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DAILY NEWS DIGEST BY BFSI BOARD

19 March 2024

BANKING & FINANCE

SC directs SBI to make complete disclosure of electoral bonds details by March 21: The Supreme Court on Monday directed the State Bank of India to make a complete disclosure of all details related to electoral bonds, including the unique bond numbers that would disclose the link between the buyer and the recipient political party, by March 21. A five-judge constitution Bench headed by Chief Justice DY Chandrachud said there is “no manner of doubt” that the SBI is required to disclose complete details of the bonds. It directed the SBI chairman to file an affidavit before it by 5 pm on March 21 indicating that the bank has disclosed all the details. During the hearing, the Bench, also comprising Justices Sanjiv Khanna, B R Gavai, J B Pardiwala and Manoj Misra, observed that the SBI can’t be selective and has to disclose all “conceivable” electoral bond details in its possession, including unique bond numbers that would disclose the link between the buyer and the recipient political party.
(Moneycontrol)

Insurance sector attracted Rs 54,000 crore FDI in last 9 years: DFS Secretary: The insurance sector has received close to Rs 54,000 crore as foreign direct investment (FDI) in the last 9 years on the back of further liberalisation of overseas capital flow norms by the government, Financial Services Secretary Vivek Joshi has said. The government increased the permissible FDI limit from 26 per cent in 2014 to 49 per cent in 2015 and then to 74 per cent in 2021, he told PTI in an interview. However, he said, the permissible FDI limit for insurance intermediaries was increased to 100 per cent in 2019. As a result, Rs 53,900 crore of FDI was received in insurance companies between December 2014 and January 2024, he said.
(Economic Times)

DBS looks to be a banker to startups: DBS Bank India has earmarked $250 million (about ₹2,000 crore) to lend to new-age startups as improved operating metrics and a sharper focus on profitability have enhanced the broader view on the sector facing a prolonged funding winter. "It's not

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a bad time to think about support to startups because several of them have got stress-tested and they've not raised that much equity" the Bank said. DBS Bank is considering several startups including in healthcare, technology, and firms using Artificial intelligence (AI) in financial services such as insurance; transportation, logistics and retail, waste management companies and supply chain logistics spaces.
(Economic Times)

Over 200K eligible people set to get e-vouchers under Vishwakarma scheme: More than 200,000 eligible artisans and craftsmen, who have completed the first set of basic training under the Pradhan Mantri Vishwakarma Scheme, will receive e-vouchers worth Rs 15,000 to buy modern toolkits, people familiar with the development said. "Out of over 700,000 people registered under the scheme, over 200,000 have completed the basic training and have been assessed. They are being provided with e-vouchers so that they can avail modern tools related to their trade," the person said.
(Business Standard)

ECONOMY

India can't match China's past 8-10% growth, Morgan Stanley says: India is unlikely to achieve the 8%-10% economic growth rates that China pulled off over the long term, Morgan Stanley's chief Asia economist said, even though the investment bank remains optimistic about the South Asian nation's prospects. India's economy will likely grow steadily at 6.5%-7% over the long term, Chetan Ahya said in interview Monday with Bloomberg Television's Haslinda Amin. The South Asian nation is also far from replacing its bigger rival as a global manufacturing hub, he added. China's growth averaged 10% a year in the three decades after its economic reforms in 1978, official figures show. Economic progress in India is being hamstrung by a lack of infrastructure, and a low skilled workforce, Ahya said. "Both these constraints make us believe that India's growth is going to be strong, but at 6.5%-7% rather than 8%-10%," he said.
(Moneycontrol)

India, Peru to hold seventh round of FTA talks in April: India and Peru are trying to speed up talks on the proposed bilateral free trade agreement (FTA), after it got delayed due to the Covid-19 pandemic and have scheduled the seventh round of negotiations in New Delhi, from April 8, prior to which offer lists on goods and services are likely to be exchanged, sources have said. "The proposed

FTA with Peru is significant for India as it seeks to increase its presence in Latin American countries in line with the policy decision to diversify beyond traditional markets. The Covid-19 pandemic led to a pause in the negotiations but since the India-Peru FTA talks restarted in February this year, both sides are trying to expedite it," an official tracking the matter said.

(Business Line)

CPSE dividends likely to exceed ₹62,000 crore, 24% more than RE: The Centre is expected to close the fiscal year 2023-24 with more than ₹62,000 crore or even more through dividends from Central Public Sector Enterprises (CPSEs). If this happens, it will exceed revised estimates by more than 24 per cent. Also, this will be an all-time high, besides being the third successive year of ₹50,000 crore plus through dividends. According to Department of Investment and Public Asset Management (DIPAM), during the current financial year 2023-24, over ₹61,000 crore has been obtained through dividend from the CPSEs. With some days remaining in the current fiscal year, officials expect more money to flow in. The latest number is higher not just than the budget estimate but also exceeds the revised estimate by a good margin. While presenting the Union Budget for FY24, Finance Minister Nirmala Sitharaman estimated ₹43,000 crore through 'Dividends from Public Sector Enterprises and other investments.' However, this was revised upward to ₹50,000 crore. Disinvestment proceeds from CPSEs are likely to remain below the budget estimate of ₹51,000 crore, though the revised estimated has subsumed the receipts from disinvestment into 'miscellaneous capital receipts' and set the number as ₹30,000 crore, still, that may not be achieved.

(Business Line)

INDUSTRY OUTLOOK

Narayana Murthy gifts Infosys shares worth Rs 240 cr to his 4-month-old grandson: nfosys Founder NR Narayana Murthy has gifted Infosys shares worth over Rs 240 crore to his four-month-old grandson Ekagrah Rohan Murty. While all the details of this transfer of shares are not known, as with any other income, gifts are subject to tax under certain circumstances. There are situations, though, where gifts may be exempt from tax.

Here's how gifts are currently taxed in the recipient's hands, under Section 56 of the Income Tax Act. Money gifts, or immovable properties, and specified movable properties received for no / inadequate consideration from non-relatives are treated as gifts (see table). The value of these is accounted for under 'income from other sources' and taxed per your applicable income tax slab. If the gift is to a

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minor, then the parent / legal guardian is responsible for the tax. In case of money gifts (in cash, via cheque, etc.), taxation kicks in only if the aggregate value of such money exceeds Rs 50,000 in a year. Below this limit, no tax applies. Under the Income Tax Act, gifts received from relatives are not taxed, irrespective of their monetary value. But who is considered a 'relative'? Say, there is a couple, H and W. H's relatives comprise a) H's spouse, b) H's brother or sister, c) W's brother or sister, d) H's parents' brothers or sisters, e) any lineal ascendant or descendent of H or W, and spouses of b), c), d) and e).

(Moneycontrol)

No major concern in small-cap stress test, says Birla MF chief: Mutual fund investors should not read too much into the outcome of just concluded stress test conducted on small- and mid-cap schemes of the industry and stay invested for over 5-10 years to reap the full benefit of investment in the sector. A Balasubramanian, Managing Director, Aditya Birla Sun Life Asset Management Company, said as part of their business individual fund houses have been conducting stress tests on these schemes on a regular basis and adjusting their portfolio in case of any deficiency. The AMFI-mandated stress test was designed to simulate extreme circumstances, assuming that 50 per cent and 25 per cent of investors would redeem their investments simultaneously. This was done to enhance investor awareness regarding the risks associated with their investments, he added. The longer time taken to sell-off a portfolio should not be construed as a major risk because fund manager are testing their portfolio for liquidity on a daily basis, he said. Investors should focus on their own risk-adjusted return and asset allocation than worrying about the money managers ability to meet redemption pressure, said Balasubramanian, former chief of AMFI.

(Business Line)

Adani Group to invest $14 bn in FY25: Adani group plans to invest more than ₹1.2 lakh crore (about $14 billion) across its portfolio companies that range from ports to energy, airports, commodities, cement and media in fiscal year starting April 1, as it doubles down on its $100 billion investment guidance over the next 7-10 years to grow businesses, sources said. The projected capital expenditure or capex for 2024-25 (April 2024 to March 2025) fiscal is 40 per cent higher than what the portfolio is estimated to have incurred in FY24. According to analysts, the portfolio is estimated to have incurred a capex of around $10 billion in FY24 that ends on March 31.

(Economic Times)

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REGULATION & DEVELOPMENT

Centre moots new exemptions framework for M&A deal reporting to CCI: The Centre proposes to exempt reporting certain notifiable M&A transactions to the Competition Commission of India (CCI). This is expected to reduce the industry's compliance burden and facilitate ease of doing business. A draft of the Competition Commission of India (exempted combination) Rules 2024 has been issued by the Corporate Affairs Ministry (MCA). Public comments have been invited on the draft Rules by April 10.
(Business Line)

I-T recovers ₹73,500 cr in pending bills: The income tax department has recovered ₹73,500 crore of pending dues in the current financial year up to March 15, with corporate tax dues amounting to ₹56,000 crore, personal income tax at ₹16,500 crore, and undisclosed income from foreign assets at ₹50 crore. The recovery is part of a targeted plan to increase collection of outstanding tax arrears. The department has seen an improvement in recovery efficiency, with efforts including using technology to track defaulters and setting zone-wise targets for field formations.
(Economic Times)

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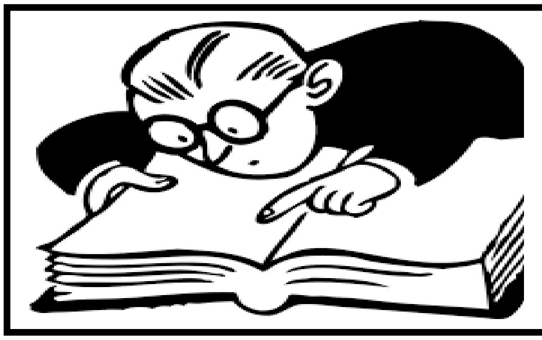

FINANCIAL TERMINOLOGY

KEY CURRENCY

- A key currency refers to a currency which is stable, does not fluctuate much, and provides the foundation for exchange rates for international transactions. Because of their global use, key currencies tend to set the value of other currencies.
- Also, these currencies tend to have a stable valuation over time. A key currency usually comes from a country that is financially strong, economically stable and developed, and one that is involved in the global market.
- The seven key currencies today are the U.S. dollar, the Euro, the British pound, the Japanese yen, the Canadian dollar, the Swiss franc, and the Mexican peso, although other contenders, such as the Chinese yuan, also exist.

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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 : 82.9078
INR / 1 GBP : 105.5847
INR / 1 EUR : 90.2755
INR /100 JPY: 55.5900

EQUITY MARKET

Sensex: 72748.42 (+104.99)
NIFTY: 22055.70 (+32.35)
Bnk NIFTY: 46575.90 (-18.20)

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