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+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

DAILY NEWS DIGEST BY BFSI BOARD

23 September 2024



ECONOMY

The United States and India Continue to Expand Comprehensive and Global Strategic Partnership: US President Joseph R. Biden and Indian Prime Minister Narendra Modi affirmed that the U.S.-India Comprehensive Global and Strategic Partnership, the defining partnership of the 21st century, is decisively delivering on an ambitious agenda that serves the global good. The Leaders reflected on a historic period that has seen the United States and India reach unprecedented levels of trust and collaboration. The Leaders affirmed that the U.S.-India partnership must be anchored in upholding democracy, freedom, the rule of law, human rights, pluralism, and equal opportunities for all as our countries strive to become more perfect unions and meet our shared destiny. The Leaders commended the progress that has made the U.S.-India Major Defense Partnership a pillar of global security and peace, highlighting the benefits of increased operational coordination, information-sharing, and defense industrial innovation. President Biden and Prime Minister Modi expressed unrelenting optimism and the utmost confidence that the tireless efforts of our peoples, our civic and private sectors, and our governments to forge deeper bonds have set the U.S.-India partnership.

(PiB)

Prime Minister attends the sixth Quad Leaders' Summit in Wilmington, Delaware: Prime Minister Shri Narendra Modi participated in the sixth Quad Leaders' Summit in Wilmington, Delaware on 21 September 2024, hosted by the President of the United States of America, H.E. Mr. Joseph R. Biden, Jr. Prime Minister of Australia, H.E. Mr. Anthony Albanese and Prime Minister of Japan, H.E. Mr. Fumio Kishida also participated. Reiterating that the Quad remains to be a "force for global good," the Leaders made the following announcements to address the development priorities of the Indo-Pacific region and of the global community as a whole:

- "Quad Cancer Moonshot", a groundbreaking partnership to save lives in the Indo-Pacific region by combating cervical cancer.
- "Maritime Initiative for Training in the Indo-Pacific" (MAITRI) to enable Indo-Pacific partners to



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maximize tools provided through IPMDA and other Quad initiatives.

- First-ever "Quad-at-Sea Ship Observer Mission" in 2025 to improve interoperability and advance maritime safety.
- "Quad Ports of the Future Partnership" which will harness the Quad's collective expertise to support sustainable and resilient port infrastructure development across the Indo-Pacific.
- "Quad Principles for Development and Deployment of Digital Public Infrastructure" in the region and beyond.
- A "Semiconductor Supply Chains Contingency Network Memorandum of Cooperation" to enhance resilience of Quad's semiconductor supply chains.
- Collective Quad effort to boost energy efficiency, including deployment and manufacturing of high-efficiency affordable cooling systems in the Indo-Pacific region.
- A new sub-category under the Quad STEM Fellowship, announced by India, for students of the Indo-Pacific region to pursue a 4-year bachelor's level engineering programme at a Government of India funded technical institute.

(PiB)

BANKING & FINANCE



Finance Ministry urges DRTs, banks to expedite loan recovery processes: To address the backlog of cases, the finance ministry has advised debt recovery tribunals (DRTs) and banks to engage borrowers outside the tribunal process, according to a senior finance ministry official who spoke to Business Standard. "There are numerous small-ticket cases clogging DRTs, contributing to the pendency. We've advised both banks and DRTs to mobilise borrowers directly. For example, if a loan of Rs 30 lakh takes three to four years to recover, the time value of money diminishes. If a borrower is willing to settle, we can explore alternative dispute resolution mechanisms, such as Lok Adalats, where settlements can be reached. These settlements still fall under the DRT's jurisdiction, ensuring an official stamp of approval. This approach could help resolve many cases and ease the burden on DRTs by tackling small-value cases," the official said.

(Business Standard)



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Punjab Sind Bank to raise upto Rs 3K cr via Infra bonds, appoint bankers: Public sector lender Punjab and Sind Bank is planning to raise up to Rs 3,000 crore through infrastructure bonds as a cost effective means amid stiff challenge of competition for deposits. Banks, especially state-owned banks, have been active to raise funds through infrastructure bonds till date in the current financial year. Country's largest lender State Bank of India (SBI) raised Rs 20,000 crore in two tranches through 15-year infra bonds in June and July. Also Bengaluru-based public sector lender Canara Bank raised Rs 10,000 crore through 10-year infrastructure bonds at 7.4 per cent. And, Bank of India raised Rs 5,000 crore through 10-year instruments at 7.54 per cent in July. Swarup Kumar Saha, managing director (MD) and chief executive (CEO), Punjab and Sind Bank, told Business Standard that softening of bond yields is creating a conducive atmosphere for raising funds at relatively lower rates.

(Business Standard)

Axis Finance, IDBI withdraw petitions against Zee-Sony merger at NCLAT: Axis Finance, IDBI Bank & IDBI Trusteeship Services have withdrawn their petitions before the appellate tribunal NCLAT filed against the NCLT order approving the merger of Zee Entertainment with Sony Pictures Networks India. The National Company Law Appellate Tribunal (NCLAT) allowed the withdrawal of the petitions noting that the NCLT earlier this month had already recalled its earlier order of August 10, 2023, approving the merger of Zee Entertainment with Sony Pictures Networks India.

(Business Standard)

INDUSTRY OUTLOOK



Make-in-India spirits set focus on global expansion, premiumisation: The Indian alcoholic beverage market is emerging as a significant contender in the global spirits arena, with homegrown products gaining international traction. Valued at \$52.4 billion, this sector contributes nearly 2% to India's GDP, serving as a vital economic engine that supports tourism, agriculture, retail, and food processing, while creating millions of jobs. At the recent World Food India 2024, held from September 19-22 in New Delhi, industry leaders discussed the evolution of the Indian "alcobev" sector during a session titled "Indian Spirits Brands Going Global: Promotion and Innovation." Sanjit Padhi, CEO of the Delhi-headquartered International Spirits and Wines Association of India (ISWAI), highlighted the nation's achievements in crafting world-class spirits, particularly single malts.

(Financial Express)



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Tata Steel commissions India's largest blast furnace in Kalinganagar, Odisha: Tata Steel announced that it has commissioned India's largest blast furnace in Kalinganagar, Odisha, with a total investment of Rs 27,000 crore. It added that the Phase II expansion at Kalinganagar will take the total capacity at the site from 3 million tonnes per annum (MTPA) to 8 MTPA. The new facility was inaugurated by TV Narendran, CEO and Managing Director, Tata Steel, in the presence of senior leaders of the company. "The new blast furnace will significantly boost the plant's overall production capabilities, allowing Tata Steel to meet the growing demands of various industries, including automotive, infrastructure, power, shipbuilding, and defence. It will also provide advantages in specific areas like oil & gas, lifting & excavation, and construction," the company said in a regulatory filing.

(Financial Express)



REGULATION & DEVELOPMENT

SEBI eases automatic penalty norms for MD, CTOs for tech glitches: The Securities and Exchange Board of India (SEBI) on Friday relaxed guidelines for penalising top officials, such as managing directors and chief technology officers, of market infrastructure institutions (MIIs) in case of technological glitches. The easing is aimed at boosting the ease of doing business. MIIs include entities such as stock exchanges and depositories. Currently, the guidelines allow an automatic trigger of a financial disincentive for the institution and the two senior management personnel. MIIs have been asked to disclose on their websites (and in their respective annual reports) the details of financial disincentive on account of technical glitches. The circular said the disincentive will now be restricted to MIIs. However, they will also be given a chance to make a submission on the tech glitch before the imposition of the disincentive. These changes have been made considering how the operations of MIIs are now increasingly being driven by systems technology.

(Financial Express)

FSSAI sign MoU with Brazil's Ministry of Agriculture and Livestock in the area of food safety: The Food Safety and Standards Authority of India (FSSAI) signed an MoU with the Ministry of Agriculture and Livestock (MAPA) of Brazil on the sidelines of Global Food Regulators Summit, 2024, at Bharat Mandapam, New Delhi, yesterday. The MoU starts a new phase of cooperation aimed at improving food safety through joint projects and technical collaboration. It was signed by Mr.



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Carlos Henrique Baqueta Fávaro, Agriculture and Livestock Minister, Brazil and counter signed by Shri G. Kamala Vardhana Rao, CEO of FSSAI.

(PiB)

MCA grants five year dematerialisation breather for producer companies: In a significant move, the Corporate Affairs Ministry (MCA) has granted relief for “producer companies”, extending the compliance window on mandatory dematerialisation of their existing shares. Producer companies, who were earlier required to complete dematerialisation of their shares by September 30, 2024, have now been given time till end March 2028 to achieve full compliance. In October last year, MCA had mandated that all private companies (other than small companies) will have to dematerialise existing shares by end September 2024. Also the private companies were mandated to issue new securities only in dematerialised form. A “Producer Company” is a corporate entity designed for farmers and producers, primarily involved in agriculture and related activities. As a legal entity, they are recognised as a company under the Companies Act, facilitating more accessible credit, and better post-harvest management. Ownership and membership of such entities is held only by ‘Primary Producers’ or ‘Producer Institution’, and member equity cannot be publicly traded.

(Business Line)



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FINANCIAL TERMINOLOGY

HEURISTICS

- ❖ Heuristics are mental shortcuts that help people make quick decisions. They are rules or methods that help people use reason and past experience to solve problems efficiently.
- ❖ Commonly used to simplify problems and avoid cognitive overload, heuristics are part of how the human brain evolved and is wired, allowing individuals to quickly reach reasonable conclusions or solutions to complex problems. These solutions may not be optimal ones but are often sufficient given limited timeframes and calculative capacity.
- ❖ Investors and financial professionals use a heuristic approach to speed up analysis and investment decisions.
- ❖ Heuristics can lead to poor decision-making based on a limited data set, but the speed of decisions can sometimes make up for the disadvantages.



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 : 83.4922
INR / 1 GBP : 111.2344
INR / 1 EUR : 93.2853
INR /100 JPY: 58.8300

EQUITY MARKET

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NIFTY: 25790.95 (+375.15)
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