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DAILY NEWS DIGEST BY BFSI BOARD

23 March 2024

BANKING & FINANCE



Electoral bonds worth ₹623 crore remain unmapped to donors, SBI data reveals: Even as the latest Electoral Bonds (EB) data released by SBI to the Election Commission clarifies the donors who backed specific political parties, it leaves some unanswered questions. businessline's analysis of the two sets of data released by SBI on Thursday —bonds encashed by political parties and bonds purchased by donors—shows that some bonds encashed by political parties do not have a donor name mapped to them. There were 1,679 bonds valued at ₹623.2 crore encashed by various political parties for which the donors name could not be matched.

(Business Line)

RBI conducts 3 VRR auctions in a day as overnight rates go past MSF rate: RBI conducted three variable rate repo (VRR) auctions on Friday to ease the liquidity tightness in the banking system. The liquidity deficit in the system widened to Rs 1.38 trillion on Thursday, latest data by the central bank showed. Consequently, weighted average money market rates rose above the marginal standing facility (MSF) rate. The weighted average money market rate closed at 6.77 per cent on Friday, against 6.73 per cent on Thursday. The MSF rate currently stands at 6.75 per cent. Market participants said liquidity deficit within the system is expected to persist. This is because the Centre's borrowing programme for the next financial year will start from the first week of April.

(Business Standard)

Banks' CD ratio to moderate to 75% over FY25-27: Report: Banks are likely to see some relief on the credit-deposit (CD) front as the ratio may to moderate to 75% over FY25-FY27, from nearly 80% in the current fiscal, largely led by a lower credit growth and slightly higher deposit growth, brokerage Emkay Institutional Equities said in a report on Thursday. This assumes significance as the Reserve Bank of India (RBI) has reportedly nudged certain lenders with CD ratios over 100% to lower it to around 70%-80% level. Private lenders like HDFC Bank, IDFC First Bank and Axis Bank



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had a CD ratio of 110%, 102% and 93% as on Q3FY24-end, respectively, whereas public sector banks' average CD ratio was lower at 72%.

(Financial Express)

Federal Bank launches RuPay smart key chain – Flash Pay for contactless payments:

Federal Bank announced the launch of NCMC-enabled RuPay Smart key chain – “Flash Pay”. This smart keychain, it said, can be used during transit at NCMC-enabled metro stations without having to stand in a queue line to buy tickets or cards pertaining to respective metro stations. “Customers can perform the contactless payment transaction without PIN up to Rs 5000 with a per day limit of Rs 1,00,000 at any POS terminal,” the bank said in a statement. Flash Pay offers users a compact solution for seamless transactions on the go.

(Business Line)

HDFC bank raises \$1 billion in 3-yr syndicated loan: HDFC Bank, the country's largest lender by market value and the biggest Nifty constituent by weight, has doubled its overseas borrowing through a term loan syndication from a clutch of 23 global banks in a greenshoe option to the primary facility, having initially borrowed \$500 million from Japan's largest lender MUFG in December. HDFC Bank, which merged its mortgage lending parent into itself last year, chose to exercise the green shoe option to raise another \$500 million, taking the total proceeds to \$1 billion in what is the largest three-year overseas loan organised by an Indian bank.

(Economic Times)



ECONOMY

India to procure wheat aggressively as stocks with FCI fall to 7-year low: The Food Ministry has reportedly come up with an aggressive plan to procure about 37.3 million tonnes (mt) of wheat this year as the Centre's buffer stock, maintained by the Food Corporation of India (FCI), may drop below the mandatory norm of 7.66 million tonnes (mt) by April 1. This will be for the first time in 16 years that wheat stocks, which are currently at 7-year low, will be below the buffer norms. Earlier this month, the Ministry had announced that it estimates wheat procurement to be 30-32 mt in 2024-25 season beginning April and purchases to begin a month earlier from March 1 than normal April 1, depending on arrival.

(Business Line)



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India's growth expected to be between 6.5-7% in FY25: FinMin report: Days before the beginning of the new Fiscal Year, a Finance Ministry report says India looks forward to a bright outlook for the Financial Year 2024-25 (FY25), which will start from April 1. Various agencies have estimated India's growth to be between 6.5 to 7 per cent. While the Reserve Bank of India has projected a growth rate of 7 per cent for the next fiscal, the government is also expecting a growth rate of over 7 per cent. According to the second advance estimate by the Statistics Ministry, the growth rate during the current fiscal year is estimated at 7.6 per cent. The Monthly Economic Review, prepared by the Economic Affairs Department of the Finance Ministry, said that improving global investor confidence in India has started reflecting in foreign portfolio investment flows. The announcement by Bloomberg that India would be included in its bond index from January 2025 should bolster inflows, buoyed by the fiscal prudence the government has demonstrated over the years. Bond investors will base their investment decisions on their perception of its persistence. Overall, "India looks positively towards the dawn of FY25," the report said.

(Business Line)

No country is fully prepared for future pandemics, says ADB report: On March 24, four years ago, India imposed one of the strictest lockdowns to contain the spread of the Covid-19 virus. Country after country sealed its borders and asked its people to stay inside their homes. However, the preparedness to tackle health emergencies did not improve one year after the pandemic. "In 2021, 91 per cent of economies worldwide did not have a national response plan, programme, or guidelines to provide medical countermeasures — such as vaccines and antiviral drugs — to deal with the unprecedented Covid-19 public health emergency," according to a report by the Asian Development Bank (ADB). Titled, "What has Covid-19 taught us about Asia's health emergency preparedness and response?", the report was released on March 14.

(Business Standard)

INDUSTRY OUTLOOK



BSE to launch beta version of T+0 settlement on March 28, releases operational parameters: The BSE will introduce trading in securities under the T+0 settlement from March 28, as announced by the exchange through a notification. The market timing will be one continuous session between 9:15 a.m. and 1:30 p.m. All charges/fees applicable for T+1 settled securities, such as Transaction Charges, Securities Transaction Tax (STT), and Regulatory Turnover Fee, will apply for T+0 settled securities. Price band of +/- 1% (100 Basis points) based on the Close Price of



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corresponding T+1 settled security, which will be re-calibrated throughout the trading hours after +/- 0.5% (50 basis points) movement in the LTP of corresponding T+1 settled security in the normal market.

(Moneycontrol)

Global goods trade shrinks 5% in 2023, but 2024 outlook positive: UNDP: The global trade in merchandise goods declined 5% on year in 2023 but the current year looks positive on the back of moderating inflation and increased growth forecasts, according to a report by the United Nations Conference on Trade and Development (UNCTAD). Apart from improving macroeconomic conditions, rising demand for environmental goods should boost trade but significant uncertainties still remain.

(Financial Express)

Bajaj Group commits Rs 5,000 crore for social initiatives under Bajaj Beyond: Bajaj Group has announced its commitment of Rs 5,000 crore towards social impact initiatives in the next 5 years, with a sharp focus on skill development, under 'Bajaj Beyond'—the Group's new identity for all its Corporate Social Responsibility (CSR) and charitable programs. This it says will benefit over 2 crore youth and enable them to take advantage of the employment and entrepreneurial opportunities offered by India's growing economy.

(Financial Express)



REGULATION & DEVELOPMENT

IRDAI announces norms to boost governance: The Insurance Regulatory & Development Authority of India (IRDAI) has announced a set of new regulations to enhance the regulatory framework for the insurance industry. IRDAI approved eight principle-based consolidated regulations. These regulations focus on safeguarding policyholders' interests, rural and social sector responsibilities, electronic insurance marketplace, foreign reinsurance branches, and aspects of registration, actuarial, finance, investment, and corporate governance. The regulator has approved insurance products regulations to promote "good governance in product design and pricing, including strengthening of the principles governing guaranteed surrender value and special surrender value along with disclosures thereof."

(Economic Times)



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Bank privatisation should be on agenda of Modi 3.0: Arvind Panagariya: Dr Arvind Panagariya, Chairman, 16th Finance Commission of India and former vice chairman of the country's apex economic think tank NITI Aayog batted for privatisation of public sector banks once the general elections are over. Dr. Panagariya, who was talking at the Business Today Banking & Economy Summit, said that once the current dispensation returns to office post the general elections, it should be on their agenda. "In my opinion, this is in fact a good opportunity, when the banks are now in good health, right now they are flourishing, they have solid value. This is a good time to privatise. I think this is good time, when the government comes back in its next term, to start seriously privatising some of the [public sector undertaking] banks," he said at the summit held at GIFT City, Gandhinagar.

(Business Today)

Prime Minister conferred with the Order of the Druk Gyalpo: Prime Minister Shri Narendra Modi was conferred the Order of the Druk Gyalpo, Bhutan's highest civilian decoration, by His Majesty the King of Bhutan in a public ceremony at the Tendrelthang, Thimphu. Prime Minister Modi is the first foreign leader to be given this prestigious award. His Majesty the King of Bhutan had announced the conferment of the award during Bhutan's 114th National Day celebrations held at the Tashichhodzong, Thimphu in December 2021. The award recognizes Prime Minister Modi's contribution to strengthening India-Bhutan friendship and his people centric leadership. The citation added that the award also honours India's rise as a global power under his leadership, and celebrates Bhutan's special bond with India.

(PiB)



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FINANCIAL TERMINOLOGY

PRIVATE PLACEMENT

- ❖ A private placement shall be made only to a select group of persons who have been identified by the Board, whose number shall not exceed fifty or such higher number as may be prescribed [excluding the qualified institutional buyers and employees of the company being offered securities under a scheme of employee's stock option], in a financial year.
- ❖ A company making private placement shall issue private placement offer and application. An offer or invitation to subscribe securities under private placement shall not be made to persons more than two hundred in the aggregate in a financial year (Excluding to qualified institutional buyers, or to employees of the company under a scheme of employee's stock option).
- ❖ A company making an offer or invitation under this section shall allot its securities within sixty days from the date of receipt of the application money for such securities and if the company is not able to allot the securities within that period, it shall repay the application money to the subscribers within fifteen days from the expiry of sixty days and if the company fails to repay the application money within the aforesaid period, it shall be liable to repay that money with interest at the rate of twelve per cent. per annum from the expiry of the sixtieth day.



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 : 83.3546
INR / 1 GBP : 105.2485
INR / 1 EUR : 90.2625
INR /100 JPY: 55.0500

EQUITY MARKET

Sensex: 72831.94 (+190.75)
NIFTY: 22096.75 (+84.80)
Bnk NIFTY: 46863.75 (+178.85)

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- ❖ Handbook on Stock & Book Debts Audit (Revised and Enlarged 2nd Edition)

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