 million households by 2027 with a total outlay of Rs.75,021 crore. "Just last week India has achieved 4 lakh installations under PM Suryaghar Muft Bijlee Yojana," Joshi said, adding that the country has added 17.44 GW solar PV capacity between January to September 2024. India's renewable energy capacity crossed 200 GW as of October 10, according to data from the Central Electricity Authority. As per the official data, the country's total renewable energy-based electricity generation capacity now stands at 201.45 GW. Solar power accounts for 90.76 GW, followed by wind power at 47.36 GW.

(Financial Express)



Sebi decides to make sales proceeds available to FPIs on settlement day: To boost operational efficiency and respond to concerns raised by Foreign Portfolio Investors (FPIs), Sebi on Wednesday said it has introduced measures to speed up the availability of sale proceeds for such investors, bringing them on par with domestic institutional investors. It is broadly estimated that efficiency gains on account of this measure would be around Rs 2,000 crore per annum. FPIs previously reported delays in their access to sale proceeds beyond the standard 'T+1' (trading plus one) settlement date. These delays were primarily due to the erstwhile process adopted for obtaining tax clearance on their net sale proceeds, to ensure compliance with FEMA Regulations. To address this issue, Sebi engaged in consultations with key stakeholders, including FPIs, clearing corporations, custodians, and tax consultants. This collaborative effort led to significant process improvements, making sale proceeds available to FPIs on settlement day, and bringing them on par with domestic institutional participants. Under the new system, in place since September 9, tax certificates for FPI sale trades executed on 'T' day are issued by tax consultants by 9 am IST on 'T+1' day. This allows FPIs to access sale proceeds, either for repatriation or for reinvestment, on the same 'T+1' day, the regulator said in a statement.

(Business Standard)



REGULATION & DEVELOPMENT

Union Cabinet approves 3% DA hike for central government employees: In a festive boost, the Union Cabinet, chaired by Prime Minister Narendra Modi, approved a 3 percent hike in dearness allowance (DA) on October 16, bringing Diwali cheer to over one crore central government employees and pensioners. This increase raises the allowance from 50 percent to 53 percent of basic pay, providing timely financial relief ahead of the festive season. The hike will be effective July 1, which means that employees and pensioners will also receive arrears for July, August, and September.

(Moneycontrol)

MSP for winter crops hiked by 2.4-7 per cent: The government on Wednesday announced annual hikes in the range of 2.4 -7% in the minimum support prices (MSP) for the winter-sown crops for the marketing season 2025-26 (April-June). The MSP of wheat, the key rabi crop, has been raised by 6.6% to Rs 2,425/quintal for 2025-26 season, while in the previous year the remunerative price were hiked by 7.05%, the steepest rate ever, to Rs 2,275/quintal. Officials said the hike in the MSP of wheat is significant as it is the second largest crop after paddy in terms of area under cultivation. In



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the 2023-24 crop year (July-June), the area under wheat was 31.83 million hectare (MH), while the production was estimated at a record 113.92 million tonnes (MT). “Wheat prices are stable and there is no shortage as the country had a bumper output last year,” Food secretary Sanjeev Chopra recently stated. At present, FCI has 23.48 MT of wheat stock against the buffer of 20.52 MT for October 1. In absolute terms, the highest increase in the MSP has been approved for mustard seed , which has a share of more than 40% in the country’s edible oil production, at Rs 300/quintal for next marketing season compared to current season.

(Financial Express)

IFSC’s First Finance Company for Power & Infrastructure lending i.e. PFC Infra Finance IFSC Limited to commence operations – Receives approval from IFSCA: PFC Infra Finance IFSC Limited (PIFIL), a wholly owned subsidiary of Power Finance Corporation Limited (PFC), has received approval from International Financial Services Centres Authority (IFSCA) to commence business as a Finance Company in IFSC GIFT City Gujarat. PIFIL, part of India's largest non-banking financial company (NBFC) group, will be the first finance company in IFSC dedicated to power and infrastructure lending. PFC Infra Finance IFSC Limited aims to provide lending in India and in other countries in foreign currency, catering to both government and private players. The establishment of PIFIL will position PFC as a global brand and contribute to strengthening India's position as a global financial hub.

(PiB)



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FINANCIAL TERMINOLOGY

DARKWEB

- ❖ The dark web or darknet is a part of the World Wide Web only accessible through special software or tools. This keeps its users and visitors hidden because they often exchange illegal and stolen information, such as people's personally identifiable information. This information may include Social Security numbers, phone numbers, and credit card numbers.
- ❖ The dark web is also used in certain extortion-related processes. It is common to observe data from ransomware attacks on several dark web sites, for example data sales sites or public data repository sites.
- ❖ Commercial darknet markets mediate transactions for illegal goods and typically use Bitcoin as payment. Bitcoin is one of the main cryptocurrencies used in dark web marketplaces due to the flexibility and relative anonymity of the currency.



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 : 84.0696
INR / 1 GBP : 109.2843
INR / 1 EUR : 91.4621
INR /100 JPY: 56.3300

EQUITY MARKET

Sensex: 81501.36(-318.76)
NIFTY: 24971.30 (-86.05)
Bnk NIFTY: 51801.05 (-104.95)

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