



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA (ICMAI)**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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DAILY NEWS DIGEST BY BFSI BOARD

27 Jan 2024

BANKING & FINANCE



State Bank removes ‘fraud’ tag on Religare Finvest after Delhi HC order:

State Bank of India (SBI) has removed the record of Religare Finvest Ltd (RFL), previously labelled as a fraud exposure, from the Central Fraud Registry database. This follows the Delhi High Court’s December 18 order setting aside the declaration of RFL, a wholly-owned subsidiary of Religare Enterprises Ltd (REL), as a fraud by the lead bank. SBI, which is the lead bank of RFL, had put RFL’s account on the Reserve Bank of India’s Central Fraud Registry. The Delhi High Court order dated December 18, 2023 came after RFL had filed a writ petition with respect to declaration of RFL’s account as ‘fraud’ exposure by the lead Bank.

(Business Line)

Bank of Baroda’s arm rebranded as ‘BOBCARD Limited’ with ‘Credit Reimagined’ tagline:

Bank of Baroda’s wholly-owned subsidiary for cards, ‘BOB Financial Solutions Limited’, has been rebranded as ‘BOBCARD Limited’ with the tagline “Credit Reimagined”. Accordingly, the NBFC has also unveiled a new logo called ‘Baroda Sun’, which comprises dual ‘B’ letterforms that hold the rays of the rising sun. The rebranding embodies “revitalised commitment to reimagine the country’s credit landscape with excellent credit solutions and customer-centric offerings”, the release said, adding that it aims to offer customer-centric, solution-driven assistance that assures service through innovation.

(Business Line)

Gap between credit and deposit growth widens: RBI: The gap between credit and deposit growth as of the first fortnight of January 2024 has widened vis-a-vis the last fortnight of September 2023 even as the former continues to outpace the latter on year-on-year (y-o-y) basis, going by RBI data. As on January 12, 2024, credit and deposit growth stood at 19.93 per cent and 12.84 per cent y-o-y, respectively, resulting in a gap of 7.09 percentage points between the two, per



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RBI data on scheduled banks' statement of position in India. In the last fortnight of September (22nd), the gap between credit growth (19.42 per cent y-o-y) and deposit growth (12.94 per cent) was relatively lower at 6.48 percentage points. During the reporting fortnight ended January 12, 2024, scheduled banks' credit outstanding increased by ₹10,277 crore even as deposits declined by ₹98,848 crore, according to the statement.

(Business Line)

Coming Soon: One format for data to credit info companies: Lenders are looking at standardising data submission to credit information companies such as TransUnion CIBIL, Equifax, CRIF High Mark and Experian after the Reserve Bank issued show-cause notices to individual banks over data discrepancies. The proposed move is expected to address issues such as inexplicable changes to credit scores, delays in updating loan closures, lack of response to requests for correction and identity thefts.

(Economic Times)



ECONOMY

India and France agree on mutually beneficial defence industrial partnership roadmap:

India and France have firmed up a mutually beneficial defence industrial partnership roadmap for joint development and production of key military projects and technology collaboration across spheres such as space, land warfare, cyberspace, and artificial intelligence, Foreign Secretary Vinay Kwatra said on Friday. This follows bilateral talks between Prime Minister Narendra Modi and French President Emmanuel Macron in Jaipur on Thursday, where the two discussed multiple issues ranging from defence, space, education, health, mobility, and economic cooperation to the situation in Gaza and the Red Sea crisis. Macron attended India's 75th Republic Day celebrations in New Delhi as the chief guest.

"The roadmap will involve identifying areas for partnership in the defence industrial sector that prioritise co-designing, co-development, and co-production, and also building the defence supply chains between the two countries so that they can not only fulfil the defence needs of India and France but also be a useful contributor to the security partnership with other countries who might be in use of similar products," Kwatra said.

The Foreign Secretary also announced other key pacts, including an industrial partnership between Tata and Airbus helicopters for the production of H125 helicopters with a significant indigenous and



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localization component, an agreement on a defence space partnership, and an MoU between New Space India Limited (NSIL) and Arianespace on satellite launches.

The Final Assembly Line (FAL) for H125 single-engine helicopters will be set up in Vadodara, Gujarat. This is the second major deal between the two aerospace players after the ₹21,000 crore contract signed in 2021 for supplying 56 C-295 transport aircraft for the Indian Air Force.

(Business Line)

Nirmala Sitharaman to equal Morarji Desai's record with sixth consecutive budget presentation: Finance Minister Nirmala Sitharaman will equal the record of former Prime Minister Morarji Desai when she presents her sixth straight budget on February 1. Sitharaman, the first full-time woman finance minister of the country, has presented five full budgets since July 2019 and will present an interim or vote-on-account budget next week. With the presentation of interim budget on February 1, Sitharaman will surpass the records of her predecessors like Manmohan Singh, Arun Jaitley, P Chidambaram, and Yashwant Sinha, who had presented five budgets in a row. Desai, as finance minister, had presented five annual budgets and one interim budget between 1959-1964. The interim budget 2024-25 to be presented by Sitharaman on February 1, will be a vote-on-account that will give the government authority to spend certain sums of money till a new government comes to office after the April-May general elections.

(Business Line)

Govt may allow select co-ops to borrow from all lenders: The Centre is considering a move to allow cooperatives across animal husbandry, dairying, fish and poultry to borrow directly from banks other than just the National Bank for Agriculture and Rural Development (Nabard), as they are meant to currently. This will be done by merging two funds, the Animal Husbandry Infrastructure Development Fund (AHIDF) and Dairy Processing and Infrastructure Development Fund (DIDF), a measure that is set to be announced in the coming interim budget. The outlay is expected to be around ₹29,000 crore, including the subsidy component for three years up to 2026-27. Currently, cooperatives only have access to Nabard, the country's apex bank for the agriculture sector, for loans, and the merger will create administrative ease for taking out future loans.

(Mint)



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INDUSTRY OUTLOOK



12 new midcap stocks entered the Nifty 200 Momentum 30 Index: The momentum strategy of investing follows a 'buy high and sell higher' approach. It involves buying securities which are exhibiting strong price momentum, with a view that the momentum would persist in the future. Currently, 11 of the 13 schemes that follow the momentum strategy are passively managed. Within these, nine track the Nifty 200 Momentum 30 Index (NM30) as their benchmark, and two schemes track the Nifty Midcap150 Momentum 50 Index. There are two active momentum funds from SAMCO and Quant mutual funds (MF). The Nifty 200 Momentum 30 Index comprises 30 stocks that are selected from the Nifty 200 basket based on the momentum score calculated from their recent six and 12-month price returns, adjusted for volatility. In its latest semi-annual rebalancing exercise in December 2023, NSE replaced 16 of these stocks, 12 of which are midcaps.

(Moneycontrol)

Flipkart leads e-comm market with 48% share, Meesho fastest-growing platform:

Bernstein: Walmart group firm Flipkart continues to dominate the e-commerce segment with 48 per cent market share while Softbank-backed Meesho has emerged as the fastest-growing e-commerce platform in terms of user base in India, a latest report by AllianceBernstein said. According to the report, Flipkart's user base grew 21 per cent year-on-year (y-o-y), Meesho accelerated at 32 per cent while Amazon lagged at 13 per cent user growth primarily due to relative premium offerings as compared to peers. "As of FY23, Flipkart was the market leader, with a 48 per cent share in India eCommerce. Flipkart continues to grow faster than the industry... Mobile and apparel to be the largest categories for Flipkart with around 50 per cent and 30 per cent mix. Flipkart is estimated to hold 48 per cent and 60 per cent market share in online smartphone and online fashion market respectively," the report said.

(Business Line)

Bhavish Aggarwal's Krutrim raises \$50 mn, becomes India's first AI unicorn: Artificial Intelligence (AI) start-up Krutrim, launched by Ola founder and chairman Bhavish Aggarwal, has raised \$50 million at a valuation of \$1 billion. The round was led by Matrix Partners India and others. The first AI unicorn, Krutrim will use the funding to accelerate its mission to revolutionise the artificial intelligence landscape and expand its reach globally, the firm said in a statement.

(Business Line)



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REGULATION & DEVELOPMENT

Agriculture Ministry releases 2022-23 data: Nearly half of farm credit goes to 5 southern states: The disparity in the agricultural credit flows across various regions – north-east, east, central and west – persists, according to the 2022-23 data revealed by the Union agriculture ministry. Last fiscal, the agricultural credit flows to five southern states – Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Kerala – were 48% of the total disbursement of Rs 21 trillion while the region accounts for 17% of the gross cropped area of the country. Five northern states – Rajasthan, Punjab, Haryana, Jammu & Kashmir and Himachal Pradesh –, on the other hand, received about 17% of the total credit flow at Rs 3.38 trillion to agriculture and allied sectors against gross cropped area of 20%.

(Financial Express)

New NCLT rules to set up admission benches soon: The much-awaited new rules governing the functioning of the National Company Law Tribunal (NCLT) would be notified soon, paving the way for the setting up of admission benches, which are designed to put the Corporate Insolvency Resolution Process (CIRP) on the fast track, a government official aware of the matter told FE. The admission benches would have the responsibility of admitting/rejecting the application of initiating a CIRP within 14 days of receiving it. They will also prioritise the cases for hearing by the tribunal. “The government is in the advanced stage of finalising the rules.. these will be notified soon,” the official said. The current delays in admitting resolution plans are attributable to NCLT benches questioning the company’s default, even after it is established by the Committee of Creditors (CoC). They shouldn’t do it...as it delays the process and erodes the value of the assets, the source said.

(Financial Express)



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FINANCIAL TERMINOLOGY

Qualified Institutional Placement (QIP)

- ❖ A qualified institutional placement (QIP) is, at its core, a way for listed companies to raise capital without having to submit legal paperwork to market regulators.
- ❖ QIPs instead follow a looser set of regulations but where allottees are more highly regulated.
- ❖ The Securities and Exchange Board of India (SEBI) created the rule to avoid the dependence of companies on foreign capital resources.
- ❖ The QIP allows an Indian-listed company to raise capital from domestic markets without the need to submit any pre-issue filings to market regulators. The SEBI limits companies to only raising money through issuing securities.



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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 : 83.1155
INR / 1 GBP : 105.6542
INR / 1 EUR : 90.4175
INR /100 JPY: 56.2300

EQUITY MARKET

Sensex: 70700.67 (-359.64)
NIFTY: 21352.60 (-101.40)
Bnk NIFTY: 44866.20 (-216.20)

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