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DAILY NEWS DIGEST BY BFSI BOARD

19 September 2024

ECONOMY

Net direct tax collection rises 16.12% to Rs 9.95 trillion till Sep 17: Net direct tax collection grew 16.12 per cent to over Rs 9.95 trillion so far this fiscal on higher advance tax mop up. Refunds worth over Rs 2.05 trillion were issued, a 56.49 per cent jump over the same period last fiscal. The net personal income tax (PIT) collection grew 19 per cent to Rs 5.15 trillion between April 1 and September 17. Corporate tax collection went up 10.55 per cent to over Rs 4.52 trillion. Revenues from Securities Transaction Tax (STT) stood at Rs 26,154 crore. After taking into account refunds, net collection from PIT and corporate taxes stood at Rs 9,95,766 crore so far this fiscal, a growth of 16.12 per cent over the year-ago period.
(Business Standard)

Federal Reserve lowers rates to 4.75%-5%, signals further cuts in 2024: The US Federal Reserve lowered its benchmark interest rate by a half percentage point Wednesday, in an aggressive start to a policy shift aimed at bolstering the US labour market. Projections released following their two-day meeting showed a narrow majority, 10 of 19 officials, favoured lowering rates by at least an additional half-point over their two remaining 2024 meetings. The Federal Open Market Committee voted 11 to 1 to lower the federal funds rate to a range of 4.75% to 5%, after holding it for more than a year at its highest level in two decades. Wednesday's decisive move highlights the growing concern among policymakers over the employment landscape. The committee has gained greater confidence that inflation is moving sustainably toward 2%, and judges that the risks to achieving its employment and inflation goals are roughly in balance," the Fed said in a statement, adding that officials are "strongly committed to supporting maximum employment" in addition to bringing inflation back to their goal.
(Business Line)

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India's economic growth stands out globally, says FM Nirmala Sitharaman: Finance Minister Nirmala Sitharaman on Wednesday said India is standing out globally in terms of economic growth and will continue to do so in the next few years. "We are much better off than many other countries; even advanced countries are struggling to grow. We are standing out as an economy growing at the fastest rate in the last few years, this year, and in the next few years as well, for which we can make predictions," Sitharaman said while launching the NPS (National Pension Scheme) Vatsalya Scheme, which will allow parents to save for their children's future by investing in a pension account.
(Business Standard)

BANKING & FINANCE

ICICI Bank's m-cap crosses Rs 9 lakh-crore mark: The market capitalisation of ICICI Bank crossed the Rs 9 lakh-crore mark on Wednesday after its shares jumped 2% intraday to touch a new high of Rs 1,295 on the BSE. The stock closed with a gain of 1.55% to Rs 1,288.05. With a market cap of Rs 9.1 lakh crore, the private lender becomes the fifth-largest company by market value. Reliance Industries is the largest company by market value, with a market capitalisation of Rs 19.8 lakh crore, followed by Tata Consultancy Services at Rs 15.7 lakh crore. ICICI Bank is the second bank to achieve this milestone. HDFC Bank, the third-largest firm in terms of market value, has market capitalisation of Rs 12.9 lakh crore.
(Financial Express)

Casa ratio may fall further as govt enhances cash management: SBI chairman: The share of low-cost deposits in the banking system, which is already on a downward slope, could decline further to touch the levels seen before Covid-19 due to the efficient cash management by the government as well as the corporate sector, State Bank of India chairman CS Setty said on Wednesday. The pre-Covid level Casa ratios are 40 per cent, which went up to 45 per cent post-Covid. Obviously, it is going back to 40 per cent.
(Business Standard)

RBI's draft LCR norms could hit lending: Banks to FinMin: Banks have given feedback to the finance ministry about changes proposed by the Reserve Bank of India on a key liquidity ratio, with lenders expressing concern about the impact the new norms could have on their ability to drive credit

in the economy. "The finance ministry's DFS had reached out to banks recently asking for feedback on the draft liquidity coverage ratio (LCR) circular and they (DFS or department of financial services) are likely to soon communicate with the RBI on the issue too," a source aware of the developments told ET. "Bank have said to the DFS that if the LCR circular were to be implemented with the current increases in run-off factors, there could be a strong impact on lending ability as funds worth around ₹4-5 lakh crore would have to be kept aside to meet the new LCR requirement," the source said.
(Economic Times)

HDFC Bank to assign Rs 9,062 crore car loan pool to mutual funds to correct its credit-deposit ratio: The country's largest private lender, HDFC Bank, is in the final stage of assigning its car loan pool amounting to Rs 9,062 crore to mutual funds. The move is aimed at correcting its credit-to-deposit (CD) ratio, which worsened after its merger with its mortgage-lending parent, HDFC. The CD ratio stood at 105% on March 31, 2024, as against the industry average of close to 80%. The bank received a provisional AAA (SO) rating from India Ratings Thursday evening, which highlighted the details of the pass-through certificates (PTC).
(Economic Times)

INDUSTRY OUTLOOK

Anil Ambani-led Reliance Infra reduces external debt from Rs 3,831 crore to Rs 475 crore: Reliance Infrastructure on Wednesday announced that the company has significantly reduced its standalone external debt, bringing the amount down from Rs 3,831 crore to Rs 475 crore. Consequently, the Anil Ambani-led firm said that the net worth of the company will stand at around Rs 9,041 crore. In a regulatory filing, Reliance Infrastructure said that Invent Assets Securitisation and Reconstruction Private Limited, a lender to the company, has novated certain charged securities to recover its dues. This, it added, resulted in Invent ARC’s entire fund based outstanding amount reducing to zero.
(Financial Express)

Corporate bond market needs to be strengthened: SBchairman Setty: State Bank of India Chairman C S Setty on Wednesday stressed that the corporate bond market needs to be strengthened even as he assured that the banking industry's exposure to small loans remains manageable, primarily due to the active participation of NBFCs and MFIs. Speaking on the sidelines of Bengal Chambers of Commerce and Industry's annual financial market conclave here, Setty also addressed concerns about

the slowdown in unsecured loans and the importance of maintaining a healthy CASA (current and savings account) ratio. "One of the major points in corporate lending is that it was mainly done by banks. Corporate bond market still has to get strengthened," Setty said.
(Business Standard)

NSE board announces date for 4:1 bonus issue as IPO hopes revive: The board of the National Stock Exchange (NSE) has set November 2 as the record date for its 4:1 bonus share issue, announced earlier in May. The company will issue four bonus shares for each share held by its shareholders.
(Business Line)

TCS secures two-year contract with McDonald's franchise holder in the Philippines: Tata Consultancy Services (TCS) has secured a two-year contract with Golden Arches Development Corporation (GADC), the master franchise holder of McDonald's in the Philippines. The deal, announced today, aims to upgrade and digitize IT operations for over 760 McDonald's restaurants across the country.
(Business Line)

REGULATION & DEVELOPMENT

Centre finalising details of UPS scheme, will announce launch soon: The government is finalising the details of the Unified Pension Scheme (UPS) and will soon come out with the final version, M Nagaraju, secretary, Department of Financial Services said on September 18. The scheme was cleared by the Union Cabinet last month based on the recommendations of the Committee headed by the finance secretary. The new scheme has features of both the New Pension Scheme (NPS) and the Old Pension Scheme (OPS), as it continues with the contributory model, but also assures a minimum payout of 50 percent of average basic pay as pension to central government employees. It is to be applicable from April 1, 2025, but will also have some retrospective application for those who have retired under OPS.
(Moneycontrol)

Sitharaman launches NPS Vatsalya, parents can open pension a/c for children: Finance Minister Nirmala Sitharaman on Wednesday launched the NPS Vatsalya scheme, which will allow parents to save for their children's future by investing in a pension account. Parents can subscribe to NPS Vatsalya online or visiting a bank or post office. The minimum contribution to open Vatsalya account is Rs 1,000. Subscribers will have to contribute Rs 1,000 annually thereafter. The guidelines for withdrawal from NPS accounts are being finalised. Launching the scheme, Sitharaman said NPS has generated very competitive returns and offers the option to people to save while ensuring future income.

(Business Standard)

Cabinet approves PM-AASHA scheme extension with Rs 35,000 cr outlay: The Union Cabinet, chaired by Prime Minister Narendra Modi, on Wednesday approved the continuation of the Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA) to ensure fair prices for farmers and to regulate price fluctuations in essential commodities for consumers. This extension will incur a financial outlay of Rs 35,000 crore during the 15th Finance Commission cycle, up to 2025-26. The government has converged the Price Support Scheme (PSS) and Price Stabilisation Fund (PSF) schemes under PM-AASHA to serve farmers and consumers more effectively. This integration aims to provide farmers with remunerative prices for their crops, while stabilising the market prices of essential commodities, thus making them affordable for consumers. Starting from the 2024-25 season, the government will procure pulses, oilseeds, and copra at Minimum Support Price (MSP) under the Price Support Scheme. The procurement will cover 25 per cent of national production, enabling states to buy more of these crops to ensure farmers receive fair prices and to prevent distress sales. However, a 100 per cent procurement policy will apply to Tur, Urad, and Masur for the 2024-25 season. To further strengthen procurement, the government has increased its financial guarantee to Rs 45,000 crore. This will enable the Department of Agriculture and Farmers Welfare (DA&FW) to buy more pulses, oilseeds, and copra from registered farmers on platforms like the eSamridhi portal (NAFED) and eSamyukti portal (NCCF) when market prices fall below MSP.

(Business Standard)

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FINANCIAL TERMINOLOGY

CONSUMER SURPLUS

- Consumer surplus is defined as the difference between the consumers' willingness to pay for a commodity and the actual price paid by them, or the equilibrium price.
- Total social surplus is composed of consumer surplus and producer surplus. It is a measure of consumer satisfaction in terms of utility.
- Graphically, it can be determined as the area below the demand curve (which represents the consumer's willingness to pay for a good at different prices) and above the price line. It reflects the benefit gained from the transaction based on the value the consumer places on the good. It is positive when what the consumer is willing to pay for the commodity is greater than the actual price.
- Consumer surplus is infinite when the demand curve is inelastic and zero in case of a perfectly elastic demand curve.

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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 : 83.8302
INR / 1 GBP : 110.7576
INR / 1 EUR : 93.2991
INR /100 JPY: 59.6300

EQUITY MARKET

Sensex: 82948.23 (-131.43)
NIFTY: 25377.55 (-41.00)
Bnk NIFTY: 52750.40 (+561.75)

Courses conducted by BFSI Board

- Certificate Course on Concurrent Audit of Banks
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- Certificate Course on Investment Management
- Certificate Course on General Insurance.
- Advance Certificate Course on FinTech

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- 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)
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