



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

19 Jan 2024

BANKING & FINANCE



IREDA and Indian Overseas Bank collaborate for funding renewable energy projects:

State-owned IREDA on Tuesday announced a partnership with Indian Overseas Bank (IOB) to co-finance renewable energy projects in India. The agreement was signed in the presence of IREDA CMD Pradip Kumar Das and IOB MD and CEO Ajay Kumar Srivastava in the national capital, a statement said. The agreement sets the stage for co-lending and loan syndication for a diverse spectrum of renewable energy projects across the nation, it added. The IREDA CMD said, "By combining our strengths and resources, we aim to provide robust financial support to renewable energy projects. The partnership aims to streamline loan syndication and underwriting processes, management of Trust and Retention Account (TRA) for IREDA borrowers, and work towards fixed interest rates over a 3-4-year period for IREDA borrowings". This collaboration builds upon IREDA's successful partnerships with other prominent financial institutions, including Bank of Baroda, Bank of India, Union Bank of India, India Infrastructure Finance Company Limited and Bank of Maharashtra, Das said.

(Business Standard)

RBI hasn't mandated number on CD ratio: Governor: RBI has not mandated any number on CD ratio for banks, Governor Shaktikanta Das said. "We have not mandated any number on the credit-deposit ratio of banks and at the moment we don't propose to," Governor Das said in an interview with CNBC TV-18 in Davos. Das further said that the CD ratio is one of the aspects to assess the health of a bank. "There are several other parameters and you have to look at all in totality," said Das. He further said that there should be no exuberance in lending and there should be some correlation between your deposit base and credit growth.

(Moneycontrol)

HDFC Bank share crash and the perils of equity funds that hug their benchmarks: The sharp 11 percent fall in the share price of HDFC Bank over the last two days has again raised questions over actively managed mutual funds mirroring their respective benchmarks in the Indian asset



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management industry. HDFC Bank is among the most-owned stocks in the Indian equity markets. To put things in perspective, there were 539 mutual fund schemes, including active and passive, with a total investment of Rs 2.17 lakh crore in the private sector lender as of December end. Of this, 420 schemes are actively managed with assets under management (AUM) of Rs 1.36 lakh crore, as per data available with Value Research. This is probably because HDFC Bank has the highest weightage in the Nifty 50 index among all the stocks, at 13.52 percent. These weightages can change with different benchmarks. For example, HDFC Bank has 11.31 percent weightage in the Nifty 100 index and 29.39 percent in the Nifty Bank index.

(Moneycontrol)

SBI raises Rs 5,000 crore issuing AT1 bonds at 8.34% rate: State Bank of India on January 18 raised Rs 5,000 crore through Basel-III Additional Tier-I bonds at 8.34 percent coupon, the country's largest lender said in a press release. The bonds have been rated 'AA+' with 'Stable' outlook by CRISIL and ICRA. The tenor of this bonds is perpetual with a call option after 10 years and every anniversary thereafter. "The tight pricing and the diverse investor base for an instrument which has its own challenges shows the trust investors place in the Bank," Dinesh Khara, Chairman of the SBI was quoted saying in the release. The issue attracted response from a wide range of investors with 108 bids of Rs 5,294 crores and was oversubscribed by about 2.65 times against the base issue size of Rs 2,000 crores, SBI said. The investors were across mutual funds, provident & pension funds, banks, insurance companies, etc

(Moneycontrol)

DBS Bank India collaborates with StartupTN to foster entrepreneurship in Tamil Nadu: DBS Bank India has announced a partnership with StartupTN, the nodal agency of the Tamil Nadu government in fostering innovation and promoting entrepreneurship throughout the State. The collaboration is aimed at strengthening the ecosystem and driving innovation within the State by providing crucial support to startups, including knowledge sharing through various forums and facilitating connections with potential investors.

(Business Line)

PSU banks, insurance companies to remain closed for half day on Jan 22: Public sector banks, insurance companies, financial institutions, and regional rural banks will observe a half-day closure on January 22 due to the consecration ceremony of the Ram temple in Ayodhya. The Department of Personnel and Training issued an order for central institutions and industrial establishments, including public sector financial institutions and RRBs, allowing employees to participate in the Ram Lalla pran pratishtha celebration.

(Economic Times)

HDFC Bank seeks Singapore bank license to grow overseas: HDFC Bank, India's largest private sector lender, is seeking approval for a banking license in Singapore. The bank aims to tap into



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the Indian diaspora in Singapore for savings and term deposits, as well as cross-sell products like mortgages. HDFC Bank already has a presence in London, Hong Kong, and Bahrain. With a customer base of 93 million, the bank is expanding its reach overseas after a merger with Housing Development Finance Corp. last year.

(Economic Times)



ECONOMY

Davos 2024: Japanese Monetary Authority to adopt India's digital payment models says

Ashwini Vaishnaw: The Japanese Monetary Authority along with a few large banks in the world will be implementing a digital payment stack model adopted by India which includes the Unified Payments Interface launched by the National Payments Corporation of India (NPCI), said Union Minister Ashwini Vaishnaw on January 18. Speaking to Moneycontrol on the sidelines of the World Economic Forum (WEF) in Davos, Minister for Electronics and Information Technology Vaishnaw said that Japan's digital transformation minister (Kono Taro) met and shared the progress. "Two of the largest banks in the world have decided to go forward on that. And the Japanese Monetary Authority as well as many European countries are looking at this stack as the solution for their countries and also for cross-border payments," the minister said. During the G7 summit, Japan announced that it would send a team to study India's UPI payment mode to link the systems. Eventually, India and Japan got into a Memorandum of Understanding to adopt the digital payment models.

(Moneycontrol)

India must sustain growth momentum, secure at least 7% growth in FY25: RBI: India must aim to sustain the current growth momentum and secure a real GDP growth of at least 7% next fiscal year in an environment of macroeconomic stability, the Reserve Bank of India said in its monthly bulletin released on Thursday. "In India, potential output is picking up with actual output running above it, although the gap is moderate," the RBI said in an article titled 'State of the Economy'. Earlier this month, India's statistics office forecast annual growth of 7.3%, the highest among major global economies, for the current fiscal year ending in March.

(Business Standard)

NSE continues to be world's largest derivatives exchange for 5th straight year: The National Stock Exchange of India (NSE) has again emerged as the world's largest derivatives



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exchange in 2023, in terms of the number of contracts traded, according to the Futures Industry Association (FIA). This is the fifth straight year when the exchange earned the top position. Additionally, the exchange has ranked third in the world in the equity segment by number of trades in 2023, as per the statistics maintained by World Federation of Exchanges (WFE). The year 2023 has witnessed many milestones such as market capitalisation of listed companies surpassing USD 4 trillion, SME listed companies crossing the Rs 1 lakh crore mark and the Nifty 50 index surpassing the 20,000 index levels for the first time.

(Financial Express)

ICRA projects GDP growth to moderate to below 6% in Q3: Rating agency ICRA has projected the GDP growth rate to slow down to below 6 per cent in the December quarter, mainly account of sharp fall in kharif crop output, and weak progress in rabi sowing for some crops. India had registered a Gross Domestic Product (GDP) growth rate of 7.6 per cent in the July to September period.

(Economic Times)

INDUSTRY OUTLOOK



PhonePe sold over 9 million insurance policies since September 2021: Digital payments major PhonePe said it has sold over 9 million overall policies since it received its insurance broking licence in September 2021, with over 4 million being sold in the last year alone. The Walmart-backed company entered the insurance space in 2020 with a corporate agency licence before acquiring a full-fledged insurance broking licence. The fintech major announced that it has contributed to over 65 per cent growth for two-wheeler digital insurance in India over the last two years. Currently, PhonePe distributes life, health, motor, and car insurance with partners such as Acko, among others, and allows users to pay in monthly subscriptions through UPI.

(Business Line)

SoftBank fully exits Policybazaar parent, collects \$650 mn in returns: Japanese investor SoftBank has fully exited PB Fintech, the parent company of Indian digital insurance marketplace Policybazaar, garnering \$650 million on its investment, said a person familiar with the matter. Masayoshi Son-led SoftBank had invested about \$200 million in PB Fintech. “SoftBank has made a total of around \$650 million in returns on its investments in the Gurugram-based company,” according to the source.

(Business Standard)



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Wings India 2024: Asia's largest civil aviation event kick starts at Hyderabad: Wings India 2024, positioned as the largest civil aviation event in Asia, is scheduled to run for four days starting January 18. Civil Aviation Minister Jyotiraditya Scindia inaugurates the event, focusing on commercial, general and business aviation at Begumpet airport. The biennial aviation event Wings India aims to unite business leaders and policymakers. The primary objective of the event is to highlight India's prowess in the aviation sector and its emergence as the world's third-largest civil aviation market. Wings India 2024 will host exhibitions, demonstration flights, static displays, media conferences, and one-to-one business meetings. Anticipated participation involves 1,500 delegates from 106 countries and 5,000 business visitors, comprising aerospace engineers, airlines, airport agencies, operators, civil aviation authorities, policymakers, and government officials.

(Financial Express)



REGULATION & DEVELOPMENT

Cabinet approves creation of posts for 16th Finance Commission: The Union Cabinet on Thursday met and approved the creation of three posts at the level of Joint Secretary i.e. two posts of Joint Secretary and one post of Economic Adviser for the Sixteenth Finance Commission. "The newly created posts are required to assist the Commission in carrying out its functions. All other posts in the Commission have already been created as per the delegated powers," the cabinet said in a media release. The centre, in December 2023, had appointed former Vice-Chairman of Niti Aayog Arvind Panagariya, to head the 16th Finance Commission. Ritwik R Pandey was chosen as the secretary of the commission, while the names of other members will be notified separately, the government had said.

(Business Line)

Karnataka govt inks MoUs worth Rs 22,000 crore at WEF, Davos: The government of Karnataka has signed memorandums of understanding worth Rs 22,000 crore with seven companies such as Microsoft, data centre provider Web Werks and Japanese conglomerate Hitachi on the second day of the World Economic Forum 2024 in Davos, Switzerland. Among them, Webwerks is looking to set up a data centre park of 100 MW in Bengaluru worth Rs 20,000 Cr. It already has a 80,000 sq. ft facility in Whitefield of 7.5 MW. "Webwerks expressed its ambition to establish a cutting-edge connectivity hub, featuring state-of-the-art hyper-scaler data centers in Bengaluru," the state industries ministry said.

(Financial Express)



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FINANCIAL TERMINOLOGY

HORIZONTAL ACQUISITION

- ❖ A horizontal acquisition is when one company acquires another company in the same industry and works at the same production stage. The new combined entity may be in a better competitive position due to increased market share or scalability than the standalone companies combined to form it.
- ❖ During a horizontal acquisition, a company can expand its production of products, but it doesn't mean a pivot for the company. Horizontal acquisitions expand the capacity of the acquirer, but the basic business operations remain the same, unlike an acquisition that creates a wholly different company.
- ❖ An example of a horizontal acquisition would be a candy company that purchasing another candy company with different products but a similar production schedule.
- ❖ The key difference between a horizontal acquisition and a virtual acquisition is that in the latter, the companies would be in the same industry but would have completely different production cycles.



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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 : 83.1243
INR / 1 GBP : 105.5390
INR / 1 EUR : 90.6376
INR /100 JPY: 56.2300

EQUITY MARKET

Sensex: 71186.86 (-313.90)
NIFTY: 21462.30 (-109.70)
Bnk NIFTY: 45713.60 (-350.80)

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