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## **DAILY NEWS DIGEST BY BFSI BOARD**

**19 December 2024**



### **ECONOMY**

**Fed lowers rates by quarter point, signals two cuts for 2025:** Federal Reserve officials lowered their benchmark interest rate for a third consecutive time, but reined in the number of cuts they expect in 2025, signaling greater caution over how quickly they can continue reducing borrowing costs. The Federal Open Market Committee voted 11-1 on Wednesday to cut the federal funds rate to a range of 4.25%-4.5%. Cleveland Fed President Beth Hammack voted against the action, preferring to hold rates steady. New quarterly forecasts showed several officials penciled in fewer rate cuts for next year than they estimated just a few months ago. They now see their benchmark rate reaching a range of 3.75% to 4% by the end of 2025, implying two quarter-percentage-point cuts, according to the median estimate.

***(Moneycontrol)***

**Imports of Chinese auto parts see flat growth in H1FY25:** Imports of Chinese auto components, which used to be quite high till a few years ago, are now seeing their growth rate plateauing. The share of Chinese manufacturers in the domestic auto component industry stood at 28% in the first half of FY25, data shared by the Automotive Components Manufacturers Association (ACMA) showed. In FY24, their share was at 29%. While India is developing capabilities through private investments in areas such as electric vehicle battery cells, where China has an estimated 70% share of the global EV battery market, there are certain areas which require large investments, said a senior industry executive.

***(Financial Express)***



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## **BANKING & FINANCE**



**SEBI hikes net worth requirement for merchant bankers; introduces clauses for cancelling licence:** The Securities and Exchange Board of India (SEBI) has increased the net worth requirement for merchant bankers while introducing clauses based on which a merchant banking licence of an entity can be cancelled as well. In terms of net worth, the SEBI board approved increasing the requirement from the current Rs 5 crore to Rs 50 crore while allowing to undertake all permitted activities. MBs (merchant bankers) shall not undertake fresh valuation activities as part of its MB Registration. However, existing valuation assignments taken up by MBs may be completed. If an MB wishes to take up valuation activities, it shall obtain registration from the concerned regulator or authority, within a period of nine months. Meanwhile, a Category 2 merchant banking licence has also been introduced with a lower net worth requirement of Rs 10 crore but such entities cannot manage mainboard IPOs. In terms of liquid net worth, merchant bankers will have to maintain a liquid net worth of at least 25 percent of the minimum net worth requirement, at all times.

***(Moneycontrol)***

**ICICI Bank and Times Internet launch Super-Premium Credit Card:** ICICI Bank and Times Internet on Wednesday launched a super-premium credit card targeted at ultra high-net-worth individuals. The card, the inaugural edition of which has been crafted from a metal alloy derived from the historic printing plates of The Times of India, is powered by Visa. Targeting ultra high-net-worth individuals, the card offers exclusive benefits like lounge access, reward points, and even helicopter rides. The annual fee is ₹20,000, waived for yearly expenditures of ₹25 lakh.

***(Economic Times)***

**Government appoints Rama Mohan Rao Amara as SBI Managing Director:** State Bank of India on Wednesday said that Centre has appointed Rama Mohan Rao Amara as its Managing Director, reported Reuters citing sources. Amara's appointment has been approved for a period of three years, the report stated further. In September this year, Amara was recommended for the position by FSIB, the headhunter for directors of state-owned banks and institutions. With this appointment, Amara is set to fill the vacancy created by CS Setty, the current Chairman of the Bank.

***(Economic Times)***

**At \$129 bn, India top recipient of remittances this year: World Bank:** India was the topmost recipient of remittances in 2024 with an estimated inflow of \$129 billion, followed by Mexico, China, Philippines and Pakistan, driven by a recovery in the job markets in high-income



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countries, a blog post by World Bank economists said on Wednesday. The growth rate of remittances this year is estimated to be 5.8 per cent, compared to 1.2 per cent registered in 2023, according to the report. “The recovery of the job markets in the high-income countries of the Organization for Economic Co-operation and Development (OECD), following the onset of the pandemic, was the key driver of remittances,” the blog post said.

***(Business Standard)***

## INDUSTRY OUTLOOK



**Infosys unveils Rs 426-crore development centre in Kolkata:** The country’s second largest IT services firm, Infosys, on Wednesday inaugurated a state-of-the-art development centre (DC) in New Town, Kolkata, marking a major milestone in West Bengal’s IT growth story. Built with an investment of over Rs 426 crore, the 320,000 sq ft facility is designed to accommodate over 4,000 employees in a hybrid working model. The centre, inaugurated by West Bengal chief minister Mamata Banerjee, is equipped to drive innovation in cutting-edge technologies like cloud, AI, and digital transformation across industries including manufacturing, logistics, financial services, and energy. Infosys leadership, including CFO Jayesh Sanghrajka, and senior state officials attended the event.

***(Financial Express)***

**Rental housing scheme for industrial workers to be unveiled this week:** To support worker’s productivity for manufacturing growth, the Centre will unveil the scheme framework later this week for affordable rental housing for industrial workers under a public-private partnership (PPP) model with likely viability gap funding (VGF) of around 40% of the project cost to the private concessionaires, sources told FE. Under the scheme, both the states and anchor industries can seek VGF support for projects to provide workers a dignified affordable rental housing close to their workplace.

***(Financial Express)***

**DMart tops Hurun India List as most valuable self-made company post-2000; Zomato, Swiggy feature prominently:** DMart, a supermarket chain founded by Radhakishan Damani has emerged as the most valuable Indian company founded by a self-made entrepreneur post-2000, with a valuation of Rs 3.42 lakh crore, according to the latest Hurun India report released on Wednesday. The parent company, Avenue Supermarts, saw a rise by 44 per cent in its valuation over the past year,



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solidifying its top spot in the rankings. Zomato, the food delivery giant founded by Deepinder Goyal, followed closely behind with a 190 per cent surge in valuation, reaching Rs 2.51 lakh crore, securing second place in the rankings. Swiggy, its primary competitor, founded by Sriharsha Majety and Nandan Reddy, claimed the third spot with a valuation of Rs 1.01 lakh crore, marking a 52 per cent increase.

***(Financial Express)***



## REGULATION & DEVELOPMENT

**SEBI makes a big move, codifies public-consultation process:** In a big move, the market regulator has now codified the public-consultation process with its Board approving the the Securities and Exchange Board of India (Procedure for making, amending, and reviewing of Regulations) Regulations, 2024. It codifies SEBI's approach of undertaking public consultation for making and amending regulations and also lays down the requirement of reviewing regulations. The Securities and Exchange Board of India (SEBI) issued the press statement after meeting with its Board on December 18. The new law mandates that the proposal(s) containing the suggested changes to the policy, including the draft regulations, shall be published for public feedback ordinarily for a minimum of 21 calendar days. Also, rationale for acceptance/non-acceptance will be made public and Board Agendas will carry structured analysis of feedback from public consultation.

***(Moneycontrol)***

**SEBI announces the setting up of performance validation agency called PaRRVA:** The market regulator has finally announced the setting up of the highly awaited performance validation agency (PVA) called the Past Risk and Return Verification Agency (PaRRVA). Research analysts (RAs), investment advisors (IAs) and algo providers can seek verification from this agency, according to the regulator's press statement issued on Wednesday. The Board has approved the proposal to recognise a "Past Risk and Return Verification Agency (PaRRVA)" which shall verify the risk-return metrics in respect of services of such persons or their agents. A Credit Rating Agency (CRA) shall act as PaRRVA with a recognized stock exchange serving as PaRRVA Data Centre (PDC). PaRRVA shall carry out the verification of risk-return metrics for Investment Advisors (IAs), Research Analysts (RAs) and Algorithmic Trading, and those persons permitted by the Board to offer these services. It is clarified that the risk return metrics verification shall be made only on a prospective basis from the effective date of opting for the PaRRVA service.

***(Moneycontrol)***





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**SEBI tightens norms for SME IPOs, investment bankers:** The SEBI board on Wednesday tightened norms for SME firms going public and merchant bankers, while broadening the definition of unpublished price sensitive information (UPSI) to include more material events. SME firms can make a public offering only if the issuers have an operating profit of ₹1 crore from operations for any 2 out of 3 previous financial years at the time of filing of its draft prospectus. Offer for sale (OFS) by selling shareholders in SME IPOs will not exceed 20 per cent of the total issue size and selling shareholders cannot sell more than 50 per cent of their holding.

Lock-in on promoters' holding held in excess of minimum promoter contribution will be released in a phased manner: lock-in for 50 per cent promoters' holding in excess of MPC will be released after a year and the rest after two years. The allocation methodology for non-institutional investors in SME IPOs will be aligned with that used for NIIs in mainboard IPOs. SME issues where objects of the issue consist of repayment of loan from promoter, promoter group or any related party, from the issue proceeds, whether directly or indirectly, will not be permitted. Related party transaction (RPT) norms, as applicable to listed entities on mainboard, to be extended to SME listed entities as well.

Merchant bankers other than banks, financial institutions and their subsidiaries can undertake only permitted activities as specified by SEBI. Other regulated activities may be carried out as a separate business unit after obtaining the required regulatory nod. Non-permitted activities will be hived off to a separate legal entity with a separate brand name within two years. Bankers with a net worth of at least ₹50 crore will fall under Category 1 and will be allowed to undertake all activities that fall under SEBI's ambit. Those with net worth of Rs 10 crore will fall under Category 2 and will not be allowed to handle equity mainboard issues.

The Sebi board has approved amendments to include several more material events in the definition of Unpublished Price Sensitive Information (UPSI). According to a study by SEBI on material events disclosed to the stock exchanges, companies were seen to be categorizing only the items explicitly mentioned in the PIT Regulations as UPSI, and not complying with the law in spirit.

The Board approved sharing of ESG rating reports with subscribers and the rated issuer at the same time; and process of dealing with appeal and representation by the rated issuer.

***(Business Line)***



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## FINANCIAL TERMINOLOGY

### UNEARNED INCOME

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- ❖ The term unearned income refers to any income that is not acquired through work. Put simply, unearned income is any money you earn by doing nothing. This is in contrast to earned income, which is any compensation received for performing a service like work.
- ❖ There are many types of unearned or passive income, including interest from savings accounts, bond interest, alimony, and dividends from stocks.
- ❖ Unearned income, which can serve as a supplement to earned income before retirement, is often the only source of income in post-retirement years.



**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 : 84.9370  
INR / 1 GBP : 107.9408  
INR / 1 EUR : 89.2592  
INR /100 JPY: 55.3800

**EQUITY MARKET**

Sensex: 80182.20 (-502.25)  
NIFTY: 24198.85 (-137.15)  
Bnk NIFTY: 52139.55(-695.25)

**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.
- ❖ Advance Certificate Course on FinTech

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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)

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