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DAILY NEWS DIGEST BY BFSI BOARD

21 March 2024

BANKING & FINANCE



RBI says all agency banks to remain open for public on March 31: The Reserve Bank of India has said that March 31, 2024 (Sunday) will be a working day for all agency banks dealing with Government transactions. The central bank said all bank branches have been asked to be open so as to account for all the Government transactions relating to receipts and payments in the FY 2023-24 itself. "The Government of India has made a request to keep all branches of the banks dealing with Government receipts and payments open for transactions on March 31, 2024 (Sunday) so as to account for all the Government transactions relating to receipts and payments in the FY 2023-24 itself. Accordingly, Agency Banks are advised to keep all their branches dealing with government business open on March 31, 2024 (Sunday)," the RBI said in a notification on Wednesday. Earlier, the Income Tax department said that the long weekend, from March 29 to March 31, 2024, has been cancelled considering the pending tax-related work. March 29 is Good Friday, which is a holiday, March 30 is a Saturday, while March 31 is a Sunday.

(Business Standard)

HDFC Bank completes Rs 9,552-crore stake sale in HDFC Credila: HDFC Bank said on Wednesday it has completed the sale of its stake in education finance arm HDFC Credila for Rs 9,553 crore to private equity firms BPEA EQT and ChrysCapital. After the deal, HDFC Credila will cease to be a subsidiary of the bank. "HDFC Bank has, as of March 19, 2024, sold 14,01,72,180 equity shares of HDFC Credila to the Acquirers. Accordingly, HDFC Credila has ceased to be a subsidiary of HDFC Bank," the lender said in an exchange filing. The acquirer companies include Kopvoorn BV, Moss Investments, Defati Investments Holding B V and Infinity Partners. HDFC Bank will maintain a 9.99% stake in HDFC Credila. The share sale comes after the Reserve Bank of India in April directed HDFC Bank to reduce its shareholding in HDFC Credila to 10% within two years of the merger with mortgage lender HDFC.

(Financial Express)



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NCLAT directs PSBs to not take coercive action against IL&FS, its board: The National Company Law Appellate Tribunal (NCLAT) has directed 11 public sector lenders not to take coercive action against IL&FS and its group companies till its next hearing on May 14. A two-member NCLAT bench headed by Chairperson Justice Ashok Bhushan also issued notices to the banks, along with the Reserve Bank of India (RBI), directing them to file a reply. “In view of the order dated October 15, 2018, the Respondents (banks) shall not proceed to take any coercive action against the Applicant (IL&FS and group companies) till the next date,” said the NCLAT. On October 15, 2018, the NCLAT stayed all proceedings against IL&FS and other group companies till its further order. It had also restrained creditors of IL&FS from filing suits, in the case of non-repayment of loans.

(Financial Express)

Future Enterprises gets bids for manufacturing units, insurance biz: Central Bank of India and Mumbai-based M Pallonji & Co are the two bidders for Future Enterprises' insurance business, having offered ₹450 crore and ₹300 crore, respectively, two people familiar with the process said. Two other bidders have offered to buy the company's manufacturing units in Maharashtra and Karnataka, these people said. Lenders had offered different parts of the company for sale after the initial attempt to sell the whole company failed to get substantial bids. Future Enterprises owes creditors more than ₹13,540 crore. Central Bank is also the largest creditor to the group with more than ₹4,000 crore of admitted claims between the bank and its arm Centbank Financial Services.

(Economic Times)



ECONOMY

RBI may up FY25 GDP growth projection; lower retail inflation projection a shade: RBI's economic research team has projected the economy to grow at a relatively faster clip of 7.4 per cent in FY25 versus 7 per cent projected in Governor Shaktikanta Das' latest bi-monthly monetary policy statement. The team also sees FY25 CPI (consumer price index) based inflation a tad lower at 4.4 per cent against 4.5 per cent projected in the statement. In the latest monthly bulletin, RBI officials noted that the high visibility of structural demand and healthier corporate and bank balance sheets will likely be the galvanising forces for growth going forward.

(Business Line)

India's income inequality at 100-year high; worse than colonial era: Study: India's richest people now have a larger share of national income than in more than a century. The top 1 per cent of



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Indians earn 22.6 per cent of the national income compared to 15 per cent earned by the bottom 50 per cent of the population, according to a study by the World Inequality Lab. Wealth inequality is also near historic highs and calls for changing tax policies to ensure better redistribution, according to the study entitled 'Income and Wealth Inequality in India 1992-2023: The Rise of the Billionaire Raj' by World Inequality Lab authors.

(Business Standard)

US Fed keeps key rates unchanged at 5.25%-5.5% for 5th straight meeting: The Federal Reserve held interest rates steady on Wednesday, but policymakers indicated they still expect to reduce them by three-quarters of a percentage point by the end of 2024 despite stodgier expected progress towards the US central bank's 2 per cent inflation target. The Fed's new policy statement described inflation as remaining "elevated," and updated quarterly economic projections showed the personal consumption expenditures price index excluding food and energy rising at a 2.6 per cent rate by the end of the year, compared to 2.4 per cent in the projections issued in December. Nevertheless, 10 of the Fed's 19 officials still see the policy rate falling by at least three-quarters of a percentage point by the end of this year, a median view first set in December and maintained despite recent stronger-than-expected inflation.

(Business Standard)

JPMorgan predicts foreign investors flocking to Indian stocks after LS elections: Report: Indian equities will attract more foreign inflows after the Lok Sabha elections as the Indian economy is growing at decent pace, besides the Federal Reserve's rate cuts acting as catalysts. Rajiv Batra of JPMorgan Chase & Co. on Wednesday said that the positioning of global funds in India stock market remains is predicted and investors will use any correction as an opportunity to increase holdings. His views come on the back after overseas flows became more volatile ahead of the 2024 Lok Sabha elections due to concerns over stretched valuations. Besides JPMorgan, Goldman Sachs Group had also predicted more foreign inflows as PM Narendra Modi is set to come back for a third term.

(Business Today)



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INDUSTRY OUTLOOK



REITs body seeks equities tag for Real Estate Investment Trusts, in talks with SEBI: The Indian Association of REITs, is in talks with the Securities and Exchange Board of India, making a case that Real Estate Investment Trusts (REITs) be classified as equities, said Arvind Maiya, CEO of Embassy REIT. Just like mutual funds allow investors to own a fraction of the company; REITs or real estate investment trusts allow investors to own a fraction of the real estate without purchasing or managing the property. REIT is a company that owns or finances income-producing real estate properties where they pool money from the investors and invest it in real estate projects like workspaces, malls, and others. If REITs are classified as equities, it would allow for index inclusion wherein a lot of passive flows would come into REITs, said Maiya in the Indian Association of REITs event in Mumbai on March 12. He further said that equities as a product increases the liquidity, which could lead to more trading.

(Moneycontrol)

India's direct selling industry has crossed ₹21000 crore-mark: The Indian direct selling industry garnered growth of over 12 per cent clocking a gross industry turnover of ₹21,282 crore in 2022-23, according to estimates released by the Indian Direct Selling Association (IDSA). According to the report, the total sales have increased by ₹2252 crore compared to the year 2021-22 which was partially impacted by the pandemic. The average growth (CAGR) of the direct selling business in the four years from the year 2019-20 to 2022-23 has remained at 8.3 percent, it added.

(Business Line)

Zomato drops green dress code for riders of 'pure veg mode' amid social media backlash: Zomato has decided to drop the green dress code for riders carrying only vegetarian food after the introduction of the "Pure Veg Mode" sparked intense debate across social media platforms. Zomato founder and CEO Deepinder Goyal addressed the backlash and conveyed the decision via social media. In a post on X, the CEO said, "While we are going to continue to have a fleet for vegetarians, we have decided to remove the on-ground segregation of this fleet on the ground using the colour green. All our riders – both our regular fleet, and our fleet for vegetarians, will wear the colour red."

(Financial Express)



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REGULATION & DEVELOPMENT

Sebi issues circular to exempt certain FPIs from additional disclosure framework: The market regulator has issued directions to exempt a section of foreign portfolio investors (FPIs) who hold concentrated holdings in one corporate group from the additional disclosure framework issued last August. In a circular dated March 20, the Securities and Exchange Board of India (Sebi) stated that an FPI having more than 50 percent of its Indian equity AUM (assets under management) in a corporate group shall not be required to make the additional disclosures as in the circular dated August 24, 2023, subject to compliance with all required conditions

(Moneycontrol)

Directorate of Income Tax (Investigation), Delhi, sets up 24X7 Control Room and toll-free Mobile Number 9868168682 in connection with the General Elections to Lok Sabha, 2024: The Income Tax Department, under its commitment to assist the Election Commission of India in curbing the role of black money in elections, encourages the residents to contribute to the process of ensuring clean and fair General Elections to Lok Sabha, 2024. To achieve this goal, Directorate of Income Tax (Investigation), Delhi has made several arrangements to keep a vigil on the movement of unaccounted cash, bullion & other valuables, likely/suspected to be used for electoral purposes, during the Model Code of Conduct within the NCT of Delhi. Among other measures, the Directorate has opened a 24X7 Control Room at Civic Centre, New Delhi, and has also issued a Toll-free Number where any person can communicate with and give any information to the Income Tax Department regarding suspicious movement/distribution of cash, bullion & other valuables etc within the NCT of Delhi, in connection with the General Elections to Lok Sabha, 2024. Residents can contact the Toll-Free Number, and callers to the Control Room need not disclose any personal details, such as name or other details of identity. What is vital is that the information received is credible and actionable.

(PiB)

All-India Consumer Price Index Numbers for Agricultural and Rural Labourers – February, 2024: The All-India Consumer Price Index for Agricultural Laborers and Rural Laborers (Base: 1986-87=100) remained steady in February 2024, with figures of 1258 and 1269, respectively. There was a varied pattern observed in the indices of constituent States. In the case of CPI-AL, eight



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states experienced a decline, while for CPI-RL, this downward trend was observed in seven states. Additionally, two states witnessed no change in their index. The month-to-month inflation rates based on CPI-AL and CPI-RL were recorded at 7.43% and 7.36% in February 2024 showing a decrease from 7.52% and 7.37% in January 2024 respectively. .

(PiB)



FINANCIAL TERMINOLOGY

BLACK SWAN

- ❖ A black swan is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterized by their extreme rarity, severe impact, and the widespread insistence they were obvious in hindsight.
- ❖ Black swan events can cause catastrophic damage to an economy by negatively impacting markets and investments, but even the use of robust modeling cannot prevent a black swan event.
- ❖ Examples of Past Black Swan Events: The crash of the U.S. housing market during the 2008 financial crisis is one of the most recent and well-known black swan events. The effect of the crash was catastrophic and global, and only a few outliers were able to predict it happening.



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 : 83.1022
INR / 1 GBP : 105.6988
INR / 1 EUR : 90.3077
INR /100 JPY: 54.8300

EQUITY MARKET

Sensex: 72101.69 (+89.64)
NIFTY: 21839.10 (+21.65)
Bnk NIFTY: 46310.90 (-73.90)

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