



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

21 February 2024

BANKING & FINANCE



Union Bank of India announces Rs 3,000-cr QIP at Rs 142.78 per share: PSU lender Union Bank of India on Tuesday announced a Rs 3,000-crore qualified institutional placement (QIP) at a floor price of Rs 142.78 per share. "We wish to inform you that the Committee of Directors for Raising Capital Funds ("Committee") has at its meeting held today i.e. February 20, 2024 approved the raising of funds for an amount not exceeding Rs 3,000 Crore through issue of equity shares through Qualified Institutions Placement subject to the requisite regulatory /statutory approvals," said the bank in a stock exchange filing. The floor price is at a marginal premium when compared to the closing price of Union Bank of India's scrip on BSE on Tuesday at Rs 141.2. The bank also announced the opening of the issue on February 20.

(Moneycontrol)

Stage to get cleared for Hinduja to hike stake in IndusInd Bank: Nearly a year after making a formal application to the Reserve Bank of India (RBI) for hiking stake in IndusInd Bank, the Hinduja Group is expected to get a go-ahead from the banking regulator. According to sources aware of the matter, the approvals to increase stake in the bank is likely to come through by end of this fiscal. IndusInd International Holdings Ltd, promoted by Ashok Hinduja, and its affiliate entity collectively hold around 16.5 per cent stake in IndusInd Bank. This can be increased to 26 per cent once the approval comes through formally. The move would mark a very significant development in the banking landscape as IndusInd Bank would be the first instance where its promoters could increase their stake to 26 per cent, post the 2021 RBI's Internal Working Group recommendations. Apart from Kotak Mahindra Bank, IndusInd Bank would also be the second instance in the private banking sector with promoter holding at 26 per cent. Increasing stake to such a threshold would enable promoters with voting right majority in the entity.

(Business Line)



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Paytm Payments Bank: Users may take 3-6 months to shift to other platforms: Users may take three to six months to migrate to another payment service provider (PSP), a report in the Business Standard said on Tuesday. One 97 Communications Ltd is also looking to apply for a third-party application provider (TPAP) licence from the National Payments Corporation of India (NPCI) to ease the process. A TPAP license will ensure that Paytm users can continue to make digital payments via the Unified Payments Interface (UPI). NPCI is entrusted with the supervision with the regulation and the supervision of UPI and related financial services that work on the network. PSPs need to obtain a TPAP license from NPCI to run UPI services and facilitate merchant transactions through partner banks. Paytm is presently not classified as a TPAP due to UPI transactions being routed through Paytm Payments Bank. On the other hand, 22 entities, including Amazon Pay, Google Pay, Mobikwik, PhonePe, and WhatsApp, currently have a TPAP licence.

(Business Today)

Banks set up panel to guard executives from corruption cases: Banks have set up a panel headed by former Central Bureau of Investigation (CBI) special director DC Jain to prepare strategies and a framework to effectively deal with cases against lenders under the Prevention of Corruption Act, ET has learnt. Banks had been pressing for immunity from arbitrary arrest or action by investigating agencies against their top executives for taking commercial decisions such as grant of loans, but there has been little headway on this demand so far.

(Economic Times)

HDFC Bank to maintain healthy LDR: Jagdishan: HDFC Bank will maintain a healthy loan to deposit ratio (LDR), managing director and chief executive Sashidhar Jagdishan said on Monday. Speaking at an investor conference hosted by Goldman Sachs, he said there is a need to mobilise sustainable deposits in order to replace maturing bonds. “Going forward, whatever we will do, will be very similar to what we have done in the past, which means we will maintain a very healthy incremental LDR. HDFC Bank’s LDR has increased after its merger with HDFC Ltd and is currently at 110%, which is higher than the industry average. Prior to the merger, the LDR of the country’s largest private bank was at 85%. Talking about the liquidity coverage ratio, Jagdishan said the bank has always operated between 110% and 120%, which is a very healthy level.

(Financial Express)



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ECONOMY

Fin Min says 'urgent' need to boost competitiveness, attractiveness of India's exports amid global uncertainty: The finance ministry has said it is crucial that India's exports are made more attractive amid continued uncertainty in global growth and trade conditions, with headwinds from geopolitical tensions, including supply-chain disruptions and higher logistics costs, posing downside risks to growth. "Given persisting uncertainties for global output and trade growth, finding ways to enhance the competitiveness and attractiveness of India's exports is both urgent and important," the finance ministry's Monthly Economic Review report for January, released on February 20, said. Latest trade data released on February 15 showed India's merchandise exports in January edged up by just 3.1 percent year-on-year to \$36.92 billion

(Moneycontrol)

RBI Bulletin: Indian economy continues to sustain momentum of first half of FY24: The growth momentum of the Indian economy from the first half of the current financial year is seen continuing into the second half, according to the Reserve Bank of India's (RBI) monthly bulletin. "The Indian economy continues to sustain the momentum achieved in the first half of 2023-24, going by high frequency indicators. Expectations of a fresh round of capex by the corporate sector is likely to fuel the next leg of growth," the central bank's monthly State of the Economy article, released on February 20, said.

(Moneycontrol)

Threat of mass unemployment due to AI is overblown: Tech Mahindra CEO Mohit Joshi: The threat of mass unemployment due to the incorporation of artificial intelligence into businesses is overblown, according to Mohit Joshi, Managing Director and Chief Executive Officer of Tech Mahindra. "This threat of mass unemployment is overblown and especially overblown from a technology perspective. It (AI) will give an enormous set of capabilities to people, it will allow people to move up the learning curve much faster than they would have two decades ago," Joshi said at the NASSCOM Tech Leadership Forum 2024 on February 20. This comes at a time when businesses across the globe are increasingly adopting generative artificial intelligence to improve productivity and efficiency and reduce costs. "AI is such a powerful equaliser, that it really gives superhuman



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capabilities to almost every human. This is the Ironman suit that we were all waiting for,” he added while speaking with Akhilesh Tuteja, global cyber security leader, head clients and markets, national alliances and TMT Industry Leader at KPMG in India.

(Moneycontrol)

INDUSTRY OUTLOOK



FY25 corporate tax collections may miss Budget Estimate: The corporate income tax (CIT) collections for the upcoming fiscal year FY25 might fall below the projected 13% outlined in the interim Budget, as the government's priority is on expediting the resolution of appeals and issuing refunds, a senior official told FE. “We may not achieve the 13% growth in corporate tax collections in FY25, as our focus is on bigger appeals. We want the bigger appeals to be decided fast, and issue refunds, wherever required,” the official said, asking not to be identified. “From this year (FY24), appeals have picked up.” According to reports, the count of appeals pending with the income tax department as of March 31, 2023, rose to 516,000 from 496,000 as of March 31, 2022. Among these, more than 280,000 appeals have remained pending for over three years.

(Mint)

NTPC arm NGEL inks pact with AP to develop India's largest green hydrogen production facility: New Delhi: NTPC arm NGEL has signed an agreement with the government of Andhra Pradesh for the development of an integrated green hydrogen hub. The land lease agreement was signed between NTPC Green Energy Limited (NGEL) and Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for the said project near Pudimadaka village of Atchutapuram Mandal in Visakhapatnam district, NTPC said in a statement on Tuesday. "The Pudimadaka Green Hydrogen Hub aims to create a world-class ecosystem for technologies in the new energy paradigm, such as electrolyser and fuel cell manufacturing, related ancillary industries, startup, incubation, testing facilities, production and export of green hydrogen and its derivatives (green ammonia/green methanol etc.)," the statement said.

(Economic Times)

Japan commits Official Development Assistance (ODA) loan of Japanese Yen (JPY) 232.209 billion for nine projects in various sectors in India: The Govt. of Japan has committed Official Development Assistance loan of an amount of JPY 232.209 billion for nine (09) projects in various sectors. India and Japan have had a long and fruitful history of bilateral development cooperation since 1958. Economic partnership, a key pillar of India-Japan relations has



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steadily progressed in the last few years. Exchange of Notes for these important projects will further strengthen the Strategic and Global Partnership between India and Japan.

(PiB)



REGULATION & DEVELOPMENT

EPFO adds net 1.56 mn members; 841,000 new subscribers join workforce: Retirement fund body EPFO recorded a net addition of 15.62 lakh members in December 2023, according to payroll data released on Tuesday. An increase of 11.97 per cent has been registered in net member addition during December 2023 compared to the previous month, a labour ministry statement said. Employees' Provident Fund Organisation's provisional payroll data highlighted that the net addition of 15.62 lakh members was up by 4.62 per cent compared to December 2022, it stated. This surge in membership can be attributed to various factors, including increased employment opportunities, a growing awareness of employee benefits, and the effectiveness of EPFO's outreach programmes, it explained.

(Business Today)

Goa government, World Bank collaborate for blended finance facility for climate resilience: The Goa government on Tuesday announced setting up of a blended finance facility in partnership with the World Bank that will enable the coastal state to access and mobilise concessional finance to implement low-carbon and climate-resilient investments. Chief Minister Pramod Sawant in presence of the World Bank officials and other institutions announced the setting up of the facility.

(Financial Express)

‘86% of Asia’s central banks, supervisory authorities adopting big data, ML’: The share of Asian central banks and supervisory authorities adopting big data and machine learning has risen to 86 per cent. This involves nowcasting exercises, applications to granular financial data, and supotech/regtech applications such as the computation of the economic policy uncertainty (EPU) indices in India. An important area is fraud detection, with data reflecting that one-third of Asian central banks deploy big data algorithms for anti-money laundering/combating terrorism financing purposes, RBI Deputy Governor Michael Patra said, quoting a survey.

(Business Line)



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Shri Dharmendra Pradhan inaugurates first Skill India Centre of the country in Odisha:

Union Minister of Education and Skill Development & Entrepreneurship, Shri Dharmendra Pradhan, inaugurated the first Skill India Centre (SIC) of the country in Sambalpur, Odisha. While addressing the youth at the inauguration Shri Pradhan stated that by spearheading the skill training programs in new-age job roles, the skills-set of Amrit Peedhi will be upgraded in demand-driven industries and the aim will be to empower over 1200 students through this centre.

(Business Line)



FINANCIAL TERMINOLOGY

J-CURVE

- ❖ In economics, the J-curve shows how a currency depreciation causes a severe worsening of a trade imbalance followed by a substantial improvement.
- ❖ The J-curve is useful to demonstrate the effects of an event or action over a set period of time. Put bluntly, it shows that things are going to get worse before they get better.
- ❖ A J-curve depicts a trend that starts with a sharp drop and is followed by a dramatic rise. The trendline ends in an improvement from the starting point.
- ❖ In economics, it is often used to observe the effects of a weaker currency on trade balances. Immediately after a nation's currency is devalued, imports get more expensive and exports get cheaper, creating a worsening trade deficit. Shortly thereafter, the sales volume of the nation's exports begins to rise steadily, thanks to their relatively cheap prices. At the same time, consumers at home begin to buy more locally-produced goods because they are relatively affordable compared to imports. Over time, the trade balance between the nation and its partners bounces back and even exceeds pre-devaluation times.



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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 : 82.9704
INR / 1 GBP : 104.4216
INR / 1 EUR : 89.3580
INR /100 JPY: 55.1700

EQUITY MARKET

Sensex: 73057.40 (+349.24)
NIFTY: 22197.00 (+74.70)
Bnk NIFTY: 47094.20 (+558.70)

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