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THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**25 March 2024**

### **BANKING & FINANCE**



**RBI to start special audit for IIFL Finance, JM Financial Products from April 12:** RBI will start special audits of non-banking finance companies (NBFCs) IIFL Finance and JM Financial Products Ltd on April 12. The central bank has called for tenders for the appointment of auditors to conduct the special audits. In the case of IIFL Finance, the special audit is that of the gold loan book of the company. The RBI had said that due to supervisory concerns they are stopping issue of fresh gold loans by IIFL Finance and added that they will conduct a special audit to see compliance to the queries they had raised in their regular audit.

***(Moneycontrol)***

**Public sector banks likely to pay dividend in excess of Rs 15,000 crore:** Public sector banks (PSBs) are reportedly likely to pay a dividend in excess of Rs 15,000 crore for the financial year ending March 2024 on the back of improved profitability. In the first three quarters of the current financial year, all 12 PSBs earned a total profit of Rs 98,000 crore, only Rs 7,000 crore less than the entire FY23. PSBs earned the highest-ever aggregate net profit of Rs 1.05 lakh crore during FY23 compared to Rs 66,539.98 crore earned in 2021-22. As a result, the government earned a dividend of Rs 13,804 crore, 58 per cent higher than the Rs 8,718 crore paid out in the previous financial year. Since the profit in the current financial year would be much higher than the previous year, so will be the dividend payout to the government, sources said. Going by the past record, the dividend payout for FY24 should be in excess of Rs 15,000 crore, they added.

***(Business Today)***

**RBI to conduct special audit for regulatory breaches by IIFL Finance, JM Financial Products:** The Reserve Bank of India has initiated special audits for IIFL Finance Ltd and JM Financial Products Ltd to further investigate regulatory breaches. The audits will be conducted by auditors appointed through a tender process, with firms empanelled by Sebi for forensic audit eligible to participate. The audits come after the RBI imposed restrictions on both companies earlier this



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month for non-compliance with regulatory guidelines. IIFL Finance was barred from sanctioning or disbursing gold loans, while JM Financial Products was restricted from providing financing against shares and debentures.

***(Economic Times)***

**Quantum Mutual Fund votes against ICICI Bank and ICICI Securities merger:** Asset management company, Quantum Mutual Fund, has voted against the proposed merger of ICICI Bank and ICICI Securities (ISEC) saying that the move would be detrimental to the interests of the fund house's unitholders. Quantum Long Term Equity Value Fund and Quantum ELSS Tax Saver Fund owns shares in ICICI Bank and ICICI Securities. The fund house estimates that the merger will result in a net loss of at least Rs 6.08 crore to its unitholders. "It is our opinion that the recent proposal by ICICI Bank to merge with ISEC (ICICI Bank owns a 75 percent equity stake in ISEC) is detrimental to the interests of our unitholders as we believe it undervalues ISEC and gives ICICI Bank access to the full business of ISEC at a less than the fair market price," the fund house said in a note dated March 22 to unitholders.

***(Moneycontrol)***



**ECONOMY**

**Govt allows UAE's Adnoc to export oil from Indian strategic storage:** The government has allowed Abu Dhabi National Oil Company (Adnoc) to export crude oil it has stored in underground strategic storages at Mangalore to give operational flexibility to the foreign firm, an order of the Ministry of Commerce and Industry said on Saturday. At present, crude oil, which is the raw material for producing fuels like petrol and diesel, is not allowed to be exported except through the state-owned Indian Oil Corporation (IOC). In an order, the ministry said the condition of export being allowed only through IOC will continue, but "AMI (Adnoc Marketing International (India) RSC Limited India) is exempted from STE conditions and is allowed to re-export crude oil from their commercial stockpile at Mangalore strategic petroleum reserve, at their own cost".

***(Business Standard)***

**Govt extends export ban on onion to increase domestic availability:** The government has extended the export ban on onion till further orders to increase domestic availability and keep its prices under check. Earlier, it was prohibited till March 31 this year. "Export prohibition on export of



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onions valid till 31st March 2024, is extended until further orders," the Directorate General of Foreign Trade (DGFT) has said in a notification dated March 22. The export of onions to friendly countries is allowed on a case-to-case basis after approval from the inter-ministerial group. The government has permitted exports of 64,400 tonnes of onion to the UAE and Bangladesh through the National Cooperative Exports Ltd (NCEL).

### ***(Business Standard)***

### **FPIs net debt investments soar to 7-year high, touches ₹ 1.2-lakh crore so far this fiscal:**

Foreign Portfolio Investors (FPIs) net investments in the debt market have hit a seven-year high so far this fiscal (till March 22) to touch ₹1.20 lakh crore. This was higher than the earlier record net inflows of ₹1.19 lakh crore seen in fiscal 2017-18, the latest data with depositories showed. In the ongoing March month, FPIs have pumped in a net investment of ₹13,223 crore in the debt market. They had invested ₹22,419 crore in February and ₹19,836 crore in January 2024 in the debt market. So far this calendar year, FPIs have invested ₹55,479 crore in the debt market.

### ***(Business Line)***

### **FPIs net debt investments soar to 7-year high, touches ₹ 1.2-lakh crore so far this fiscal:**

Pakistan will "seriously" consider restoring trade ties with India that remained suspended since August 2019, Foreign Minister Muhammad Ishaq Dar has said, indicating a potential shift in diplomatic stance towards the neighbouring nation. Dar made these remarks during a press conference in London following his participation in the Nuclear Energy Summit in Brussels, Geo News reported. He highlighted the eagerness of cash-strapped Pakistan's business community to resume trade activities with India. His remarks indicated a potential shift in diplomatic stance towards India. Pakistan downgraded its diplomatic ties with New Delhi after the Indian government abrogated Article 370 of the Constitution, revoking the special status of Jammu and Kashmir and bifurcating the State into two Union Territories.

### ***(Business Line)***

## **INDUSTRY OUTLOOK**



**Amul to sell 'fresh milk' for the first time in United States:** For the first time in its history of milk cooperatives in India, Amul's brand of "fresh milk" will be sold in the United States. The Gujarat Cooperative Milk Marketing Federation (GCMMF) --- the umbrella body of milk cooperatives in Gujarat that markets and sells milk under the brand Amul --- has tied up with the Michigan Milk



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Producers Association to sell “fresh milk” in the East Coast and Midwest markets of the US. The GCMMF official said the dairy plant of the Michigan Milk Producers Association in Ohio was strategically placed and Amul could access markets in Chicago, Dallas and other areas on the East Coast of the US.

***(Business Line)***

**Tata Group will move to 70% green energy by 2030: Chairman Chandrasekaran:** Tata Sons Chairman N Chandrasekaran on Saturday said the conglomerate will move to 70 per cent green energy by 2030. He was addressing the convocation of XLRI-Xavier School of Management in Jamshedpur where he was honoured with the Sir Jehangir Ghandy Medal for Social and Industrial Peace. "Nation-building impulse is as relevant now as it was earlier. There are major energy transitions, digital transitions in the form of AI and machine learning, and supply chain transitions that we are facing today. But, India is uniquely placed because we can invest in each of these transitions today because of the geopolitical advantages that our country has," he said.

***(Business Standard)***

**India's push for EVs may lead to large-scale entry of Chinese firms in domestic mkt: GTRI:** The Indian government's initiative to bolster domestic electric vehicle (EV) manufacturing could pave the way for significant involvement of Chinese automotive companies in the local market, according to Global Trade Research Initiative (GTRI). GTRI highlights China's robust automotive industry, driven by substantial governmental backing, particularly in electric vehicle technology. This has positioned China as a prominent exporter of EVs and associated components. With India aiming to establish itself as a hub for e-vehicle production, coupled with contributions from the private sector, there's anticipated to be a notable surge in reliance on auto component imports from China, the report suggests.

***(Mint)***



## REGULATION & DEVELOPMENT

**Insurance regulator rolls out revised set of regulations:** In a significant regulatory revamp, Insurance Regulatory and Development Authority (IRDAI) has replaced 34 existing regulations with six regulations and introduced two new regulations. On March 19, the IRDAI Board approved the eight principle-based consolidated regulations to enhance clarity and coherence in the regulatory landscape. The regulations encompass pivotal domains such as safeguarding of policyholders'



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interests, rural and social sector responsibilities, electronic insurance marketplace (Bima Sugam), insurance products and operation of foreign reinsurance branches, as well as aspects of registration, actuarial, finance, investment and corporate governance. For the first time, governance aspects under the existing guidelines have been notified in the form of regulations. This highlights the importance of governance in the functioning of an insurance company. Also, the IRDAI has now de-tariffed (de-notified) the policy wordings, which means general insurers are at liberty to come out with new wordings suitable to the customers and requirement of the market. As regards rural, social sector and motor third party obligations, the erstwhile regulations pertaining to minimum business obligations have been consolidated. Compliance and measurement of these statutory obligations have been revised where the unit of measurement under the rural obligations will now be gram panchayat. The scope of the social sector has been extended to cover cardholders and beneficiaries under various schemes. Under the Motor Third Party Obligations, unit of measurement will be renewal of insurance coverage to goods carrying vehicles, passenger carrying vehicles and tractors.

Bima Sugam will be an insurance electronic marketplace that aims to achieve universalisation and democratisation of insurance to empower and safeguard policyholders' interests so as to achieve the vision of "Insurance for all by 2047"

***(Business Line)***

**EPFO adds 16.02 lakh net members during January 2024:** EPFO's provisional payroll data released on 24th March, 2024 highlights that EPFO has added 16.02 lakh net members in the month of January, 2024. The data indicates that around 8.08 lakh new members have enrolled during January, 2024. A noticeable aspect of the data is the dominance of the 18-25 age group, constituting a significant 56.41% of the total new members added in January 2024 indicating the majority of individuals joining the organized workforce are youth, primarily first-time job seekers. The payroll data highlights that approximately 12.17 lakh members exited and subsequently rejoined EPFO. These members switched their jobs and re-joined the establishments covered under the ambit of EPFO and opted to transfer their accumulations instead of applying for final settlement thus, safeguarding long-term financial well-being and extending their social security protection.

***(PiB)***



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## FINANCIAL TERMINOLOGY

### VEGA

- ❖ Vega is the measurement of an option's price sensitivity to changes in the volatility of the underlying asset. Vega represents the amount that an option contract's price changes in reaction to a 1% change in the implied volatility of the underlying asset.
- ❖ Volatility measures the amount and speed at which price moves up and down and can be based on recent changes in price, historical price changes, and expected price moves in a trading instrument.
- ❖ Future-dated options have positive Vega, while options that are expiring immediately have negative Vega. The reason for these values is fairly obvious. Option holders tend to assign greater premiums for options expiring in the future than to those that expire immediately.
- ❖ Vega changes when there are large price movements (increased volatility) in the underlying asset and falls as the option approaches expiration.



**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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