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(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

20 February 2024

BANKING & FINANCE



HDFC Bank merger catalyzed loan growth, need to raise funds to keep pace: MD

Jagdishan: The recent merger of HDFC Bank and HDFC Ltd has brought forward the loan growth of the combined entity, triggering the need for the private bank to raise funds, said MD and CEO Sashidhar Jagdishan. "There is a need to mobilise sustainable deposits in order to replace the maturing bonds," Jagdishan said at an investor conference hosted by Goldman Sachs on February 19. The bank's deposit growth will not match loan growth overnight but will rather follow a glide path, he said. "We realise that we have preponed our loan growth and so we need a transition time to warm up the engine and raise a sustainable funding which will substitute some of the bond maturity," said Jagdishan. He further said that this will help the bank match its share of loans and deposits. Despite this transition, the bank aims to maintain financial stability and continue its trajectory of profitable growth, said Jagdishan.

(Moneycontrol)

Paytm ready for all options for bank's survival, including acquisition: One 97 Communications is resigned to losing its associate, Paytm Payments Bank, the entity at the centre of the crisis surrounding the fintech. However, it feels that if there is even a slight chance of its survival through an acquisition, then it is ready to take it. Sources said that the outlook for the bank looked bleak at the present, but there is still hope to eventually convince the regulator through 'good behaviour' to ease some restrictions. If the bank is given a chance to survive through acquisition, if there is a way for it to thrive, Paytm is willing for that to happen. Having worked hard to establish and create a thriving ecosystem, it wants the bank to continue to exist, even if it changes hands.

(Business Line)

Kotak Mahindra Bank appoints Devang Gheewalla as CFO, Milind Nagnur as COO from

April 1: Kotak Mahindra Bank has declared several top-level management changes on Monday. Devang Gheewalla is set to become the new Chief Financial Officer, effective from April 1, 2024,



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replacing Jaimin Bhatt who is due to retire on March 31, 2024. Milind Nagnur, the current Chief Technology Officer, will take on the role of Chief Operating Officer from April 1, 2024, but will also continue his duties as the Bank's Chief Technology Officer.

(Business Today)

IRDAI to enhance scrutiny of health & savings plans aimed at individuals over 55 to curb misselling: The insurance regulator is looking to tighten scrutiny and enhance transparency to prevent misselling of complex insurance products targeting individuals over 55. Measures include mandatory video verification, audits, and the use of assessment criteria and templates for policy documents. In December 2023, financial services secretary Vivek Joshi held a meeting with chiefs of state-run banks over issues related to bancassurance, including its effectiveness in increasing insurance penetration and challenges in the form of misselling.

(Economic Times)

IEPFA and DBS Bank ink MoU to spread awareness on investment and fraudulent schemes: Investor Education and Protection Fund Authority (IEPFA) and Singapore-headquartered DBS Bank on Monday signed a Memorandum of Understanding (MoU) to spread awareness on investment and fraudulent schemes. Under the MoU, DBS Bank aims to support IEPFA's investor awareness activities by disseminating safety messages via its various digital platforms. Leveraging DBS Bank's extensive network of branches and ATMs in 19 States, as well as its digital infrastructure, will significantly increase the reach of IEPFA's investor awareness and protection messages to end users.

(Business Line)



ECONOMY

Farmers agitation: Centre proposes five-year guaranteed procurement at MSP for five crops: The vexed issue of fixing the minimum support price (MSP) on the Swaminathan formula and providing it with a legal shield is unlikely to get resolved soon as a group of unions under the Samyukt Kisan Morcha (SKM) rejected the government's proposal on Monday and vowed to continue the agitation until the demands are met. In a bid to find a solution to the current farmers' agitation over the demand for legal enforcement of MSP, the Centre has proposed that it will buy cotton, maize, tur, urad and masur for five years directly from farmers at MSP without any quantitative limit. It refrained



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from committing to frame a law that the farmers wanted so that private traders will also be mandated to buy at least at the benchmark rates.

(Business Line)

India set to lift ban on onion exports but may cap shipments at 3 lakh tonnes: The Centre has decided to withdraw the ban on onion exports but will cap the shipments. However, farmers argue that the move will benefit the traders more due to the decision. Bharti Pawar, Union Minister of State and MP from Nashik, announced the Centre's decision to withdraw the ban on onion exports. Pawar, who represents Dindori (Nashik rural constituency) told local media that while the ban is being lifted, the terms and conditions, including the extent of the cap, will be clarified in the impending government notification. According to sources, the government will allow the export of onion up to 3 lakh tonnes. **(Business Line)**

Goldman Sachs predicts Nifty50 surge to 23,500 by December 2024: Foreign brokerage Goldman Sachs sees Nifty50 scaling up to 23,500 by end-December 2024 even as it does not expect any large market moves around the upcoming 2024 general elections outcome. The surge in the benchmark index will primarily be driven by the strong 15 per cent earnings growth and supported by the high domestic inflows, Santanu Sengupta, Senior Asia Economist, Goldman Sachs India and Sunil Kaul, Senior Asia Equity Strategist, Goldman Sachs Singapore said in a recent note. Equity markets have historically traded well heading into the elections, with Nifty rallying more than 10 percent in the six months preceding elections in four of the past seven general elections, they noted. "With the roughly 15 percent rally in Nifty since November and market expectations of policy continuity priced in, we don't expect large market moves around this election outcome", they said.

(Business Line)

INDUSTRY OUTLOOK



Tata vs. Pakistan: Indian conglomerate market value now bigger than neighbour's GDP: Tata Group companies have delivered remarkable returns in the last one year, propelling the conglomerate's market value to a size surpassing that of the entire economy of neighboring Pakistan, according to a report by The Economic Times. Currently, India's largest business conglomerate boasts a market capitalization of \$365 billion or approximately ₹30.3 lakh crore, exceeding the International Monetary Fund's (IMF) estimations of Pakistan's GDP, which stands at approximately \$341 billion.

(Mint)



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ED has not yet found forex breaches at Paytm unit, source says: An investigation into possible foreign exchange violations at Patym Payments bank by India's financial crime fighting agency has not yet found any breaches, a government source directly aware of the matter said on Monday. Last week, India's Enforcement Directorate announced the investigation into overseas transactions by Paytm Payments Bank, a unit of One 97 Communications, popularly known as Paytm.

(Economic Times)

Whirlpool to sell 24% in India unit for up to \$451 million: Appliance maker Whirlpool of India's foreign promoter, Whirlpool Corporation, will be selling a 24% stake in the company through block deals in a transaction valued at \$451 million (around Rs 3,740 crore) this week, according to informed sources. The floor price has been set at `1,230 a share, with 30.4 million shares on offer, according to the term sheet, which has been reviewed by FE. Goldman Sachs is advising Whirlpool on the transaction. The seller will be Whirlpool Mauritius, a unit of Whirlpool Corporation.

(Financial Express)



REGULATION & DEVELOPMENT

Pending income tax demand of up to Rs 1 lakh per individual waived: The Income Tax department has prescribed a ceiling of Rs 1 lakh per assessee for withdrawal of small tax demands till Assessment Year 2015-16, as per a Budget announcement. The Central Board of Direct Taxes (CBDT) issued an order giving effect to the 2024-25 Budget announcement by Finance Minister Nirmala Sitharaman. The Budget had announced that tax demands for AY 2010-11 of up to Rs 25,000 and for AY 2011-12 to 2015-16 of up to Rs 10,000 will be withdrawn. Tax demands totalling about Rs 3,500 crore will be withdrawn following the announcement. The CBDT order said that such outstanding tax demands pertaining to income tax, wealth tax and gift tax as on January 31, 2024, shall be remitted and extinguished "subject to the maximum ceiling of Rs 1 lakh for any specific taxpayer/assessee". The limit of Rs 1 lakh would include principal component of tax demand, interest, penalty or fee, cess, surcharge. However, the remission shall not be applicable on the demands raised against the tax deductors or tax collectors under TDS or TCS provisions of the I-T Act.

(Business Today)

Panel on insolvency proposes mediation at pre-default stage: An expert committee set up by the insolvency regulator has recommended mediation between lenders and borrowers even at the pre-default stage to "achieve faster out-of-court outcomes". The panel, headed by former legal affairs



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secretary TK Viswanathan, has said mediation at the pre-default stage would aid in resolutions "without recourse to insolvency", while also suggesting mediation where insolvency proceedings have been applied for or initiated under the Insolvency and Bankruptcy Code (IBC).

(Economic Times)

IREDA and Punjab National Bank join hands to Co-Finance Renewable Energy Projects:

Indian Renewable Energy Development Agency Ltd. (IREDA) and Punjab National Bank (PNB) have signed a Memorandum of Understanding (MoU) aimed at advancing renewable energy initiatives across the nation. The agreement, signed at IREDA's registered office in New Delhi on February 19, 2024, paves the way for joint efforts in co-lending and loan syndication for a diverse spectrum of renewable energy projects. The MoU comprises various provisions aimed at enhancing support for renewable energy projects. These include joint lending, loan syndication and underwriting, management of Trust and Retention Account (TRA) for IREDA borrowers, and working towards competitive terms of sanction, including pricing on IREDA borrowings. Through the collaboration, IREDA and PNB can also invest in bonds issued by either organization.

(PiB)



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FINANCIAL TERMINOLOGY

ADHESION CONTRACT

- ❖ An adhesion contract is an agreement that usually has non-negotiable terms and conditions. Generally, it's prepared by a party to a potential transaction that has the product or service sought by another party, the consumer. The former has the stronger bargaining position. The latter must accept the adhesion contract to obtain the product or service.
- ❖ Adhesion contracts are "take it or leave it" agreements where you must accept the contract or walk away.
- ❖ Adhesion contracts are often used for insurance, leases, vehicle purchases, mortgages, and other transactions where there is a high volume of customers who fit a standard form of agreement.
- ❖ For instance, with an insurance contract, the company and its agent have the power to draft the contract, while the potential policyholder only has the right of refusal. In other words, the customer cannot counter the offer or create their own, new contract to which the insurer could agree.



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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 : 83.0375
INR / 1 GBP : 104.4800
INR / 1 EUR : 89.3500
INR /100 JPY: 55.2600

EQUITY MARKET

Sensex: 72708.16 (+281.52)
NIFTY: 22122.30 (+81.60)
Bnk NIFTY: 46535.50 (+150.70)

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