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DAILY NEWS DIGEST BY BFSI BOARD

25 April 2024



ECONOMY

India ranks highest for global implementation of AI projects: Report: India heads the pack as an AI leader, with 70 per cent of companies having AI projects up and running, or in motion. This is in stark contrast with the global average of 49 %, according to a report by NetApp.

(Business Line)

FCI wheat procurement picks up, nears 120 lakh tonnes: Wheat procurement in the country reached 119.26 lakh tonnes (lt) until April 23, against 159.23 lt year-ago, official data show. Though there is a drop in Punjab, as much as 31.64 lt was bought in last six days from April 19 for the Central Pool stock, which indicates that the procurement is back on track. Procurement by the food Corporation of India (FCI) got affected by untimely rains earlier this month in Punjab resulting in higher grain moisture.

(Business Line)

Govt nudges 3 states to produce pulses, offers MSP with no bar: The Indian government is collaborating with farmers in Bihar, Jharkhand, and Uttar Pradesh to sow kharif pulses like tur, urad, and moong before sowing for the season starts. The aim is to increase pulse cultivation and reduce import dependence. The government has not set a production target yet. The National Co-operative Consumers' Federation of India Ltd. (NCCF) has been appointed as the chief nodal agency for the programme. The objective is to increase the cultivation of pulses and reduce import dependence.

(Business Standard)

Credit card spends rise 27% to Rs 18.26 trillion in FY24: RBI data: Credit card spends surged 27 per cent year-on-year (Y-o-Y) to Rs 18.26 trillion in financial year 2023-24 (FY24) from nearly Rs 14 trillion in the year-ago period, according to the latest data released by the Reserve Bank of India (RBI). In March 2024, credit card spends rose nearly 10.07 per cent to Rs 1.64 trillion from



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Rs 1.49 trillion in February. This is on account of the financial year close and festival sales during March.

(Business Standard)

BANKING & FINANCE



RBI's big action against Kotak Mahindra Bank! Lender stopped from issuing fresh credit cards, onboarding new customers digitally: In a big setback for Kotak Mahindra Bank, the Reserve Bank of India (RBI) has restricted the private sector bank from onboarding new customers through digital channels and issuing fresh credit cards, according to a press release issued by the apex bank on Wednesday. The RBI has taken this supervisory action against Kotak Mahindra Bank under Section 35A of the Banking Regulation Act, 1949, the release said adding that actions were necessitated based on significant concerns arising out of Reserve Bank's IT Examination of the bank for the years 2022 and 2023 and the continued failure on part of the bank to address these concerns in a comprehensive and timely manner. The RBI directed the lender "to cease and desist, with immediate effect, from (i) onboarding of new customers through its online and mobile banking channels and (ii) issuing fresh credit cards. The bank shall, however, continue to provide services to its existing customers, including its credit card customers", according to the release. Serious deficiencies and non-compliances were observed in the areas of IT inventory management, patch and change management, user access management, vendor risk management, data security and data leak prevention strategy, business continuity and disaster recovery rigour and drill, etc, the RBI said.

(Financial Express)

Axis Bank posts Rs 7,130-cr net profit in Q4; board approves Rs 55,000-cr fundraise: Axis Bank has reported a net profit of Rs 7,130 crore for fiscal fourth quarter as against a loss of Rs 5,762 crore in the year-ago period after it bought Citi Bank's India consumer division. The private sector lender's net interest income (NII), the difference between the interest income it earned from lending activities and the interest paid to depositors, came in at Rs 13,089 crore, up 11.47 percent from the previous year's Rs 11,742 crore. Axis Bank's gross non-performing asset (NPA) stood at 1.43 percent, down from 2.02 percent from the year-ago period. Net NPAs were at 0.31 percent compared to 0.39 percent. The lender's board of directors has recommended dividend of Rs 1 per equity share of face value of Rs 2 per equity share for the year ended March 31, 2024. Separately, the bank's board



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approved a fundraise via issue of debt instruments worth Rs 35,000 crore, and another Rs 20,000 crore via equity.

(Moneycontrol)

Shri T. Rabi Sankar re-appointed as RBI Deputy Governor: The Central Government has re-appointed Shri T. Rabi Sankar as Deputy Governor, Reserve Bank of India for a period of one year with effect from May 03, 2024, or until further orders, whichever is earlier.

(Business Line)

FSIB recommends Rana Ashutosh Kumar Singh for MD position in SBI: FSIB, the headhunter for directors of state-owned banks and financial institutions, on Wednesday recommended Rana Ashutosh Kumar Singh for the post of Managing Director of State Bank of India (SBI). Singh is currently serving as deputy managing director at SBI.

(Economic Times)

INDUSTRY OUTLOOK



Jio pips China Mobile to become world's top telco by data traffic; analysts expect 5G monetisation focus: Reliance Jio, India's leading telecom operator, has become the world's largest mobile operator in data traffic consumption, overtaking China Mobile, as per data released by global analytics firm Tefficient. The total traffic on the Jio network reached 40.9 Exabytes during the January-March quarter, surpassing China Mobile's 38 Exabytes. Notably, Jio, the telecom arm of Reliance Industries Ltd (RIL), also has the world's second-largest 5G subscriber base at 108 million, with more than 28% of its total wireless data traffic now consumed by 5G users, the company said in its analyst presentation on Monday. Analysts expect Jio to continue to gain market share and reach 490-500 million subscribers by FY25. With the 5G rollout completed, they expect Jio's focus to shift to 5G monetisation. The telco's total subscriber base expanded to 481 million in 4QFY24, while net subscriber additions were 10.9 million. In comparison, Airtel has 345.6 million subscribers, while Vodafone Idea's base is at 215 million.

(Business Line)

Spices exports to Hon Kong, Singapore to undergo mandatory testing: The government on Wednesday said it will carry out mandatory testing for ethylene oxide (ETO) contamination in its spice exports to Singapore and Hong Kong. The move follows a ban imposed by the two countries on



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certain spices exported by Indian brands MDH and Everest. Singapore and Hong Kong have alleged the presence of ETO in certain spices exported by the two companies. The government also said spice consignments to other countries will also be strictly monitored for the presence of ETO.

(Economic Times)



REGULATION & DEVELOPMENT

NSE launches derivative contracts on Nifty Next 50, gets positive response: National Stock Exchange (NSE) on Wednesday introduced derivative contracts on Nifty Next 50 index, which received a positive response from market participants. More than 375 trading members from across the country participated in the index derivatives, the National Stock Exchange (NSE) said in a statement. The first day witnessed 1,223 contracts traded worth Rs 78.16 crore in Futures and 1,724 contracts worth Rs 1.55 crore of premium turnover in Options, it added. The trading members involved in the execution of the initial trade include East India Securities Limited and Samco Securities Limited. The Nifty Next 50 index provides representation to large capitalisation stocks beyond the Nifty 50 index.

(Business Standard)

Trai proposes telecom infra sharing for telcos to reduce cost: The Telecom Regulatory Authority of India (Trai) on Wednesday said the department of telecommunications (DoT) should allow sharing of all types telecom infrastructure between the operators, to reduce costs, improve quality of services, avoid duplication of investment, and provide timely services, among other things. Trai's recommendation to DoT, followed a consultation on the subject 'telecommunication infrastructure sharing, spectrum sharing, and spectrum leasing'. This came after DoT sent a reference to Trai in 2022, which asked the regulator to share views that whether sharing of all kinds of telecom infrastructure and network elements among all categories of licenced service providers should be allowed.

(Financial Express)



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FINANCIAL TERMINOLOGY

CONGENERIC & CONGLOMERATE MERGER

- ❖ A congeneric merger is where the acquiring company and the target company are in the same or related industry but have different business lines or products. The two companies involved in a congeneric merger may share similar production processes, distribution channels, marketing, or technology.
- ❖ A congeneric merger can help the acquiring company to quickly increase its market share or expand its product lines. The overlap between the two companies in a congeneric merger can create a synergy where the combined performance of the merged companies is greater than the individual companies themselves.
- ❖ In contrast to a congeneric merger, where the target and the acquirer are in similar industries, a conglomerate merger occurs between companies that are in no way related. Often, the two companies involved engage in completely different industries with very little overlap in the way they operate their businesses. Conglomerates look to diversify their company by owning multiple unrelated products or businesses. This diversification is part of an overall risk management strategy that may help the company survive market downturns or fluctuations.



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 : 83.2987
INR / 1 GBP : 103.6880
INR / 1 EUR : 89.1124
INR /100 JPY: 53.7700

EQUITY MARKET

Sensex: 73852.94 (+114.49)
NIFTY: 22402.40 (+34.40)
Bnk NIFTY: 48189.00 (+218.55)

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